Confidentially submitted to the Securities and Exchange Commission on June 14, 2013

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

MARCUS & MILLICHAP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6531**	**35-2478370**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

23975 Park Sorrento, Suite 400
Calabasas, California 91302
(818) 212-2250
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

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

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b2 of the Exchange Act.

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

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	**Proposed Maximum Aggregate Offering Price (1)(2)**	**Amount Of Registration Fee**
Common Stock, par value $0.0001		$

(1) Includes shares of Common Stock issuable upon exercise of the underwriters' option to purchase additional shares.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.

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

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The information in this preliminary prospectus is not complete and may be changed. We may not sell the securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated June 14, 2013.

Shares

Common Stock

$ per share

Marcus & Millichap, Inc. is offering shares of common stock and the selling stockholders named in this prospectus are offering shares.

This is an initial public offering of our common stock. Prior to this offering, there has been no public market for our common stock. We currently expect the initial public offering price will be between $ and $ per share. We intend to apply to list our common stock on the New York Stock Exchange, or the NYSE, under the symbol "MMI."

In connection with this offering, Marcus & Millichap Company, or MMC, will exchange shares of our common stock for indebtedness of MMC held by certain of the underwriters and certain of MMC's former stockholders, which we refer to, in such role, as the debt-for-equity exchange parties. The debt-for-equity exchange parties will then sell these shares pursuant to this offering. We will not receive any proceeds from the sale of the shares by the debt-for-equity exchange parties.

We are an "emerging growth company" under the federal securities laws. Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 10 of this prospectus to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to public	$	$
Underwriting discounts	$	$
Proceeds, before expenses, to Marcus & Millichap, Inc.	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from us at the initial offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2013.

Joint Book-Running Managers

Citigroup **Goldman, Sachs & Co.**

Prospectus dated , 2013.

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Through and including , 2013 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Market, Industry and Other Data

Unless otherwise indicated, information contained in this prospectus concerning the commercial real estate industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made that are based on those data and other similar sources and on our knowledge of the commercial real estate market. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe our market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise.

PROSPECTUS SUMMARY

This summary highlights important information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included elsewhere in this prospectus and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Immediately prior to the completion of this offering, Marcus & Millichap Company will complete a spin-off of its real estate investment services business pursuant to which Marcus & Millichap Real Estate Investment Services, Inc. will become our wholly owned subsidiary, which we refer to herein as the "Spin-Off." Unless the context requires otherwise, the words "Marcus & Millichap," "Marcus & Millichap Real Estate Investment Services," "MMREIS," "we," the "company," "us" and "our" refer to Marcus & Millichap, Inc., Marcus & Millichap Real Estate Investment Services, Inc. and its other consolidated subsidiaries.

Our Company

Marcus & Millichap is a leading national brokerage firm specializing in commercial real estate investment sales, financing, research and advisory services. We have been the top commercial real estate investment broker in the United States based on the number of transactions over the last 10 years. We have more than 1,100 investment sales and financing professionals in 73 offices who provide investment brokerage and financing services to sellers and buyers of commercial real estate. We also offer market research, consulting and advisory services to our clients. In 2012, we closed more than 6,100 sales and financing transactions with total volume of approximately $22 billion.

We focus primarily on the private client segment, consisting of transactions with prices under $10 million. The private client segment consistently comprises over 80% of the total number of property transactions in the commercial real estate market. We devote our expertise and focus to the investment brokerage and financing business as opposed to other businesses, such as leasing or property management. Accordingly, our business model is unique from our national competitors, who focus primarily on the institutional real estate segment, and from our local and regional competitors, who lack a broad national platform. As the leading investment sales and financing firm in the private client market segment, we believe we are ideally positioned to capture significant growth opportunities.

We were founded in 1971 and are committed to building the leading national investment brokerage business. To achieve that goal, we underwrite, market and sell commercial real estate properties for private clients in a manner that maximizes value for sellers and provides buyers with the largest and most diverse inventory of commercial properties. Our business model is based on several key attributes: a focus on investment brokerage services, a critical mass of sales professionals providing consistent services and exclusive client representation, a national platform based on information sharing and powered by proprietary technology, a management team with investment brokerage experience, a financing team that is integrated with our investment sales force and research and advisory services tailored for our clients.

Our sales professionals are specialized by property type and by local market area, as we believe a focused expertise brings value to our clients. Our broad geographic coverage, property expertise, and significant relationships with both buyers and sellers provide connectivity and increase liquidity in our markets. By closing more transactions annually than any other firm, our sales professionals are able to provide clients with a broad and deep perspective on the investment real estate market locally, regionally and nationally.

We generate revenues by collecting brokerage commissions upon the sale and fees upon the financing of commercial properties and, in addition, by providing consulting and advisory services. In 2012, approximately 91% of our revenues were generated from real estate brokerage commissions, 6% from financing fees and 3% from other fees, including consulting and advisory services. Our revenues, Adjusted EBITDA and net income were $385.7 million, $59.7 million and $27.9 million, respectively, in 2012, compared to $274.7 million, $29.5

million and $13.5 million, respectively, in 2011. Adjusted EBITDA is not a measure of our financial performance under U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure.”

Market Opportunity

The total value of U.S. commercial real estate assets was estimated to be $12 trillion at the end of 2012. Property sales in the commercial real estate sector for properties priced at $1 million and above reached over $340 billion, or approximately 37,000 transactions, in 2012. This was a 41% increase in dollar volume and 32% increase in the number of transactions over 2011, following a 32% increase in dollar volume and an 18% increase in the number of transactions over 2010.

Historically, the U.S. commercial real estate industry has tended to be cyclical. The commercial real estate market experienced a significant downturn from the 2007 peak to a trough in 2009, representing the most severe downturn in property sales since at least 1990. Since 2009, commercial property sales for transactions of $1 million and above have increased by 97% and dollar volume has increased by 235%. Such property sales in 2012, however, were still 16% below the 2007 peak in number of transactions and 32% below the peak in dollar volume. This cyclical upturn has been, and we believe will continue to be, primarily driven by attractive yields, improving property fundamentals and the availability and cost of financing.

Attractive Yields. According to Real Capital Analytics, average commercial real estate yields (capitalization rates) for the four major property types currently range from 6.1% to 7.3%, which compare favorably to alternative investments such as stocks and bonds. We believe these attractive yields are a key driver of improving capital inflows for commercial real estate investments.

Improving Property Fundamentals. Property fundamentals have improved since 2009, with multifamily properties in particular experiencing a strong recovery. We expect further increases in occupancy and rental rates in all four primary commercial real estate sectors of multifamily, retail, office and industrial properties.

Availability and Cost of Financing. The availability and low cost of debt financing has been a significant contributor to the recent improvement in the U.S. capital markets and the U.S. commercial real estate market. Low interest rates and improved access to capital are key factors fueling investment sales activity.

We divide the commercial real estate market into three major segments by investment size and focus primarily on the private client segment:

- Private client segment: properties with prices under $10 million;
- Hybrid segment: properties with prices equal to or greater than $10 million and less than $20 million; and
- Institutional segment: properties with prices of $20 million and above.

We are the only firm with a national footprint that is also squarely focused on investment sales within the private client segment. The private client segment of properties with prices under $10 million has accounted for over 80% of commercial property sales by number of transactions for the last 10 years.

We have focused our business on this segment as we believe it represents the largest and most active market segment in the commercial real estate investment brokerage industry. Private clients, many of whom are individuals and partnerships, are impacted by life or partnership changes that often override market and macroeconomic conditions. Due to these personal and partnership drivers, properties in this segment exhibit a high turnover rate. Private clients often take advantage of rising prices to dispose of assets, refinance, acquire and/or exchange assets into new opportunities. The attractive financial results for property investment provide the opportunity for redeployment of capital, which supports a high number of sales transactions. Additionally, the private client segment is highly fragmented with a large number of buyers, sellers and properties in different geographic regions and sectors. It is also the most underserved market segment among the national full-service real estate investment brokerage firms, which have traditionally focused on institutional investors and corporate real estate owners and users. Most of our brokerage competition comes from local and regional brokers who lack a national platform and capability to serve private owners and investors across the country.

Our Competitive Strengths

We believe the following strengths provide us with a competitive advantage and opportunities for success:

National Platform Focused on Investment Brokerage. We are committed to building the leading national investment brokerage business. To achieve our goal, we focus on investment brokerage as opposed to other businesses such as leasing or property management. In addition, we combine proprietary technology and processes to market investment real estate with highly qualified sales professionals in 73 offices nationwide. Our commitment to specialization is also reflected in how we organize our sales professionals by property type and market area, further deepening the skills, relationships and market knowledge required for achieving the best results for our clients.

Market Leader in the Private Client Segment. We are the leading commercial real estate investment broker in the United States based on the number of transactions. We focus primarily on the private client segment of the market, consisting of transactions with prices under $10 million, which accounted for over 90% of our sales in 2012. This segment, representing the vast majority of the number of commercial properties in the United States, has high asset turnover rates due to personal circumstances and business reasons, such as death, divorce and changes in partnership and other personal or financial circumstances. The private client brokerage industry is highly fragmented and characterized by high barriers to entry. These barriers include the need for a large, specialized sales force prospecting private clients, the difficulty in identifying and establishing relationships with such investors and the challenge of serving their needs locally and nationally. For transactions in the $1 million to $10 million range nationally, the top 10 brokerage firms represented just 22% of commercial property sales in 2012. We believe our core business is the least covered segment by national firms, in addition to being significantly underserved by local and regional firms that lack a multi-market platform.

Integrated Platform for Real Estate Value Creation. We have built our business to maximize value for real estate investors through an integrated set of services geared toward our clients' needs. We are committed to investment brokerage specialization, providing the largest sales force in the industry, fostering a culture and policy of information sharing on each asset we represent and using proprietary technology that facilitates real-time buyer-seller matching. We have one of the largest teams of financing professionals in the investment brokerage industry through our subsidiary, Marcus & Millichap Capital Corporation, or MMCC. MMCC provides financing expertise and access to debt capital by securing competitive loan pricing and terms for our clients. In 2012, MMCC closed more than 900 financings with an aggregate loan value of over $2 billion, making us a leading mortgage broker in the industry. Finally, our market research analyzes the latest local and national economic and real estate data, enabling our clients to make informed investment and financing decisions. These integrated services enable us to facilitate transactions for our clients across different property sectors and markets.

Management with Significant Investment Brokerage Experience. The majority of our managers are former senior sales professionals of the firm who now focus on management and do not compete with our sales force. As executives of the firm dedicated to hiring, training, developing and supporting our professionals, their investment brokerage background is extremely valuable. Almost all of our top sales professionals were hired without prior experience and were trained, developed and supported by our regional managers. Our comprehensive training and development programs rely greatly on the regional managers' personal involvement. Their past experience as senior sales professionals plays a key role in helping our junior professionals establish technical and client service skills. Our regional managers also coach our sales professionals in setting up, managing and growing their business. We believe this management structure has helped the firm create a competitive advantage and achieve better results for our clients.

Growth Strategy

We have a long track record of successful growth in our core business driven by opening new offices and by hiring, training and developing new sales and financing professionals. Since the implementation of our long-term growth plan in 1995, our revenue has increased sevenfold and we have grown from approximately 390 sales professionals in 22 offices to more than 1,100 sales and financing professionals in 73 offices. To drive our future growth, we continually seek to expand our national footprint and optimize the size, product segmentation and specialization of our team of sales and financing professionals. The key strategies of our growth plan include:

Increase Market Share in Our Core Business. The private client segment is highly fragmented, with the top 10 brokerage firms accounting for only 22% of 2012 sales in the $1 million to $10 million range, based on data from CoStar Group, Inc., or CoStar, and Real Capital Analytics. Despite our industry-leading market share of 7.8%, we believe there are opportunities to substantially enhance our position in the segment. We believe the largest opportunities are in private client multi-tenant office and industrial properties in which our 2012 market share was 2.8% and 0.7%, respectively. In addition, we believe there is still significant room for growth in multifamily and retail properties, where we had 2012 market share of 14.6% and 10.6%, respectively. We leverage our existing platform, relationships and brand recognition among private clients to grow through expanded marketing and coverage. Our growth plan includes the following components:

- *Grow in Targeted Locations.* Our plan targets specific markets and calls for both expansion of existing offices and opening additional offices. We have assigned key executives and managers to these markets and our recruiters have begun to hire additional experienced sales professionals. We have targeted markets based on population, employment, commercial real estate sales, inventory and competitive landscape. In addition, we have developed optimal office plans to capitalize on these factors by tailoring sales force size, coverage and composition by office and business segment.
- *Grow in Specialty Property Segments.* We believe that specialty property segments, including hospitality, multifamily tax credit and affordable housing, student housing, manufactured housing, seniors housing and self-storage, offer significant room for growth. To take advantage of these opportunities, we are increasing our property type expertise by adding regional directors who can bring added management capacity, business development and sales professional support.
- *Increase Sales Professional Hiring.* We grow our business by hiring, training and developing sales professionals. We have implemented several initiatives to increase both new and experienced sales professional hiring through our recruiting department, specialty directors and regional managers.

Grow Financing Services. We are focused on growing our financing services provided through MMCC. Our mortgage brokerage business placed more than $2 billion of financings in 2012, and we are taking steps that we believe will substantially increase our internal loan business capture rate from 4.7% of buy-side investment sales in 2012. We intend to execute this strategy by adding financing professionals in 16 offices that currently do not have an MMCC presence and enhancing our cross-selling training, education and internal branding to our sales professionals. We also plan to enhance MMCC's service platform and expand our revenue sources by developing other services such as mezzanine financing, equity placement and conduit financing.

Expand Our Market Share of Larger Transactions. Our extensive relationships with private clients have enabled us to capture a greater portion of commercial real estate transactions in excess of $10 million and bridge the private and institutional capital markets in recent years. Our ability to connect private capital with institutional assets plays a major role in differentiating our services. In 2011, we introduced a division dedicated to serving major investors branded as Institutional Property Advisors, or IPA, in the multifamily sector. As a result, we rose from the 7th-ranked investment brokerage firm by dollar volume in the $25 million and above multifamily sector in 2010 to the 4th-ranked firm in 2012. This strategy has met with great success and market acceptance and provides a vehicle for further growth within the larger, institutional multifamily segment. This strategy also provides a model for expansion into institutional retail and office sectors.

The Spin-Off and Debt-for-Equity Exchange

Prior to completion of this offering, MMC and the other stockholders of MMREIS will contribute all of the outstanding MMREIS shares to us in exchange for our common stock and, as a result, MMREIS will become our wholly owned subsidiary and we will be owned by the former stockholders of MMREIS. MMC will then distribute to its shareholders, on a pro rata basis, all of its equity interest in us, which we refer to as the Distribution, and the stockholders of MMC will contribute all of their respective equity interests in us to a newly formed limited liability company.

In addition, MMC will undertake an exchange of our common stock for (i) MMC debt of approximately $24.4 million owed to two former MMC shareholders, and (ii) MMC bank debt of approximately $ million that will be acquired by one or more of the underwriters shortly before the Distribution, which we refer to as the Debt-for-Equity Exchange. We refer to the former MMC shareholders and such underwriters, in such role, as the debt-for-equity exchange parties. It is expected that the debt-for-equity exchange parties will sell all of the stock that they receive in the Debt-for-Equity Exchange to the public in this offering.

In addition, immediately prior to the completion of this offering, we and MMC intend to enter into certain agreements that will provide the terms for ongoing relationship with MMC. For a description of these agreements, see “Certain Relationships and Related Transactions—Relationship with Marcus & Millichap Company.”

Emerging Growth Company Status

We currently are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. If we take advantage of any of these exemptions, we do not know if some investors will find our common stock less attractive as a result.

In addition, Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We will avail ourselves of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all private companies. We may change our decision to use the extended transition period for complying with new or revised accounting standards and subsequently elect to follow the requirements for public companies.

We could remain an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, or the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

Risks Affecting Us

Our business is subject to a number of risks and uncertainties, including those described in the section entitled "Risk Factors" immediately following this prospectus summary. These risks include the following:

- General economic conditions and commercial real estate market conditions have had and may in the future have a negative impact on our business;
- If we are unable to attract and retain qualified and experienced managers, sales and financing professionals, our growth may be limited and our business and operating results could suffer;
- If we lose the services of our executive officers or certain other members of our senior management team, we may not be able to execute our business strategy;
- Our business could be hurt if we are unable to retain our business philosophy and culture of information-sharing and efforts to retain our philosophy and culture could adversely affect our ability to maintain and grow our business; and
- The concentration of sales among our top sales professionals could lead to greater or more concentrated losses if we are unable to retain them.

Corporate Information

We were formed as a sole proprietorship in 1971, incorporated in California on August 26, 1976 as G. M. Marcus & Company, and we were renamed as Marcus & Millichap, Inc. in August 1978, Marcus & Millichap Real Estate Investment Brokerage Company in September 1985, and Marcus & Millichap Real Estate Investment Services, Inc., or MMREIS, in February 2007. In June 2013, we formed a holding company called Marcus & Millichap, Inc. in Delaware. Prior to the completion of this offering, the shareholders of MMREIS will contribute the shares of MMREIS for common stock of Marcus & Millichap, Inc., and MMREIS will become a wholly owned subsidiary of Marcus & Millichap, Inc. See "The Spin-Off."

Our principal executive offices are located at 23975 Park Sorrento, Suite 400, Calabasas, California 91302. Our telephone number at this location is (818) 212-2250. Our website address is http://www.marcusmillichap.com. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

The Marcus & Millichap logo and other trademarks or service marks of Marcus & Millichap appearing in this prospectus are the property of MMREIS. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of the respective holders.

Conflicts of Interest

Because will receive more than 5% of the net proceeds of the offering due to their role as debt-for-equity exchange parties, they will be deemed to have a "conflict of interest" under FINRA Rule 5121(f)(5)(C)(ii). Accordingly, this offering is being made in compliance with the requirements of FINRA Rule 5121, which requires, among other things, that a "qualified independent underwriter" has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to, the registration statement and this prospectus. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 of the Securities Act. See "Underwriting—Conflicts of Interest."

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The Offering

Common stock offered by Marcus & Millichap, Inc.	shares
Common stock offered by selling stockholders	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million, assuming the shares are offered at $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. We expect to use the net proceeds to us from this offering for general corporate purposes, including capital expenditures and working capital to expand our markets and services and potential acquisition of real estate businesses or companies. We may also use approximately $ million of the net proceeds to us from this offering to fund a special dividend to certain stockholders in connection with the Spin-Off. See "The Spin-Off." We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.
Underwriter's option	We have granted the underwriters a 30-day option to purchase up to additional shares of our common stock from us at the initial public offering price less the underwriting discount.
Conflicts of interest	Certain of the underwriters may be deemed to have a "conflict of interest" under Rule 5121 of the Conduct Rules of FINRA. See "Underwriting—Conflicts of Interest."
Risk factors	You should carefully read and consider the information set forth under "Risk Factors" beginning on page 10 of this prospectus and all other information set forth in this prospectus before investing in our common stock.
Proposed NYSE ticker symbol	MMI

Unless we indicate otherwise or the context requires, all information in this prospectus:

- assumes (1) no exercise of the underwriters' option to purchase additional shares of our common stock and (2) an initial public offering price of $ per share, the midpoint of the initial public offering price range indicated on the cover of this prospectus.
- does not reflect shares reserved for issuance upon exercise of stock options or other equity awards that may be granted under our 2013 Omnibus Equity Incentive Plan and shares reserved for issuance under our 2013 Employee Stock Purchase Plan.

Summary Financial Information

The following table includes summary historical financial data of Marcus & Millichap Real Estate Investment Services, Inc., or MMREIS, and unaudited pro forma financial data of MMREIS which gives effect to this offering and certain other transactions. Prior to the Spin-Off, Marcus & Millichap, Inc. will not have engaged in any business or other activities, except in connection with its formation and in preparation for this offering and the Spin-Off. We have prepared this information using the consolidated historical financial statements of MMREIS for the three years ended December 31, 2012 and the three-month periods ended March 31, 2013 and 2012. The historical consolidated financial statements for each of the three years in the period ended December 31, 2012 have been audited by Ernst & Young LLP, independent registered public accounting firm. The historical consolidated financial statements for the three-month periods ended March 31, 2013 and 2012 and the pro forma financial statements for the three-month period ended March 31, 2013 and the year ended December 31, 2012 have not been audited. The unaudited pro forma financial data reflects our historical consolidated financial position and results of operations, as adjusted for: (i) the termination of a tax-sharing agreement between MMC and MMREIS; (ii) the modification of certain restricted stock awards and stock appreciation rights, or SARs, held by the MMREIS managing directors, and grants of replacement awards and (iii) the payment of an additional preferred dividend and return of additional paid-in capital totaling $ million to MMC prior to the Spin-Off and the completion of this offering, as if such transactions had occurred on January 1, 2012 for the statements of income and on March 31, 2013 for the balance sheet. The unaudited pro forma financial data is presented for illustrative purposes only and is not necessarily indicative of what our actual financial position or actual results of operations would have been had the transactions referred to above occurred on the applicable dates, nor does it purport to represent the future financial position or results of operations of our company. You should read the following summary financial data together with our financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this prospectus.

	Historical					Pro Forma	
	Year Ended December 31,			Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,
(Dollars in thousands, except per share data)	2010	2011	2012	2012	2013	2012	2013
Statements of Income Data:							
Revenues:							
Real estate brokerage commissions	$198,366	$245,333	$351,407	$56,927	$61,198	$	$
Financing fees	10,917	16,522	21,132	3,456	5,014		
Other revenues	8,652	12,850	13,177	2,286	3,158		
Total revenues	217,935	274,705	385,716	62,669	69,370		
Operating expenses:							
Cost of services	124,272	162,478	230,248	35,945	41,221		
Selling, general, and administrative expense	76,438	85,801	103,479	22,309	24,732		
Depreciation and amortization expense	3,333	2,971	2,981	731	760		
Total operating expenses	204,043	251,250	336,708	58,985	66,713		
Operating income	13,892	23,455	49,008	3,684	2,657		
Other income, net	959	350	433	283	242		
Income before provision for income taxes	14,851	23,805	49,441	3,967	2,899		
Provision for income taxes	6,460	10,355	21,507	1,726	1,261		
Net income	$ 8,391	$ 13,450	$ 27,934	$ 2,241	$ 1,638	$	$
Pro forma net income per share						$	$
Adjusted EBITDA (1)	$ 18,743	$ 29,486	$ 59,708	$ 5,161	$ 4,054	$	$

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure."

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	As of March 31, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted (1)
		(in thousands)	
Balance Sheet Data:			
Cash and cash equivalents	$37,432	$	$
Total assets	68,873		
Long-term debt	—		
Total liabilities	45,314		

(1) Gives effect to this offering and the application of the net proceeds from the sale of shares of common stock by us in this offering at an assumed public offering price of $ (the midpoint of the price range set forth on the cover page of this prospectus).

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this prospectus before deciding whether to invest in our common stock. If any of the following risks actually occur, our business, financial condition or operating results could be materially adversely affected. This could cause the trading price of our common stock to decline, and you may lose part or all of your investment.

Risks Related to Our Business

General economic conditions and commercial real estate market conditions have had and may in the future have a negative impact on our business.

We may be negatively impacted by periods of economic slowdowns, recessions and disruptions in the capital markets; credit and liquidity issues in the capital markets, including international, national, regional and local markets; and corresponding declines in the demand for commercial real estate investment and related services. Historically, commercial real estate markets, and in particular the U.S. commercial real estate market, have tended to be cyclical and related to the flow of capital to the sector, the condition of the economy as a whole and to the perceptions and confidence of the market participants as to the relevant economic outlook. Cyclicality in the real estate markets may lead to cyclicality in our earnings and significant volatility in our stock price. Real estate markets may “lag” the broader economy. This means that even when underlying economic fundamentals improve in a given market, it may take additional time for these improvements to translate into strength in the real estate markets. The “lag” may be exacerbated when banks delay their resolution of commercial real estate assets whose values are less than their associated loans.

Negative economic conditions, changes in interest rates, credit and liquidity issues in the capital markets, disruptions in capital markets and/or declines in the demand for commercial real estate investment and related services in international or domestic markets or in significant markets in which we do business, have had and could have in the future a material adverse effect on our business, results of operations and/or financial condition. In particular, the commercial real estate market is directly impacted by the lack of debt and/or equity for commercial real estate transactions, increased interest rates and changes in monetary policies by the Federal Reserve, changes in the perception that commercial real estate is an accepted asset class for portfolio diversification, and slowdowns in economic activity that could cause residential and commercial tenant demand to decline, which would adversely affect the operation and income of commercial real estate properties.

These and other types of events could lead to a decline in transaction activity as well as a decrease in values, which would likely in turn lead to a reduction in brokerage commissions and financing fees relating to such transactions. These effects would likely cause us to realize lower revenues from our transaction service fees, including investment sales commissions, which fees usually are tied to the transaction value and are payable upon the successful completion of a particular transaction. Such declines in transaction activity and value would likely also significantly reduce our financing activities and revenues. For example, the disruptions and dislocations in the global credit markets during 2008 and 2009 created significant restrictions in the availability of credit, especially on transitional assets and in the secondary and tertiary markets. In turn, the volume and pace of commercial real estate transactions were significantly reduced, as were property values, which generally peaked in 2007 and fell through 2010.

Fiscal uncertainty as well as significant changes and volatility in the financial markets and business environment, and in the global political, security and competitive landscape, make it increasingly difficult for us to predict our revenue and earnings into the future. As a result, any revenue or earnings guidance or outlook which we might give may be overtaken by events or may otherwise turn out to be inaccurate.

If we are unable to attract and retain qualified and experienced managers, sales and financing professionals, our growth may be limited and our business and operating results could suffer.

Our most important asset is our people, and our continued success is highly dependent upon the efforts of our managers, sales and financing professionals. If these managers or sales and financing professionals leave our company, we will lose the substantial time and resources we have invested in training and developing those individuals and our business, financial condition and results of operations may suffer. Additionally, such events may have a disproportionate adverse effect on our operations if the most experienced sales and financing professionals do not remain with us or if these events occur in geographic areas where substantial amounts of our brokerage revenues are generated. Furthermore, if the commission structure changes in the market, our commission compensation may become relatively less attractive to sales professionals.

In addition, our competitors may attempt to recruit our sales and financing professionals. The exclusive independent contractor arrangements we have entered into or may enter into with our sales professionals may not prevent our sales professionals from departing and competing against us. We may not be able or attempt to renew these agreements prior to their expiration. Additionally, we currently do not have employment agreements with most key employees, and there is no assurance that we will be able to retain their services.

A component of our growth has also occurred through the recruiting, hiring, training and retention of key experienced sales and financing professionals. Any future growth through recruiting these types of professionals will be partially dependent upon the continued availability of qualified candidates fitting the culture of our firm at reasonable employment terms and conditions. However, individuals whom we would like to hire may not be available upon reasonable employment terms and conditions. In addition, the hiring of new personnel involves risks that the persons acquired will not perform in accordance with expectations and that business judgments concerning the value, strengths and weaknesses of persons acquired will prove incorrect.

If we lose the services of our executive officers or certain other members of our senior management team, we may not be able to execute our business strategy.

Our success depends in a large part upon the continued service of our senior management team, who are critical to our vision, strategic direction and culture. Our current long-term business strategy was developed in large part by our senior-level officers and depends in part on their skills and knowledge to implement, and also includes a focus on new growth and investment initiatives that may require additional management expertise to successfully execute our strategy. We may not be able to offset the impact on our business of the loss of the services of our senior management or other key officers or employees or recruit additional talent.

Our business could be hurt if we are unable to retain our business philosophy and culture of information-sharing and efforts to retain our philosophy and culture could adversely affect our ability to maintain and grow our business.

Our policy of information-sharing and matching properties with large pools of investors defines our business philosophy as well as the emphasis that we place on our clients, our people and our culture. Our status as a public company could adversely affect this culture. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain this culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations.

The concentration of sales among our top sales professionals could lead to greater or more concentrated losses if we are unable to retain them.

Our most successful sales professionals are responsible for a significant percentage of our revenues. They also serve as mentors and role models, as well as provide invaluable training for younger professionals, which is an integral part of our culture. This concentration of sales and value among our top sales professionals can lead to greater and more concentrated risk of loss if we are unable to retain them, and have a material adverse impact on our business and financial condition. Furthermore, many of our sales professionals work in teams. If a team leader or manager leaves our company, his or her team members may leave with the team leader.

We may fail to successfully differentiate our brand from those of our competitors, which could adversely affect our revenues.

The value of our brand and reputation is one of our most important assets. An inherent risk in maintaining our brand is we may fail to successfully differentiate the scope and quality of our service and product offerings from those of our competitors, or we may fail to sufficiently innovate or develop improved products or services that will be attractive to our clients. Additionally, given the rigors of the competitive marketplace in which we operate, there is the risk we may not be able to continue to find ways to operate more productively and more cost-effectively, including by achieving economies of scale, or we will be limited in our ability to further reduce the costs required to operate on a nationally coordinated platform.

We have numerous significant competitors and potential future competitors, some of which may have greater resources than we do, and we may not be able to continue to compete effectively.

We compete in investment sales and financing within the commercial real estate industry. Our investment sales focus on the private client segment, which is highly fragmented. For example, according to CoStar and Real Capital Analytics, for sales between $1 million and $10 million, the top 20 investment brokerage firms only constituted 27% of the U.S. commercial real estate market in 2012. The fragmentation of our market makes it challenging to effectively gain market share. While we have a competitive advantage over other national firms in the private investor segment, we also face competition from local and regional service providers who have existing relationships with potential clients. Furthermore, transactions in the private investor segment are smaller than many other commercial real estate transactions. Although the brokerage commissions in this segment are generally a higher percentage of the sales price, the smaller size of the transactions requires us to close many more transactions to sustain revenues. If the commission structure or the velocity of transactions were to change, we could be disproportionately affected by changes compared to other companies that focus on larger transactions, institutional clients and other segments of the commercial real estate market.

There is no assurance that we will be able to continue to compete effectively or maintain our current fee arrangements with our private clients or margin levels or we will not encounter increased competition. The services we provide to our clients are highly competitive on a national, regional and local level. Depending on the geography, property type or service, we face competition from, including, but not limited to, commercial real estate service providers, in-house real estate departments, private owners and developers, commercial mortgage servicers, institutional lenders, research and consulting firms, and investment managers, some of whom are clients and many of whom may have greater financial resources than we do. In addition, future changes in laws and regulations could lead to the entry of other competitors. Many of our competitors are local, regional or national firms. Although most are substantially smaller than we are, some of these competitors are larger on a local, regional or national basis, and we believe more national firms are exploring entry into or expansion in the under $10 million private investor segment. We may face increased competition from even stronger competitors in the future due to a trend toward consolidation, especially in times of severe economic stress. We are also subject to competition from other large national and multi-national firms as well as regional and local firms that have similar service competencies to ours. Our existing and future competitors may choose to undercut our fees, increase the levels of compensation they are willing to pay to their employees and either recruit our employees or cause us to increase our level of compensation necessary to retain our own employees or recruit new employees. These occurrences could cause our revenue to decrease or negatively impact our target ratio of compensation-to-operating revenue, both of which could have an adverse effect on our business, financial condition and results of operations.

Our attempts to expand our services and businesses may not be successful and we may expend significant resources without corresponding returns.

We intend to expand our specialty groups, particularly multi-tenant retail, office, industrial and hospitality, as well as various niche segments, including multifamily tax credit, affordable housing, student housing, manufactured housing, seniors housing and self-storage. We also plan to grow our financing services provided through our subsidiary, Marcus & Millichap Capital Corporation, or MMCC. We expect to incur expenses relating to training, and expanding our markets and services. The planned expansion of services and platforms requires significant resources, and there can be no assurance we will compete effectively, hire or train a sufficient number of professionals to support the expansion, or operate these businesses profitably. We may incur significant expenses for these plans without corresponding returns, which would harm our results of operations.

If we experience significant growth in the future, such growth may be difficult to sustain and may place significant demands on our administrative, operational and financial resources.

If we experience significant growth in the future, such growth could place additional demands on our resources and increase our expenses, as we will have to commit additional management, operational and financial resources to maintain appropriate operational and financial systems to adequately support expansion. There can be no assurance we will be able to manage our expanding operations effectively or we will be able to maintain or accelerate our growth, and any failure to do so could adversely affect our ability to generate revenue and control our expenses, which could adversely affect our business, financial condition and results of operations.

Moreover, we may have to delay, alter or eliminate the implementation of certain aspects of our growth strategy due to events beyond our control, including, but not limited to, changes in general economic conditions and commercial real estate market conditions. Such delays or changes to our growth strategy may adversely affect our business.

Our brokerage operations are subject to geographic and commercial real estate market risks, which could adversely affect our revenues and profitability.

Our real estate brokerage offices are located in and around large metropolitan areas as well as mid-market regions throughout the United States. Local and regional economic conditions in these locations could differ materially from prevailing conditions in other parts of the country. We have more offices and realize more of our revenues in California, the Northeast (New York, Connecticut, Pennsylvania, and Washington DC), Florida, Texas and Northern Illinois than in other regions in the country. In 2012, we realized approximately 14%, 11%, 8% and 6% of our revenues from the Northeast, Florida, Texas and Northern Illinois, respectively. In particular, we are subject to risks related to the California economy and real estate markets, where we realized 34% of our sales in 2012. In addition to economic conditions, this geographic concentration means that California-specific legislation, taxes and regional disasters such as earthquakes could disproportionately affect us. A downturn in investment real estate demand or economic conditions in these regions could result in a further decline in our total gross commission income and profitability and have a material adverse effect on us.

If we are unable to retain existing clients and develop new clients, our financial condition may be adversely affected.

We are substantially dependent on long-term client relationships and on revenue received for services provided for them. Our listing agreements generally expire within six months and depend on the cooperation of the client during the pendency of the agreement, as is typical in the industry. In this competitive market, if we are unable to maintain these relationships or are otherwise unable to retain existing clients and develop new clients, our business, results of operations and/or financial condition may be materially adversely affected. The global economic downturn and continued weaknesses in the markets in which our clients and potential clients compete have led to a lower volume of transactions and fewer real estate clients generally, which makes it more difficult to maintain existing and establish new client relationships. These effects have moderated, but they could increase again in the wake of the continuing political and economic uncertainties in the United States and in other countries.

A change in the tax laws relating to like-kind exchanges could adversely affect our business and the value of our stock.

Section 1031 of the Internal Revenue Code provides for tax-free exchanges of real property for other real property. Legislation has been proposed on several occasions that would repeal or restrict the application of

Section 1031. If tax-free exchanges under Section 1031 were to be limited or unavailable, our clients or prospective clients may decide not to purchase or sell property that they would have otherwise purchased or sold due to the tax consequences of the transaction, thus reducing the commissions we would have otherwise received. Any repeal or significant change in the tax rules pertaining to like-kind exchanges could have a substantial adverse impact on our business and the value of our stock.

Seasonal fluctuations in the investment real estate industry could adversely affect our business and make comparisons of our quarterly results difficult.

Our revenue and profits have historically tended to be significantly higher in the fourth quarter of each year than in the first quarter. This is a result of a general focus in the real estate industry on completing or documenting transactions by calendar-year-end and because certain expenses are constant through the year. Historically, we have reported relatively lower earnings in the first quarter and then increasingly larger earnings during each of the following three quarters. The seasonality of our business makes it difficult to determine during the course of the year whether planned results will be achieved, and thus to adjust to changes in expectations.

If we fail to maintain and protect our intellectual property, or infringe the intellectual property rights of third parties, our business could be harmed and we could incur financial penalties.

Our business depends, in part, on our ability to identify and protect proprietary information and other intellectual property (such as our service marks, client lists and information, business methods and research). Existing laws, or the application of those laws, may offer only limited protections for our intellectual property rights. We rely on a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements, and on copyright and trademark laws to protect our intellectual property rights. Our inability to detect unauthorized use or take appropriate or timely steps to enforce our rights may have an adverse effect on our business.

We cannot be sure the intellectual property we may use in the course of operating our business or the services we offer to clients do not infringe on the rights of third parties, and we may have infringement claims asserted against us or against our clients. These claims may harm our reputation, cost us money and prevent us from offering some services.

Confidential intellectual property is increasingly stored or carried on mobile devices, such as laptop computers, tablets and smart phones which makes inadvertent disclosure more of a risk in the event the mobile devices are lost or stolen and the information has not been adequately safeguarded or encrypted.

If we do not respond to technological changes or upgrade our technology systems, our growth prospects and results of operations could be adversely affected.

To remain competitive, we must continue to enhance and improve the functionality and features of our technological infrastructure. Although we currently do not have specific plans for any infrastructure upgrades that would require significant capital investment outside of the normal course of business, in the future we will need to improve and upgrade our technology, database systems and network infrastructure in order to allow our business to grow in both size and scope. Without such improvements, our operations might suffer from unanticipated system disruptions, slow performance or unreliable service levels, any of which could negatively affect our ability to provide rapid customer service. We may face significant delays in introducing new services, sales professional tools and enhancements. If competitors introduce new products and services using new technologies, our proprietary technology and systems may become less competitive, and our business may be harmed. In addition, the expansion and improvement of our systems and infrastructure may require us to commit substantial financial, operational and technical resources, with no assurance that our business will improve.

The Internet could devalue our information services and lead to reduced client relationships, which could reduce the demand for our services.

The dynamic nature of the Internet, which has substantially increased the availability and transparency of information relating to commercial real estate listings and transactions, could change the way commercial real estate transactions are done. This has occurred to some extent in the residential real estate market as online brokerage companies have eroded part of the market for traditional residential real estate brokerage firms. The proliferation of large amounts of data on the Internet could also devalue the information that we gather and disseminate as part of our business model and may harm certain aspects of our investment brokerage business in the event that principals of transactions prefer to transact directly with each other. The rapid dissemination and increasing transparency of information, particularly for public companies, increases the risks to our business that could result from negative media or announcements about ethics lapses or other operational problems, which could lead clients to terminate or reduce their relationships with us.

Interruption or failure of our information technology, communications systems or data services could hurt our ability to effectively provide our services, which could damage our reputation and harm our operating results.

Our business requires the continued operation of information technology and communication systems and network infrastructure. Our ability to conduct our national business may be adversely impacted by disruptions to these systems or infrastructure. Our information technology and communications systems are vulnerable to damage or disruption from fire, power loss, telecommunications failure, system malfunctions, computer viruses, natural disasters such as hurricanes, earthquakes and floods, acts of war or terrorism, or other events which are beyond our control. In addition, the operation and maintenance of these systems and networks is in some cases dependent on third-party technologies, systems and service providers for which there is no certainty of uninterrupted availability. Any of these events could cause system interruption, delays, and loss of critical data or intellectual property and may also disrupt our ability to provide services to or interact with our clients, and we may not be able to successfully implement contingency plans that depend on communication or travel. We have disaster recovery plans and backup systems to reduce the potentially adverse effect of such events, but our disaster recovery planning may not be sufficient and cannot account for all eventualities. A catastrophic event that results in the destruction or disruption of any of our data centers or our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be adversely affected.

Our business relies significantly on the use of commercial real estate data. We produce much of this data internally, but a significant portion is purchased from third-party providers for which there is no certainty of uninterrupted availability. A disruption of our ability to provide data to our professionals and/or clients could damage our reputation, and our operating results could be adversely affected.

Failure to maintain the security of our information and technology networks, including personally identifiable and client information could adversely affect us.

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer. In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and intellectual property, and that of our clients and personally identifiable information of our employees and contractors, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. A significant actual or potential theft, loss, fraudulent use or misuse of client, employee or other personally identifiable data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could result in significant costs, fines, litigation or regulatory actions against us. Such an event could additionally disrupt our operations and the services we provide to clients, damage our reputation, and cause a loss of confidence in our services, which could adversely affect our business, revenues and competitive position. Additionally, we increasingly rely on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data. Such third parties may also be vulnerable to security breaches and compromised security systems, which could adversely affect our reputation.

In addition, we rely on the collection and use of personally identifiable information from clients to conduct our business. We disclose our information collection and dissemination practices in a published privacy statement on our websites, which we may modify from time to time. We may be subject to legal claims, government action, including under the Racketeer Influenced and Corrupt Organizations Act, or RICO, and damage to our reputation if we act or are perceived to be acting inconsistently with the terms of our privacy statement, client expectations or the law. In the event we or the vendors with which we contract to provide services on behalf of our clients were to suffer a breach of personally identifiable information, our customers could terminate their business with us. Further, we may be subject to claims to the extent individual employees or sales and financing professionals breach or fail to adhere to company policies and practices and such actions jeopardize any personally identifiable information. In addition, concern among potential buyers or sellers about our privacy practices could keep them from using our services or require us to incur significant expense to alter our business practices or educate them about how we use personally identifiable information.

A failure to appropriately deal with actual or perceived conflicts of interest could adversely affect our businesses.

Outside of our people, our reputation is one of our most important assets. As we have expanded the scope of our services, we increasingly have to address potential, actual or perceived conflicts of interest relating to the services we provide to our existing and potential clients. For example, conflicts may arise between our position as an advisor to both the buyer and seller in commercial real estate sales transactions or in instances when a potential buyer requests that we represent it in securing the necessary capital to acquire an asset we are selling for another client or when a capital source takes an adverse action against an owner client that we are advising in another matter. From time to time, we also advise or represent entities and parties affiliated with us in commercial real estate transactions which also involve clients unaffiliated with us. In this context, we may be subject to complaints or claims of a conflict of interest. While we believe we have attempted to adopt various policies, controls and procedures to address or limit actual or perceived conflicts, these policies and procedures may not be adequate or carry attendant costs and may not be adhered to by our employees. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged and cause us to lose existing clients or fail to gain new clients if we fail, or appear to fail, to deal appropriately with conflicts of interest, which could have an adverse affect on our business, financial condition and results of operations.

If we acquire companies or significant groups of personnel in the future, we may experience high transaction and integration costs, the integration process may be disruptive to our business and the acquired businesses and/or personnel may not perform as we expect.

Our growth strategy may include future acquisitions of companies and/or people and may involve significant transaction-related expenses. Transaction-related expenditures include severance costs, lease termination costs, transaction costs, deferred financing costs, possible regulatory costs and merger-related costs, among others. We may also experience difficulties in integrating operations and accounting systems acquired from other companies. These challenges include the diversion of management's attention from the regular operations of our business and the potential loss of our key clients, our key associates or those of the acquired operations, each of which could harm our financial condition and results of operation. We believe some acquisitions could initially have an adverse impact on revenues, expenses, operating income and net income. Acquisitions also frequently involve significant costs related to integrating people, information technology, accounting, reporting and management services and rationalizing personnel levels. If we are unable to fully integrate the accounting, reporting and other systems of the businesses we acquire, we may not be able to effectively manage them and our financial results may be materially affected. Moreover, the integration process itself may be disruptive to our business as it requires coordination of culture, people and geographically diverse organizations and implementation of new accounting and information technology systems.

In addition, acquisitions of businesses involve risks that the businesses acquired will not perform in accordance with expectations, that the expected synergies associated with acquisitions will not be achieved and that business judgments concerning the value, strengths and weaknesses of the people and the businesses acquired will prove incorrect, which could have an adverse affect on our business, financial condition and results of operations.

Significant fluctuations in our revenues and net income may make it difficult for us to achieve steady earnings growth on a quarterly or an annual basis, which may make the comparison between periods difficult and may cause the price of our common stock to decline.

We have experienced and may continue to experience fluctuations in revenues and net income as a result of many factors, including, but not limited to, economic conditions, capital market disruptions, the timing of transactions, revenue mix and the timing of additional selling, general and administrative expenses to support growth initiatives. We provide many of our services pursuant to contracts that typically expire within six months and that are dependent on the client's cooperation. Consequently, many of our clients can terminate or significantly reduce their relationships with us on very short notice for any reason.

We plan our capital and operating expenditures based on our expectations of future revenues and, if revenues are below expectations in any given quarter or year, we may be unable to adjust capital or operating expenditures in a timely manner to compensate for any unexpected revenue shortfall, which could have an immediate material adverse effect on our business, financial condition and results of operation.

We may face significant liabilities and/or damage to our professional reputation as a result of litigation allegations and negative publicity.

As a licensed real estate broker, we and our licensed professionals and brokers are subject to regulatory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could subject us or our professionals and brokers to litigation from parties who attempted to or in fact financed, purchased or sold properties that we or they brokered, managed or had some other involvement. We could become subject to claims by those who either wished to participate or did participate in real estate transactions alleging that we did not fulfill our regulatory, contractual or other legal obligations. We also face conflicts of interest claims when we represent both the buyer and the seller in a transaction.

We depend on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain clients across our overall business. As a result, allegations by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us or our investment activities, whether or not valid, may harm our reputation and damage our business prospects. In addition, if any lawsuits were brought against us and resulted in a finding of substantial legal liability, it could materially, adversely affect our business, financial condition or results of operations or cause significant reputational harm to us, which could materially impact our business.

Some of these litigation risks may be mitigated by the commercial insurance we maintain in amounts we believe are appropriate. However, in the event of a substantial loss, our commercial insurance coverage and/or self-insurance reserve levels might not be sufficient to pay the full damages, or the scope of available coverage may not cover certain types of claims. Further, the value of otherwise valid claims we hold under insurance policies could become uncollectible in the event of the covering insurance company's insolvency, although we seek to limit this risk by placing our commercial insurance only with highly-rated companies. Any of these events could negatively impact our business, financial condition or results of operations.

Employee or sales and financing professional misconduct, fraud, or theft, which is difficult to detect and deter, could harm us by impairing our ability to attract and retain clients and subjecting us to significant legal liability and reputational harm.

If our sales or financing professionals or other associates engage in misconduct, our business could be adversely affected. It is not always possible to deter misconduct, and the precautions we take to deter and prevent this activity may not be effective in all cases. If our employees or sales and financing professionals were to improperly use, disseminate or disclose information provided by our clients, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial position and current client relationships and our ability to attract future clients, could be significantly impaired, which could adversely affect our business, financial condition and results of operation. To the extent any loss or theft of funds substantially exceeds our insurance coverage, our business could be materially adversely affected.

Many of our sales and financing professionals are independent contractors, not employees, and if federal or state law mandates that they be employees, our business would be adversely impacted.

Many of our sales and financing professionals are retained as independent contractors, and we are subject to the Internal Revenue Service regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it could be determined that the independent contractor classification is inapplicable to any of our professionals. Further, if legal standards for classification of these professionals as independent contractors change or appear to be changing, it may be necessary to modify our compensation structure for these professionals in some or all of our markets, including by paying additional compensation or reimbursing expenses. If we are forced to classify these professionals as employees, we would also become subject to laws regarding employee classification and compensation, and to claims regarding overtime, minimum wage, and meal and rest periods. We could also incur substantial costs, penalties and damages due to future challenges by current or former professionals to our classification or compensation practices. Any of these outcomes could result in substantial costs to us, could significantly impair our financial condition and our ability to conduct our business as we choose, and could damage our reputation and impair our ability to attract clients and sales and financing professionals.

Our businesses, financial condition, results of operations and prospects could be adversely affected by new laws or regulations or by changes in existing laws or regulations or the application thereof. If we fail to comply with laws and regulations applicable to us, including in our role as a real estate broker or mortgage broker, we may incur significant financial penalties.

We are subject to numerous federal, state, local and non-U.S. laws and regulations specific to the services we perform in our business, as well as laws of broader applicability, such as tax, securities and employment laws. In general, the brokerage of real estate transactions requires us to maintain applicable licenses where perform these services. If we fail to maintain our licenses or conduct these activities without a license, or violate any of the regulations covering our licenses, we may be required to pay fines (including treble damages in certain states) or return commissions received or have our licenses suspended or revoked. We could also be subject to disciplinary or other actions in the future due to claimed noncompliance with these regulations, which could have a material adverse effect on our operations and profitability.

Our business is also governed by various legislation limiting the manner in which prospective clients may be contacted, including federal and state “Do Not Call” and “Do Not Fax” regulations. We may be subject to legal claims and governmental action if we are perceived to be acting in violation of these laws and regulations. We may also be subject to claims to the extent individual employees or sales professionals breach or fail to adhere to company policies and practices designed to maintain compliance with these laws and regulations. The penalties for violating this legislation can be material, and could result in changes in which we are able to contact prospective clients.

As the size and scope of commercial real estate transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with numerous licensing regimes and the possible loss resulting from non-compliance have increased. New or revised legislation or regulations applicable to our business, both within and outside of the United States, as well as changes in administrations or enforcement priorities may have an adverse effect on our business, including increasing the costs of compliance or preventing us from providing certain types of services in certain jurisdictions or in connection with certain transactions or clients. We are unable to predict how any of these new laws, rules, regulations and proposals will be implemented or in what form, or whether any additional or similar changes to laws or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have an adverse effect on our businesses, financial condition, results of operations and prospects.

We are an "emerging growth company," and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and for as long as we continue to be an "emerging growth company," we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, (i) not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, which may increase the risk that weaknesses or deficiencies in the internal control over financial reporting go undetected, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, which may make it more difficult for investors and securities analysts to evaluate the company, and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could remain an "emerging growth company" for up to five years, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an "emerging growth company" as of the following December 31. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards, and, therefore, we will be subject to the new or revised accounting standards using delayed effective dates available to private companies.

Risks Related to the Spin-Off

We may not achieve some or all of the expected benefits of the Spin-Off and this offering.

We may not be able to achieve the full strategic and financial benefits expected to result from the Spin-Off and this offering, or such benefits may be delayed or not occur at all. These benefits include the following:

- facilitating incentive compensation arrangements for employees more directly tied to the performance of our business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives of our business;
- improving strategic and operational flexibility, increasing management focus and streamlining decision-making by providing the flexibility to implement our strategic plan and to respond more effectively to different customer needs and the changing economic environment;
- providing greater ability for us to grow by acquiring new groups or firms, expanding our presence in the markets in which we currently operate, developing our institutional brokerage brand (IPA) and accelerating our international expansion;
- allowing us to adopt the capital structure, investment policy and dividend policy best suited to our financial profile and business needs, without competing for capital with MMC's other businesses or being subject to the liabilities and greater volatility of such other businesses; and
- creating an independent equity structure that will facilitate our ability to affect future acquisitions utilizing our common stock.

We may not achieve the anticipated benefits of the Spin-Off for a variety of reasons. In addition, the Spin-Off could adversely affect our operating results and financial condition since we will need to replicate or replace certain services previously provided to us by MMC and there is no assurance that we will be able to do so on similar or more favorable terms, or at all.

Two of our directors may have actual or potential conflicts of interest because of their positions with MMC.

Following this offering, George Marcus and William A. Millichap will serve as co-chairmen of our board of directors and retain their positions as directors of MMC. In addition, Messrs. Marcus and Millichap may own MMC stock, options to purchase MMC stock or other MMC equity awards. Their position at MMC and the ownership of any MMC equity or equity awards creates, or may create the appearance of, conflicts of interest when these directors are faced with decisions that could have different implications for MMC than the decisions have for us.

To preserve the tax-free treatment to MMC and/or its shareholders of the Spin-Off and the Debt-for-Equity Exchange, we may not be able to engage in certain transactions.

To preserve the tax-free treatment to MMC and/or its shareholders of the Spin-Off, the Debt-for-Equity Exchange and related transactions, under the tax matters agreement, we will be restricted from taking any action that could reasonably be expected to adversely affect the tax-free status of the Spin-Off, the Debt-for-Equity Exchange and related transactions from being tax-free for U.S. federal, state, local and foreign income tax purposes. During the time period ending two years after the date of the Distribution there will be specific restrictions on our undertaking of the following transactions (among others): a merger or consolidation with another entity and any other transaction which would, in each case, cause us to undergo a 40% or greater change in our stock ownership for purposes of Section 355(a) of Internal Revenue Code of 1986, as amended, or the Code, or a substantial sale of assets outside the ordinary course of business. These restrictions may limit our ability to pursue strategic transactions or engage in other transactions, and the use of our common stock to make acquisitions and equity capital market transactions that might increase the value of our business.

Risks Related to this Offering and Ownership of Our Common Stock

There is no existing market for our common stock and we do not know if one will develop, which could impede your ability to sell your shares and depress the market price of our common stock.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in the company will lead to the development of an active trading market on the NYSE or otherwise, or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

Our Co-Chairman and founder will control a significant interest in our stock after this offering, and the concentrated ownership of our common stock will prevent you and other stockholders from influencing significant decisions.

Immediately following the completion of this offering, Mr. Marcus, our Co-Chairman and founder, will own % of our outstanding common stock (% if the underwriters exercise their option to purchase additional shares in full). Because Mr. Marcus will control a majority of the voting power of our outstanding common stock, he will be able to influence the outcome of corporate actions requiring stockholder approval, including the election and removal of directors, so long as he controls a significant portion of our common stock.

If our Co-Chairman sells a controlling interest in our company to a third party in a private transaction, you may not realize any change-of-control premium on shares of our common stock and we may become subject to the control of a presently unknown third party.

Our Co-Chairman and controlling stockholder will have the ability, should he choose to do so, to sell some or all of the shares of our common stock that he controls in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of our company. The ability of our Co-Chairman and controlling stockholder to privately sell the shares of our common stock that he controls, with no requirement for a concurrent offer to be made to acquire all of our common stock that will be publicly traded hereafter, could prevent you from realizing any change-of-control premium on your shares of our common stock that may otherwise accrue to entities controlled by our Co-Chairman on a private sale of our common stock. Additionally, if entities controlled by our Co-Chairman privately sell a significant equity interest in our company, we may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with those of other stockholders. Furthermore, if our Co-Chairman sells a controlling interest in our company to a third party, our commercial agreements and relationships could be impacted, all of which may adversely affect our ability to run our business as described herein and may have a material adverse effect on our operating results and financial condition.

We will incur incremental costs as a stand-alone public company that will affect our financial results.

We will need to replicate or replace certain functions, systems and infrastructure previously provided by MMC to which we will no longer have the same access after this offering. We may also need to make investments or hire additional employees to operate without the same access to MMC's existing operational and administrative infrastructure. These initiatives may be costly to implement, and the amount of total costs could be materially higher than we anticipate.

MMC currently performs or supports many important corporate functions for our company. Our consolidated financial statements reflect charges for these services on an allocation basis. Following this offering, many of these services will be governed by our transition services agreement with MMC. Under the transition services agreement we will be able to use these MMC services for a fixed term established on a service-by-service basis. However, we generally will have the right to terminate a service earlier if we give notice to MMC. In addition, either party will be able to terminate the agreement due to a material breach of the other party, upon prior written notice, subject to limited cure periods.

We will pay MMC mutually agreed-upon fees for these services, which will be based on MMC's costs of providing the services. However, since our transition services agreement was negotiated in the context of a parent-subsidiary relationship, the terms of the agreement, including the fees charged for the services, may be higher or lower than those that would be agreed to by parties bargaining at arm's length for similar services and may be higher or lower than the costs reflected in the allocations in our historical financial statements. Third-party costs will be passed through to us at MMC's or its affiliates' cost. In addition, while these services are being provided to us by MMC, our operational flexibility to modify or implement changes with respect to such services or the amounts we pay for them will be limited.

We may not be able to replace these services or enter into appropriate third-party agreements on terms and conditions, including cost, comparable to those that we will receive from MMC under our transition services agreement. Additionally, after the agreement terminates, we may be unable to sustain the services at the same levels or obtain the same benefits as when we were receiving such services and benefits from MMC. When we begin to operate these functions separately, if we do not have our own adequate systems and business functions in place, or are unable to obtain them from other providers, we may not be able to operate our business effectively or at comparable costs, and our profitability may decline. In addition, we have historically received informal support from MMC, which may not be addressed in our transition services agreement. The level of this informal support will diminish or be eliminated following this offering.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. These internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, investors could lose confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may become subject to investigation or sanctions by the SEC. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. However, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an “emerging growth company,” as defined in the JOBS Act, if we take advantage of the exemptions contained in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in the future. In addition, to comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff.

If securities analysts do not publish research or reports about our business or if they downgrade our company or our sector, the price of our common stock could decline.

The trading market for our common stock will depend in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts, nor can we assure that any analysts will continue to follow us and issue research reports. Furthermore, if one or more of the analysts who do cover us downgrades our company or our industry, or the stock of any of our competitors, the price of our common stock could decline. If one or more of these analysts ceases coverage of our company, we could lose visibility in the market, which in turn could cause the price of our common stock to decline.

Future sales or the perception of future sales of a substantial amount of our common stock may depress the price of shares of our common stock.

After the completion of this offering, there will be   shares of our common stock available for future sale that were not sold in the offering. Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities.

We may issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisitions and investments.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares of our common stock issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

The price of our common stock may fluctuate significantly and you could lose all or part of your investment.

Volatility in the market price of our common stock may prevent you from being able to sell your shares of common stock at or above the price you paid for them. The market price for our common stock could fluctuate significantly for various reasons, including quarterly and annual variations in our results and those of our competitors; changes to the competitive landscape; estimates and projections by the investment community; the arrival or departure of key personnel, especially the retirement or departure of key senior sales professionals and management; the introduction of new services by us or our competitors; acquisitions, strategic alliances or joint ventures involving us or our competitors; and general global and domestic economic, credit and liquidity issues, market or political conditions.

As a result of these factors, investors in our common stock may not be able to resell their shares at or above the initial public offering price or may not be able to resell them at all. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

Anti-takeover provisions in our charter documents and Delaware law could delay or prevent a change in control.

Our certificate of incorporation and by-laws may delay or prevent a merger or acquisition that a stockholder may consider favorable by permitting our board of directors to issue one or more series of preferred stock, requiring advance notice for stockholder proposals and nominations, providing for super-majority votes of stockholders for the amendment of the bylaws and certificate of incorporation, and placing limitations on convening stockholder meetings and not permitting written consents of stockholders. In addition, we are subject to provisions of the Delaware General Corporation Law that restrict certain business combinations with interested stockholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm the market price of our common stock.

We may not generate sufficient cash to pay dividends on our common stock, which may cause us to change our dividend policy and affect our stock price.

If we cannot operate our business to meet our financial expectations, our ability to pay dividends to you could be adversely affected. Any declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. If the board determines that our financial conditions and other requirements have not been satisfied, we may not issue dividends and you may need to rely on an increase in the price of our common stock to profit from your investment.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our amended and restated certificate of incorporation will authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock.

You will suffer immediate and substantial dilution in the net tangible book value of the common stock you purchase.

Prior investors have paid substantially less per share than the price in this offering. The initial public offering price is substantially higher than the net tangible book value per share of the outstanding common stock after giving effect to this offering and related transactions. Accordingly, based on an assumed initial public offering price of $ per share (the midpoint of the offering price range set forth on the cover page of this prospectus), and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, and the application of the net proceeds from such sale as described in “Use of Proceeds,” and following the Debt-for-Equity Exchange substantially concurrently with the closing of the offering, purchasers of common stock in this offering will experience immediate and substantial dilution of approximately $ per share. Additionally, investors in our common stock will be further diluted in the event that the underwriters exercise their option to purchase additional shares.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- market trends in the commercial real estate market or the general economy;
- our ability to attract and retain qualified managers, sales and financing professionals;
- the effects of increased competition on our business;
- our ability to successfully enter new markets or increase our market share;
- our ability to successfully expand our services and businesses and to manage any such expansions;
- our ability to retain existing clients and develop new clients;
- our ability to keep pace with changes in technology;
- any business interruption or technology failure and any related impact on our reputation;
- changes in tax laws, employment laws or other government regulation affecting our business; and
- other risk factors included under "Risk Factors" in this prospectus.

In addition, in this prospectus, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "potential" and similar expressions, as they relate to our company, our business and our management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Forward-looking statements speak only as of the date of this prospectus. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ from the sale of the shares of our common stock in this offering ($ if the underwriters' option to purchase additional shares is exercised in full), based on an assumed public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting the estimated underwriting discounts and commissions and offering expenses.

We expect to use the net proceeds of the offering payable to us for general corporate purposes, including capital expenditures and working capital to expand our markets and services and potential acquisition of real estate businesses or companies, although there are no current agreements with respect to any such transactions. We may also use approximately $ million of the proceeds payable to us to fund a special dividend to our stockholders who are stockholders of record immediately after the Distribution but prior to the closing of this offering. The declaration of any such dividend is dependent upon market forces and other events. Pending such uses, we intend to invest the net proceeds payable to us from the offering in interest-bearing, investment grade securities. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

A $1.00 increase or decrease in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease the net proceeds we receive from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same. We may also increase or decrease the number of shares we are offering. An increase or decrease by 1.0 million shares in the number of shares offered by us would increase or decrease the net proceeds to us by $ million assuming the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

DIVIDEND POLICY

Prior to our initial public offering, we distributed substantially all of our net income to our parent in the form of cash dividends. Additionally, MMREIS will use a portion of its cash balance to fund an additional preferred dividend and return additional paid-in capital totaling $ million to MMC prior to the Spin-Off and the completion of this offering. See "Certain Relationships and Related Transactions—Relationship with Marcus & Millichap Company." Following this offering, we will not pay a regular dividend. We intend to evaluate our dividend policy in the future. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deems relevant.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2013:

- on an actual basis;
- on a pro forma basis after giving effect to the Spin-Off, including (i) the termination of the MMREIS tax-sharing agreement, (ii) the modification of certain restricted stock awards and SARs held by the MMREIS managing directors and grants of replacement awards and (iii) the payment of an additional preferred dividend and return of additional paid-in capital totaling $ million from MMREIS to MMC prior to the Spin-Off and the completion of this offering; and
- on a pro forma as adjusted basis after giving effect to this offering and the application of the net proceeds from the sale of shares of common stock by us in this offering at an assumed public offering price of $ (the midpoint of the price range set forth on the cover page of this prospectus).

	March 31, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(Dollars in thousands)		
Cash and cash equivalents	$37,432	$	$
Long-term debt, less current portion			
Stockholders' equity (deficit):			
Series A Redeemable Preferred stock, $10.00 par value; 1,000 shares authorized; 1,000 shares issued and outstanding, actual; no shares issued and outstanding pro forma and pro forma, as adjusted	10	—	—
Common stock $1.00 par value; 1,000,000 shares authorized; 234,489 shares issued and outstanding, actual; no shares issued and outstanding pro forma and pro forma as adjusted	235	—	—
Common Stock $0.0001 par value; 150,000,000 shares authorized, no shares issued and outstanding, actual; shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted(2)	—		
Additional paid-in capital	24,984		
Stock notes receivable from employees	(126)		
Accumulated deficit	(1,544)		
Total stockholders' equity	23,559		
Total capitalization	$23,559	$	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the amount of additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions payable by us.

(2) Excludes an additional shares reserved for issuance upon exercise of stock options or other equity awards that may be granted subsequent to March 31, 2013 under the 2013 Omnibus Equity Incentive Plan and shares reserved for issuance under the 2013 Employee Stock Purchase Plan. See "Management—2013 Omnibus Equity Incentive Plan" and "Management—2013 Employee Stock Purchase Plan."

DILUTION

Our pro forma net tangible book value as of March 31, 2013 was approximately $ or $ per share of common stock. "Net tangible book value" per share represents the amount of total tangible assets reduced by the amount of total liabilities and divided by the total number of shares of common stock outstanding. After giving effect to the sale of the shares of common stock offered by us at an assumed initial public offering price of $ per share, and the adjustments described under the section entitled "Capitalization," our pro forma net tangible book value as of March 31, 2013 would have been $ or $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share before the offering	$	
Decrease in net tangible book value per share attributable to the Spin-Off		
Increase in net tangible book value per share attributable to this offering		
Pro forma net tangible book value after giving effect to this offering and the other transactions described above		
Dilution per share to new public investors		$

The following table summarizes on a pro forma basis, as of March 31, 2013, the differences between the existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100.0%	$	100.0%	

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase or decrease pro forma net tangible book value by $ million, or $ per share, and would increase or decrease the dilution per share to purchasers in this offering by $, based on the assumptions set forth above. An increase or decrease of 1,000,000 shares we are offering would increase or decrease our pro forma as adjusted net tangible book value by $ million, or $ per share, and decrease or increase dilution to investors in this offering by $ per share, assuming the initial public offering price per share remains the same.

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SELECTED HISTORICAL FINANCIAL AND OTHER DATA

The following selected financial data for each of the three years in the period ended December 31, 2012 are derived from the audited consolidated financial statements of Marcus & Millichap Real Estate Investment Services, Inc., or MMREIS. Prior to the Spin-Off, Marcus & Millichap, Inc. will not have engaged in any business or other activities, except in connection with its formation and in preparation for this offering and the Spin-Off. The financial data for the three-month periods ended March 31, 2013 and 2012 are derived from unaudited financial statements of MMREIS. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods. Operating results for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the entire year. The data should be read together with our financial statements and related notes, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which are included elsewhere in this prospectus.

(In thousands)	Year Ended December 31,			Three Months Ended March 31,	
	2010	2011	2012	2012	2013
Statements of Income Data:					
Revenues:					
Real estate brokerage commissions	$ 198,366	$ 245,333	$ 351,407	$ 56,927	$ 61,198
Financing fees	10,917	16,522	21,132	3,456	5,014
Other revenues	8,652	12,850	13,177	2,286	3,158
Total revenues	217,935	274,705	385,716	62,669	69,370
Operating expenses:					
Cost of services	124,272	162,478	230,248	35,945	41,221
Selling, general, and administrative expense	76,438	85,801	103,479	22,309	24,732
Depreciation and amortization expense	3,333	2,971	2,981	731	760
Total operating expenses	204,043	251,250	336,708	58,985	66,713
Operating income	13,892	23,455	49,008	3,684	2,657
Other income (expense), net	959	350	433	283	242
Income before provision for income taxes	14,851	23,805	49,441	3,967	2,899
Provision for income taxes	6,460	10,355	21,507	1,726	1,261
Net income	$ 8,391	$ 13,450	$ 27,934	$ 2,241	$ 1,638
Adjusted EBITDA (1)	$ 18,743	$ 29,486	$ 59,708	$ 5,161	$ 4,054
Balance Sheet Data:					
Cash and cash equivalents	$ 4,932	$ 3,158	$ 3,107	$ 44,538	$ 37,432
Total assets	64,572	64,296	89,733	65,667	68,873
Long-term debt	—	—	—	—	—
Total liabilities	42,873	44,139	68,103	42,985	45,314

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure.”

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements reflect the historical consolidated financial position of Marcus & Millichap Real Estate Investment Services, Inc., or MMREIS, at March 31, 2013 and the historical consolidated results of operations of MMREIS for the three-month period ended March 31, 2013 and the year ended December 31, 2012, as adjusted to give pro forma effect to (i) the termination of the MMREIS tax-sharing agreement; (ii) the modification of certain restricted stock awards and SARs held by the MMREIS managing directors, and grants of replacement awards, and (iii) the payment of an additional preferred dividend and return of additional paid-in capital totaling $ million to MMC prior to the Spin-Off and the completion of this offering as if such transactions had occurred on January 1, 2012 or March 31, 2013, as applicable.

In management's opinion, the unaudited pro forma consolidated financial statements reflect certain adjustments that are necessary to present fairly our unaudited pro forma consolidated results of operations and our unaudited pro forma consolidated balance sheet as of and for the periods indicated. The pro forma adjustments give effect to events that are (i) directly attributable to the transactions described above, (ii) factually supportable; and, with respect to the statement of operations, (iii) expected to have a continuing impact on us. The pro forma adjustments are based on assumptions that management believes are reasonable given the best information currently available.

The unaudited pro forma consolidated financial statements are for illustrative and informational purposes only and are not intended to represent what our results of operations or financial position would have been had we operated as a standalone public company during the periods presented or if the transactions described below had actually occurred as of the dates indicated. The unaudited pro forma consolidated financial statements should not be considered indicative of our future results of operations or financial position as a standalone public company.

The following unaudited pro forma consolidated financial statements should be read together with our consolidated financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this prospectus.

Pro Forma Consolidated Balance Sheet
As of March 31, 2013
(In thousands, except share and per share amounts)

	Consolidated Historical	Tax Adjustments (A)	Stock Compensation Adjustments (B)	Additional Preferred Dividend Adjustments (C)	Pro Forma
Assets					
Current assets:					
Cash and cash equivalents	$ 37,432	$	$	$	$
Commissions and notes receivable, net of allowance for doubtful accounts of $129	3,409				
Employee notes receivable	1,144				
Prepaid expenses	1,443				
Total current assets	43,428				
Prepaid rent	3,992				
Investments held in rabbi trust account	3,067				
Property and equipment, net of accumulated depreciation of $18,155	7,188				
Due from affiliates	7,460				
Employee notes receivable	—				
Deferred tax asset	—				
Other assets	3,738				
Total assets	$ 68,873	$	$	$	$
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable and accrued expenses	$ 4,071	$	$	$	$
Commissions payable	11,268				
Accrued employee expenses	18,517				
Total current liabilities	33,856				
Deferred compensation and commissions	7,037				
Notes payable to former stockholders	—				
SARs liability	—				
Income tax payable	—				
Other liabilities	4,421				
Total liabilities	45,314				
Commitments and contingencies					
Stockholders' equity:					
Series A redeemable preferred stock, $10.00 par value:					
Authorized shares—1,000; issued and outstanding shares—1,000, $10.00 redemption value per share	10				
Common stock, $1.00 par value:					
Authorized shares—1,000,000; issued and outstanding shares—234,489	235				
Additional paid-in capital	24,984				
Stock notes receivable from employees	(126)				
Accumulated earnings (loss)	(1,544)				
Total stockholders' equity	23,559				
Total liabilities and stockholders' equity	$ 68,873	$	$	$	$

Pro Forma Consolidated Statements of Income
for the Three Months Ended March 31, 2013
(In thousands, except per share amounts)

	Consolidated Historical	Tax Adjustments (D)	Stock Compensation Adjustments (E)	Pro Forma
Revenues:				
Real estate brokerage commissions	$ 61,198	$	$	$
Financing fees	5,014			
Other revenues	3,158			
Total revenues	69,370			
Operating expenses:				
Cost of services	41,221			
Selling, general, and administrative expense	24,732			
Depreciation and amortization expense	760			
Total operating expenses	66,713			
Operating income	2,657			
Other income (expense), net	242			
Income before provision for income taxes	2,899			
Provision for income taxes	1,261			
Net income (loss)	$ 1,638	$	$	$
Earnings per share (F)				$

Pro Forma Consolidated Statements of Income
for the Year Ended December 31, 2012
(In thousands, except per share amounts)

	Historical	Tax Adjustments (G)	Stock Compensation Adjustments (H)	Pro Forma
Revenues:				
Real estate brokerage commissions	$351,407	$	$	$
Financing fees	21,132			
Other revenues	13,177			
Total revenues	385,716			
Operating expenses:				
Cost of services	230,248			
Selling, general, and administrative expense	103,479			
Depreciation and amortization expense	2,981			
Total operating expenses	336,708			
Operating income	49,008			
Other income (expense), net	433			
Income before provision for income taxes	49,441			
Provision for income taxes	21,507			
Net income (loss)	$ 27,934	$	$	$
Earnings per share (I)				$

Notes to Unaudited Pro Forma Consolidated Financial Statements

Note 1. Notes to Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 2013

(A) Reflects the termination of the tax-sharing agreement between MMREIS and MMC as if such agreement had been terminated on March 31, 2013. Under the tax-sharing agreement, MMREIS provided for income taxes using an effective tax rate of 43.5%, with a related obligation to MMC. The pro forma adjustments reflect (i) the reversal of the obligation to MMC for income taxes payable of $1,061 at March 31, 2013; (ii) the assumption of deferred tax assets of $ and deferred tax liabilities of $ through a non-cash contribution or distribution from MMC at March 31, 2013; and (iii) the accrual of a liability for current income taxes payable of approximately $.

(B) Reflects modifications to MMREIS's book value stock-based compensation award program that are expected to be made concurrent with the Spin-Off and this offering, as if such modifications had been made on March 31, 2013. The pro forma adjustments reflect (i) the assumption of a liability of approximately $ related to amounts frozen under the stock appreciation rights, or SARs, program through a non-cash deemed distribution to MMC; (ii) the assumption of a liability of approximately $ related to amounts payable to former MMREIS shareholders through a non-cash deemed distribution to MMC; and (iii) a decrease in retained earnings of approximately $ attributable to modifications and grants of fully-vested stock-based compensation awards. The liabilities are based on agreements MMREIS has signed with current or former employees but where MMC has historically assumed these obligations.

(C) Reflects an additional preferred dividend of $ and return of $ of additional paid-in capital to be paid to MMC prior to the Spin-Off and this offering, as if such dividend and return of capital had been paid on March 31, 2013.

Note 2. Notes to Unaudited Pro Forma Consolidated Statements of Income for the three months ended March 31, 2013

(D) Reflects the termination of the tax-sharing agreement between MMREIS and MMC as if such agreement had been terminated on January 1, 2012. Under the tax-sharing agreement, MMREIS provided for income taxes using an effective tax rate of 43.5%, with a related obligation to MMC. The pro forma adjustments reflect MMREIS's tax provision calculated as if it were a stand-alone taxpayer, using an effective tax rate of approximately 40.9%.

(E) Reflects modifications to MMREIS's book value stock-based compensation award program and grants of new stock-based compensation awards that are expected to be made concurrent with this offering, as if such modifications and grants had been made on January 1, 2012. The pro forma adjustments reflect (i) compensation expense of approximately $ related to vesting during the year of restricted stock awards, as if such awards were modified to remove the formula settlement value; (ii) interest expense of approximately $ related to outstanding principal amounts payable to former MMREIS stockholders and (iii) compensation expense of approximately $ related to vesting of deferred stock units that will be granted to MMREIS's managing directors concurrent with this offering.

(F) Pro forma earnings per share is computed by dividing pro forma net income for the three months ended March 31, 2013 of $ by pro forma weighted average shares outstanding subsequent to the Spin-Off of .

Note 3. Notes to Unaudited Pro Forma Consolidated Statements of Income for the year ended December 31, 2012

(G) Reflects the termination of the tax-sharing agreement between MMREIS and MMC, as if such agreement had been terminated on January 1, 2012. Under the tax-sharing agreement, MMREIS provided for income taxes using an effective tax rate of 43.5%, with a related obligation to MMC. The pro forma adjustments reflect MMREIS's tax provision calculated as if it were a stand-alone taxpayer, using an effective tax rate of approximately %.

(H) Reflects modifications to MMREIS's book value stock-based compensation award program and grants of new stock-based compensation awards that are expected to be made concurrent with this offering, as if such modifications and grants had been made on January 1, 2012. The pro forma adjustments reflect (i) compensation expense of approximately $ related to vesting of restricted stock awards, as if such awards were modified to remove the formula settlement value; (ii) interest expense of approximately $ related to outstanding principal amounts payable to former MMREIS stockholders and (iii) compensation expense of approximately $ related to vesting of deferred stock units granted to MMREIS's managing directors concurrent with this offering.

(I) Pro forma earnings per share is computed by dividing pro forma net income for the three months ended March 31, 2013 of $ by pro forma weighted average shares outstanding subsequent to the Spin-Off of .

THE SPIN-OFF

Marcus & Millichap Real Estate Investment Services Inc., or MMREIS, our operating company, was incorporated in 1976 and, prior to the completion of this offering, is a majority owned subsidiary of Marcus & Millichap Company, or MMC. In preparation for the spin-off of its real estate investment services business, or the Spin-Off, MMC formed Marcus & Millichap, Inc., or Marcus & Millichap, in June 2013.

Prior to the completion of this offering, the following steps will be taken to affect the Spin-Off:

- MMC will contribute its approximately 88% interest in the MMREIS common stock and 100% of the MMREIS preferred stock to Marcus & Millichap in exchange for Marcus & Millichap common stock. The remaining shareholders of MMREIS will simultaneously contribute their MMREIS common stock to Marcus & Millichap in exchange for Marcus & Millichap common stock. As a result, MMREIS will become a wholly-owned subsidiary of Marcus & Millichap.
- MMC will distribute to its shareholders, on a pro rata basis, % of the shares of Marcus & Millichap stock, or the Distribution, and the shareholders of MMC will contribute all of their respective shares of Marcus & Millichap stock to a newly formed limited liability company in exchange for membership interests in such limited liability company.
- In addition, MMC will undertake an exchange of Marcus & Millichap common stock for (i) MMC debt of approximately $24.4 million owed to two former MMC shareholders, and (ii) MMC bank debt of approximately $ million that will be acquired by one or more of the underwriters shortly before the Distribution, which we refer to as the Debt-for-Equity Exchange. It is expected that the former MMC shareholders and such underwriters, in such role, will sell all of the stock that they receive in the Debt-for-Equity Exchange to the public in this offering.
- Marcus & Millichap may use approximately $ million of the proceeds it receives in this offering to fund a special dividend to Marcus & Millichap stockholders who were stockholders of record immediately after the Distribution but prior to the closing of this offering. The declaration of any such dividend is dependent upon market forces and other events.

As part of the Spin-Off, we and MMC will enter into certain agreements, including a tax-sharing agreement governing the parties’ respective rights, responsibilities and obligations with respect to taxes, and a transition services agreement, pursuant to which certain MMC employees will provide certain services to us for a limited period of time, including, but not limited to, human resources, benefits administration and information technology management. For more information regarding the agreements we will enter into with MMC, see “Certain Relationships and Related Transactions—Relationship with Marcus & Millichap Company.”

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with the consolidated financial statements and the accompanying notes included elsewhere in this prospectus. Immediately prior to the completion of this offering, Marcus & Millichap Company will complete a spin-off of its real estate investment services business pursuant to which Marcus & Millichap Real Estate Investment Services, Inc. will become our wholly owned subsidiary, which we refer to herein as the "Spin-Off." As used in this section, unless the context otherwise requires, "Marcus & Millichap," "Marcus & Millichap Real Estate Investment Service," "MMREIS," "we," "us," "our" and "company" refer to Marcus & Millichap, Inc., or Marcus & Millichap Real Estate Investment Services, Inc. This discussion and analysis contains forward-looking statements. See "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of risks and uncertainties associated with such forward-looking statements. Actual results could differ materially from those anticipate or implied in any forward-looking statements.

Overview

We are a leading national brokerage firm specializing in commercial real estate investment sales, financing, research and advisory services. We have been the top commercial real estate investment broker in the United States based on the number of investment transactions over the last 10 years, based on data from CoStar and Real Capital Analytics. We have more than 1,100 investment sales and financing professionals in 73 offices who provide investment brokerage and financing services to sellers and buyers of commercial real estate. We also offer market research, consulting and advisory services to our clients. In 2012, we closed more than 6,100 sales and financing transactions with total volume of approximately $22 billion.

We generate revenues by collecting real estate brokerage commissions upon the sale and fees upon the financing of commercial properties and, in addition, by providing consulting and advisory services. Real estate brokerage commissions are typically based upon the value of the property, and financing fees are typically based upon the size of the loan. In 2012, approximately 91% of our revenues were generated from real estate brokerage commissions, 6% from financing fees and 3% from other fees, including consulting and advisory services.

Factors Affecting Our Business

Our business and our operating results, financial condition and liquidity are significantly affected by the number and size of commercial real estate sales and financing transactions. The number and volume of these transactions is affected by general trends in the economy and real estate industry, particularly including:

- *Economic and commercial real estate market conditions*. Our business is dependent on economic conditions and the demand for commercial real estate and related services in the markets in which we operate. Changes in the economy on a national, regional or local basis can have a positive or negative impact on our business. Fluctuations in acquisition and disposition activity, as well as general commercial real estate investment activity, can impact commissions for arranging such transactions, as well as impacting fees for arranging financing for acquirers and property owners that are seeking to recapitalize their existing properties. In each period discussed, the number of commercial real estate transactions for both the industry and us has increased.
- *Credit and liquidity in the financial markets.* Since real estate purchases are often financed with debt, credit and liquidity issues in the financial markets have a direct impact on flow of capital to the commercial real estate markets as well as transaction activity and prices. For the periods discussed, credit availability and liquidity were favorable after having been significantly limited in 2008 and 2009.
- *Demand for investment in commercial real estate.* The willingness of private investors to invest in commercial real estate is affected by factors beyond our control, including the performance of real estate assets when compared with the performance of other investments.

- *Fluctuations in interest rates.* Changes in interest rates as well as steady and protracted movements of interest rates in one direction (increases or decreases) could adversely or positively affect the operation and income of commercial real estate properties, as well as the demand from investors for commercial real estate investments. In particular, increased interest rates may cause prices to decrease due to the increased costs of obtaining financing and could lead to decreases in purchase and sale activities, thereby reducing the amounts of investment sales and loan originations. In contrast, decreased interest rates will generally decrease the costs of obtaining financing which could lead to increases in purchase and sales activities. For the periods discussed, interest rates generally remained low and have not fluctuated significantly.

Operating Segments

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses whose separate financial information is available and is evaluated regularly by our chief operating decision maker, or CODM, to perform resource allocations and performance assessments. Our CODM is our Chief Executive Officer and Chief Financial Officer. Our CODM reviews financial information presented on an office-by-office basis for purposes of making operating decisions, assessing financial performance and allocating resources. Based on the evaluation of our financial information, our management believes that our offices represent individual operating segments with similar economic characteristics that meet the criteria for aggregation into a single reportable segment for financial statement purposes. Our financing operations also represent an individual operating segment, which does not meet the thresholds to be presented as a separate reportable segment.

Key Financial Measures and Indicators

Revenues

Our revenues are primarily generated from our real estate investment sales business. In addition to real estate brokerage commissions, we generate revenues from financing fees and from other revenues, which are primarily comprised of consulting and advisory fees.

- *Real estate brokerage commissions.* We earn real estate brokerage commissions by acting as a broker for commercial real estate owners seeking to sell or investors seeking to buy properties. Revenues from real estate brokerage commissions are recognized at the earlier of the close of escrow or the transfer of title between the seller and buyer.

- *Financing fees.* We earn financing fees by securing financing on purchase transactions as well as by refinancing our clients' existing mortgage debt. We recognize financing fee revenues at the time the loan closes and we have no remaining significant obligations for performance in connection with the transaction.

- *Other revenues.* Other revenues include fees generated from consulting and advisory services performed by our investment sales professionals, as well as referral fees from other real estate brokers. Revenues from these services are recognized as they are performed and completed.

Substantially all of our transactions are success based, with a small percentage including retainer fees (such retainer fees are credited against a success-based fee upon the closing of a transaction) and/or breakage fees. Transactions that are terminated before completion will sometimes generate breakage fees, which are usually calculated as a set amount or a percentage of the fee we would have received had the transaction closed. The amount and timing of all of the fees paid vary by the type of transaction and are generally negotiated on a transaction-by-transaction basis.

Operating Expenses

Our operating expenses consist of cost of services, selling, general and administrative expenses and depreciation and amortization expenses. The significant components of our expenses are further described below.

- *Cost of services.* The majority of our cost of services expense is commission expense. Commission expenses are directly attributable to providing services to our clients for investment sales and mortgage brokerage services. Most of our transaction professionals are independent contractors and are paid commissions; however, there are some who are initially paid a salary and as such, these expenses also include employee-related compensation, employer taxes and benefits. In addition, some of our most senior investment sales professionals have the ability to earn additional commissions after meeting certain annual revenue thresholds. These additional commissions are recognized as cost of services in the period in which they are earned. Payment of a portion of these additional commissions are deferred for a period of three years and paid at the beginning of the fourth calendar year.

- *Selling, general & administrative expenses.* The largest expense component within selling, general and administrative expenses is personnel expenses for our management team and support staff. In addition, these costs include facilities costs (excluding depreciation and amortization), staff related expenses, sales, marketing, legal, telecommunication, network, data sources and other administrative expenses. Also included in selling, general and administrative are expenses related to stock-based compensation to key employees.

  Historically, we have issued stock options and stock appreciation rights, or SARs, to key employees through a book value, stock-based compensation award program. The program gave certain employees the option to acquire unvested restricted stock and issued an equivalent number of unvested SARs, typically in exchange for a nonrecourse note receivable. Awards under the program typically vested over a three to five-year period, and could be redeemed or repurchased upon the occurrence of certain events, including termination of employment. Compensation expense was recognized over the vesting term based upon the formula settlement value of the awards.

  In conjunction with this offering, we expect to (i) accelerate the vesting of all unvested restricted stock and SARs, (ii) remove the formula settlement value for the restricted stock, (iii) freeze the SARs at the existing liability amount and (iv) grant deferred stock units, or DSUs, to replace beneficial ownership in the SARs, all of which will be fully vested but subject to sales restrictions that lapse over a period of continued employment. To the extent the stock is no longer restricted and replacement awards are fully vested, we will recognize an immediate compensation charge concurrent with this offering of $ million, net of future income tax benefits of $ million, assuming an offering price at the midpoint of the initial public offering price range set forth on the cover page of this prospectus. Subsequent to the completion of this offering, we will issue stock-based compensation awards to our officers and directors pursuant to the 2013 Omnibus Equity Incentive Plan.

  As a result of the Spin-Off and this offering, we will no longer be a privately-owned company and our costs for such items as insurance, accounting and legal advice will increase relative to our historical costs for such services. We will also incur costs which we have not previously incurred for directors fees, increased directors and officers insurance, investor relations fees, expenses for compliance with the Sarbanes-Oxley Act and new rules implemented by the Securities and Exchange Commission and the New York Stock Exchange, and various other costs of a public company.

- *Depreciation and amortization expense.* Depreciation and amortization expense consists of depreciation and amortization recorded on our leasehold improvements, furniture, fixture, and equipment assets. Depreciation is provided over estimated useful lives ranging from three to seven years for owned assets or over the lesser of the asset estimated useful lives or the related lease term for leased assets.

Other Income and Expenses, Net

Other income primarily consists of gains or losses, net on our deferred compensation plan assets, interest income and other non-operating gains or losses.

Provision for Income Taxes

For the years ended December 31, 2012, 2011 and 2010 and three months ended March 31, 2013 and 2012 our provision for income taxes was based on a tax-share agreement between us and MMC, which stipulates an effective annual tax rate of 43.5%. We anticipate filing as a stand-alone tax entity for tax purposes in the future. When we file as a stand-alone tax entity our future taxable income will be subject to the applicable U.S. federal and state and local tax rates in the jurisdictions in which the taxable income is generated. The change to a stand-alone entity for tax purposes may result in material changes to our income tax provision in future years. We will also need to provide for deferred income taxes which may result in the recognition of significant deferred tax assets and/or liabilities within our consolidated balance sheet. For information on our pro forma deferred income taxes and effective tax rate as a stand-alone tax entity, see "Unaudited Pro Forma Combined Financial Statements."

Jumpstart Our Business Startups Act

On April 5, 2012, the Jumpstart Our Business Startups Act, or the JOBS Act, was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an "emerging growth company." As an "emerging growth company," we are electing to take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards, and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies. We may change our decision to take advantage of the extended transition period for complying with new or revised accounting standards and may subsequently elect to follow the requirements for public companies.

Subject to certain conditions set forth in the JOBS Act, if as an "emerging growth company" we choose to rely on such exemptions, we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis) and (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our initial public offering or until we no longer meet the requirements of being an "emerging growth company," upon the earlier of (i) the first fiscal year after our annual gross revenues are $1 billion or more, (ii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt securities, and (iii) the date on which we are deemed to be a "large accelerated filer" as defined in the Exchange Act.

Results of Operations

Following is a discussion of our results of operations for the three months ended March 31, 2012 and 2013 and the years ended December 31, 2010, 2011 and 2012. The tables included in the period comparisons below provide summaries of our results of operations. The period-to-period comparisons of financial results are not necessarily indicative of future results.

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We regularly review a number of key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Such key metrics include the following:

Real Estate Brokerage Commissions	Year Ended December 31, 2010	2011	2012	Three Months Ended March 31, 2012	2013
Average Number of Sales Professionals	1,084	968	982	971	1,061
Average Number of Transactions per Sales Professional	2.7	3.3	4.3	0.7	0.8
Average Commission per Transaction	$ 68,355	$ 77,686	$ 83,075	$ 78,197	$ 71,077
Average Transaction Size	$ 2,907,184	$ 3,551,433	$ 3,760,741	$ 3,359,645	$ 3,406,706
Total Number of Transactions	2,902	3,158	4,230	728	861
Total Sales Volume (in millions)	$ 8,437	$ 11,215	$ 15,908	$ 2,446	$ 2,933

Financing Fees	Year Ended December 31, 2010	2011	2012	Three Months Ended March 31, 2012	2013
Average Number of Financing Professionals	46	48	58	55	66
Average Number of Transactions per Financing Professional	9.8	15.5	15.7	2.9	3.5
Average Fee per Transaction	$ 24,206	$ 22,267	$ 23,170	$ 21,601	$ 21,517
Average Transaction Size	$ 2,189,658	$ 2,394,282	$ 2,417,818	$ 2,331,556	$ 1,943,969
Total Number of Transactions	451	742	912	160	233
Total Dollar Volume (in millions)	$ 988	$ 1,777	$ 2,205	$ 373	$ 453

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

(Dollars in thousands)	Three Months Ended March 31, 2012	Percentage of Revenue	Three Months Ended March 31, 2013	Percentage of Revenue	Total Dollar Change	Total Percentage Change
Revenues:						
Real estate brokerage commissions	$56,927	90.8%	$61,198	88.2%	$ 4,271	7.5%
Financing fees	3,456	5.5	5,014	7.2	1,558	45.1
Other revenues	2,286	3.6	3,158	4.6	872	38.1
Total revenues	62,669	100.0	69,370	100.0	6,701	10.7
Operating expenses:						
Cost of services	35,945	57.4	41,221	59.4	5,276	14.7
Selling, general, and administrative expense	22,309	35.6	24,732	35.7	2,423	10.9
Depreciation and amortization expense	731	1.2	760	1.1	29	4.0
Total operating expenses	58,985	94.1	66,713	96.2	7,728	13.1
Operating income	3,684	5.9	2,657	3.8	(1,027)	(27.9)
Other income (expense), net	283	0.5	242	0.3	(41)	(14.5)
Income before provision for income taxes	3,967	6.3	2,899	4.2	(1,068)	(26.9)
Provision for income taxes	1,726	2.8	1,261	1.8	(465)	(26.9)
Net income	$ 2,241	3.6%	$ 1,638	2.4%	$ (603)	(26.9)%
Adjusted EBITDA (1)	$ 5,161	8.2%	$ 4,054	5.8%	$(1,107)	(21.4)%

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance

with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see "—Non-GAAP Financial Measure."

Revenues. Our total revenues were $69.4 million for the three months ended March 31, 2013 compared to $62.7 million for the same period in 2012, an increase of $6.7 million, or 10.7%. Total revenues increased primarily as a result of increases in real estate brokerage commissions, which contributed 63.7% of the total increase, as well as increases in financing fees and other revenues. The three months ended March 31, 2013 also included the impacts of the fiscal cliff and the associated uncertainty surrounding the potential impacts to the U.S. tax code, which resulted in transactions being accelerated into the three months ended December 31, 2012 that may have otherwise occurred during the first quarter of 2013.

- *Real estate brokerage commissions.* Revenues from real estate brokerage commissions increased from $56.9 million in the first quarter of 2012 to $61.2 million in the first quarter of 2013, an increase of $4.3 million or 7.5%. The increase was driven by an 18.3% increase in the number of investment sales transactions, partially offset by a decrease of 9.1% in the average commission size during the quarter ended March 31, 2013 as compared to the same period in 2012.
- *Financing fees.* Revenues from financing fees increased from $3.5 million in the first quarter of 2012 to $5.0 million in the first quarter of 2013, an increase of $1.6 million or 45.1%. The increase was driven by a 45.6% increase in the number of loan transactions during the quarter ended March 31, 2013 as compared to the same period in 2012. The increase was partially offset by a 0.4% decrease in average loan commissions.
- *Other revenues.* Other revenues increased from $2.3 million in the first quarter of 2012 to $3.2 million in the first quarter of 2013, an increase of $0.9 million or 38.1%. The increase was driven by a 78.7% increase in the average fee size, partially offset by a 19.0% decrease in the number of transactions during the quarter ended March 31, 2013 as compared to the same period in 2012.

Total operating expenses. Our total operating expenses were $66.7 million for the quarter ended March 31, 2013 compared to $59.0 million for the same period in 2012, an increase of $7.7 million, or 13.1%. Expenses increased primarily due to an increase in cost of services which is primarily commissions paid to our investment sales professionals and compensation-related costs related to our financing activities. Selling, general and administrative costs increased as well, as described below.

- *Cost of services.* Cost of services for the quarter ended March 31, 2013 increased approximately $5.3 million, or 14.7%, to $41.2 million from $35.9 million for the same period in 2012. The increase was primarily due to increased commission expenses driven by the increased revenues noted above as well as an increase in the proportion of transactions closed by our senior sales agents that are paid higher commission rates.
- *Selling, general and administrative expense.* Selling, general and administrative expense for the quarter ended March 31, 2013 increased $2.4 million, or 10.9%, to $24.7 million from $22.3 million for the same period in 2012. The increase was primarily due a $1.7 million increase in sales promotional expenses, most of which were based on the previous fiscal year's performance, and a $1.4 million increase in staff salaries, wages and related benefits expenses driven by an increase in our average headcount in support of our sales force, as well as increases in facilities due to strategic office expansions. These increases were partially offset by decreases in management performance compensation driven by the decrease in our operating results during the first quarter of 2013 as compared to the same period in 2012.
- *Depreciation and amortization expense.* There were no significant changes in depreciation and amortization expenses or other expenses in the three months ended March 31, 2013 as compared to the three months ended March 31, 2012.

Other income/expense, net. Other income/expense, net was not significant in the three months ended March 31, 2013 or the three months ended March 31, 2012.

Provision for income taxes. Income tax expense totaled $1.3 million for the quarter ended March 31, 2013 as compared to $1.7 million in same period in 2012, a decrease of $0.5 million or 26.9%. The decrease was attributable to the lower pre-tax income in the first quarter of 2013 as compared to 2012. During the quarterended March 31, 2013 and the quarter ended March 31, 2012 our income tax expense was based on a tax-sharing agreement between us and MMC. As specified by the agreement, our effective tax rate was 43.5% for the three months ended March 31, 2013 and 2012. Subsequent to the completion of this offering, we anticipate our effective tax rate as a stand-alone tax entity to be approximately 40.9%.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

(Dollars in thousands)	Year Ended December 31, 2011	Percentage of Revenue	Year Ended December 31, 2012	Percentage of Revenue	Total Dollar Change	Total Percentage Change
Revenues:						
Real estate brokerage commissions	$ 245,333	89.3%	$ 351,407	91.1%	$106,074	43.2%
Financing fees	16,522	6.0	21,132	5.5	4,610	27.9
Other revenues	12,850	4.7	13,177	3.4	327	2.5
Total revenues	274,705	100.0	385,716	100.0	111,011	40.4
Operating expenses:						
Cost of services	162,478	59.1	230,248	59.7	67,770	41.7
Selling, general, and administrative expense	85,801	31.2	103,479	26.8	17,678	20.6
Depreciation and amortization expense	2,971	1.1	2,981	0.8	10	0.3
Total operating expenses	251,250	91.5	336,708	87.3	85,458	34.0
Operating income	23,455	8.5	49,008	12.7	25,553	108.9
Other income, net	350	0.1	433	0.1	83	23.7
Income before provision for income taxes	23,805	8.7	49,441	12.8	25,636	107.7
Provision for income taxes	10,355	3.8	21,507	5.6	11,152	107.7
Net income	$ 13,450	4.9%	$ 27,934	7.2%	$ 14,484	107.7%
Adjusted EBITDA (1)	$ 29,486	10.7%	$ 59,708	15.5%	$ 30,222	102.5%

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “—Non-GAAP Financial Measure.”

Revenues. Our total revenues were $385.7 million in 2012 compared to $274.7 million in 2011, an increase of $111.0 million, or 40.4%. Total revenues increased primarily as a result of increases in real estate brokerage commissions, which contributed 95.6% of the total increase, as well as increases in financing fees and other revenues. The year ended December 31, 2012 also included the impacts of the anticipated fiscal cliff, and the associated uncertainty surrounding the potential impacts to the U.S. tax code, which resulted in transactions being accelerated into 2012 that may have otherwise occurred during 2013.

- *Real estate brokerage commissions.* Revenues from real estate brokerage commissions increased from $245.3 million in 2011 to $351.4 million in 2012, an increase of $106.1 million or 43.2%. The increase was due to a combination of a 33.9% increase in the number of investment sales transactions and a 6.9% increase in the average commission size in 2012 as compared to the prior year.
- *Financing fees.* Revenues from financing fees increased from $16.5 million in 2011 to $21.1 million in 2012, an increase of $4.6 million or 27.9%. The increase was driven by a combination of a 22.9%

increase in the number of loan transactions and a 4.1% increase in the average loan commission size in 2012 as compared to the prior year.

- *Other revenues.* Other revenues did not change significantly in 2012 as compared to the prior year.

Total operating expenses. Our total operating expenses were $336.7 million in 2012 compared to $251.2 million in 2011, an increase of $85.5 million, or 34.0%. Expenses increased primarily due to an increase in cost of services which is primarily commissions paid to our investment sales professionals and compensation-related costs related to our mortgage brokerage activities. Selling, general and administrative costs increased as well, as described below.

- *Cost of services.* Cost of services in 2012 increased approximately $67.8 million, or 41.7%, to $230.2 million from $162.5 million in 2011. The increase was primarily due to increased commission expenses driven by the increased revenues noted above. Cost of services as a percentage of total revenues was consistent in 2012 and 2011.

- *Selling, general and administrative expense.* Selling, general and administrative expense in 2012 increased $17.7 million, or 20.6%, to $103.5 million from $85.8 million in the prior year. The increase was due to a $7.5 million increase in management performance compensation driven by our strong 2012 operating results, a $5.9 million increase in staff salaries, wages and related benefits expenses driven by an increase in our average headcount in support of our sales force, a $4.6 million increase in stock based compensation expenses due to appreciation of the SARs and other equity awards as well as an increase in sales promotional activities. These increases were partially offset by a $3.4 million decrease in legal costs and accruals in 2012 as compared to the prior year driven by increased insurance recoveries, an increase in the number of legal matters managed by our in-house legal department and an overall decrease in legal activity.

- *Depreciation and amortization expense.* There were no significant changes in depreciation and amortization expenses in 2012 as compared to 2011.

Other income/expense, net. Other income/expense, net was not significant in 2012 or 2011.

Provision for income taxes. Income tax expense totaled $21.5 million in 2012 as compared to $10.4 million in the prior year, an increase of $11.2 million or 107.7%. The increase was attributable to the higher pre-tax income in 2012 as compared to 2011. In 2012 and 2011, our income tax expense was based on a tax-sharing agreement between us and MMC. As specified by the agreement, our effective tax rate was 43.5% in 2012 and 2011.

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Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

(Dollars in thousands)	Year Ended December 31, 2010	Percentage of Revenue	Year Ended December 31, 2011	Percentage of Revenue	Total Dollar Change	Total Percentage Change
Revenues:						
Real estate brokerage commissions	$ 198,366	91.0%	$ 245,333	89.3%	$46,967	23.7%
Financing fees	10,917	5.0	16,522	6.0	5,605	51.3
Other revenues	8,652	4.0	12,850	4.7	4,198	48.5
Total revenues	217,935	100.0	274,705	100.0	56,770	26.0
Operating expenses:						
Cost of services	124,272	57.0	162,478	59.1	38,206	30.7
Selling, general, and administrative expense	76,438	35.1	85,801	31.2	9,363	12.2
Depreciation and amortization expense	3,333	1.5	2,971	1.1	(362)	-10.9
Total operating expenses	204,043	93.6	251,250	91.5	47,207	23.1
Operating income	13,892	6.4	23,455	8.5	9,563	68.8
Other income (expense), net	959	0.4	350	0.1	(609)	-63.5
Income before provision for income taxes	14,851	6.8	23,805	8.7	8,954	60.3
Provision for income taxes	6,460	3.0	10,355	3.8	3,895	60.3
Net income	$ 8,391	3.9%	$ 13,450	4.9%	$ 5,059	60.3%
Adjusted EBITDA (1)	$ 18,743	8.6%	$ 29,486	10.7%	$10,743	57.3%

(1) Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see "—Non-GAAP Financial Measure."

Revenues. Our total revenues were $274.7 million in 2011 compared to $217.9 million in 2010, an increase of $56.8 million, or 26.0%. Total revenues increased primarily as a result of increases in real estate brokerage commissions, which contributed 82.7% of the total increase, as well as increases in financing fees and other revenues.

- *Real estate brokerage commissions.* Revenues from real estate brokerage commissions increased from $198.4 million in 2010 to $245.3 million in 2011, an increase of $47.0 million or 23.7%. The increase was driven by a combination of a 13.7% increase in the average commission size and an 8.8% increase in the number of investment sales transactions in 2011 as compared to 2010.
- *Financing fees.* Revenues from financing fees increased from $10.9 million in 2010 to $16.5 million in 2011, an increase of $5.6 million or 51.3%. The increase was driven by a 64.5% increase in the number of loan transactions, partially offset by a decrease of 8.0% in the average loan commission size in 2011 as compared to 2010.
- *Other revenues.* Other revenues increased from $8.7 million in 2010 to $12.9 million in 2011, an increase of $4.2 million or 48.5%. The increase was due to a combination of a 24.9% increase in the number of other service transactions and an 18.9% increase in the average fee size in 2011 as compared to 2010.

Total operating expenses. Our total operating expenses were $251.3 million in 2011 compared to $204.0 million in 2010, an increase of $47.2 million, or 23.1%. Expenses increased primarily due to an increase in cost of services which is primarily commissions paid to our investment sales professionals and compensation-related costs related to our mortgage brokerage activities. Selling, general and administrative costs increased as well, as described below.

- *Cost of services.* The cost of services in 2011 increased approximately $38.2 million, or 30.7%, to $162.5 million from $124.3 million in 2010. The increase was primarily due to increased commission expenses driven by the increased revenues noted above as well as a modification of our sales commission structure and an increase in the proportion of transactions closed by our senior sales agents that are paid higher commission rates.
- *Selling, general and administrative expense.* Selling, general and administrative expense in 2011 increased $9.4 million, or 12.2%, to $85.8 million from $76.4 million in 2010. The increase was primarily due to a $10.4 million increase in management performance compensation driven by our strong 2011 operating results, a $1.6 million increase in stock based compensation expenses due to an increase in the value of the SARs and other equity awards as well as an increase in sales promotional expenses. These increases were partially offset by a $1.3 million decrease in facilities expenses driven by the right-sizing of our office space as well as decreases in legal and other administrative costs in 2011 as compared to 2010 due to an increase in the number of legal matters managed by our in-house legal department.
- *Depreciation and amortization expense.* There were no significant changes in depreciation and amortization expense in 2011 as compared to 2010.

Other income/expense, net. Other income/expense, net was not significant in 2011 or 2010.

Provision for income taxes. Income tax expense totaled $10.4 million in 2011 as compared to $6.5 million in 2010, an increase of $3.9 million or 60.3%. The increase was attributable to the higher pre-tax income in 2011 as compared to 2010. In 2011 and 2010, our income tax expense was based on a tax-sharing agreement between us and MMC. As specified by the agreement, our effective tax rate was 43.5% in 2011 and 2010.

Seasonality

Our real estate brokerage commissions and financing fees are seasonal, which can affect an investor's ability to compare our financial condition and results of operation on a quarter-by-quarter basis. Historically, this seasonality has caused our revenue, operating income, net income and cash flows from operating activities to be lower in the first six months of the year and higher in the second half of the year, particularly in the fourth quarter. The concentration of earnings and cash flows in the last six months of the year, particularly in the fourth quarter, is due to an industry-wide focus of clients to complete transactions towards the end of the calendar year. In addition, our operating margins are typically lower during the second half of each year due to our commission structure for certain of our senior sales agents. These senior sales agents are on a graduated commission schedule that resets annually in which higher commissions are paid for higher sales volumes.

The following unaudited quarterly consolidated statements of operations for each of the quarters in 2011 and 2012 and the first quarter of 2013 have been prepared on a basis consistent with our audited annual financial statements and include, in the opinion of management, all normal recurring adjustments necessary for the fair statement of the financial information contained in these statements. The period-to-period comparison of financial results is not necessarily indicative of future results and should be read together with our annual financial statements and the related notes included elsewhere in this prospectus.

	Three Months Ended								
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013
	(Dollars in thousands)								
Revenues:									
Real estate brokerage commissions	$ 46,181	$ 58,499	$ 65,889	$ 74,764	$ 56,927	$ 76,482	$ 82,620	$ 135,378	$ 61,198
Financing fees	2,966	4,015	4,461	5,080	3,456	4,762	5,195	7,719	5,014
Other revenues	2,281	2,064	2,396	6,109	2,286	2,937	3,413	4,541	3,158
Total revenues	51,428	64,578	72,746	85,953	62,669	84,181	91,228	147,638	69,370
Operating expenses:									
Cost of services	28,639	37,827	43,376	52,636	35,945	48,764	54,194	91,345	41,221
Selling, general, and administrative expense	21,523	19,079	21,359	23,840	22,309	23,591	25,007	32,572	24,732
Depreciation and amortization expense	784	768	740	679	731	764	732	754	760
Total operating expenses	50,946	57,674	65,475	77,155	58,985	73,119	79,933	124,671	66,713
Operating income	482	6,904	7,271	8,798	3,684	11,062	11,295	22,967	2,657
Other income (expense), net	145	200	(217)	222	283	—	41	109	242
Income before provision for income taxes	627	7,104	7,054	9,020	3,967	11,062	11,336	23,076	2,899
Provision for income taxes	362	3,090	3,068	3,835	1,726	4,785	4,995	10,001	1,261
Net income	$ 265	$ 4,014	$ 3,986	$ 5,185	$ 2,241	$ 6,277	$ 6,341	$ 13,075	$ 1,638

The increase in real estate brokerage commissions and related cost of services for the quarter ended December 31, 2012 reflects the impact of what was anticipated to be a fiscal cliff, and the associated uncertainty surrounding the potential impacts to the U.S. tax code. As a result, a significant number of anticipated 2013 transactions were accelerated and closed in the fourth quarter of 2012. We do not expect a similar acceleration of transactions in the fourth quarter of 2013.

Non-GAAP Financial Measure

In this prospectus, we include a non-GAAP financial measure, adjusted earnings before interest income/expense, taxes, depreciation and amortization and stock-based compensation, or Adjusted EBITDA. We define Adjusted EBITDA as net income before (i) interest income/expense, (ii) income tax expense, (iii) depreciation and amortization and (iv) stock-based compensation expense. We use Adjusted EBITDA in our business operations to, among other things, evaluate the performance of its business, develop budgets and measure our performance against those budgets. We also believe that analysts and investors use Adjusted EBITDA as supplemental measures to evaluate our overall operating performance. However, Adjusted EBITDA has material limitations as an analytical tool and should not be considered in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. We find Adjusted EBITDA as a useful tool to assist in evaluating performance because it eliminates items related to capital structure and taxes and non-cash stock-based compensation charges. In light of the foregoing limitations, we do not rely solely on Adjusted EBITDA as a performance measure and also consider our U.S. GAAP results. Adjusted EBITDA is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with U.S. GAAP. Because Adjusted EBITDA is not calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies.

A reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, net income, is as follows:

(Dollars in thousands)	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013
Net income	$ 8,391	$13,450	$27,934	$2,241	$1,638
Add:					
Interest income	(687)	(141)	(162)	(33)	(41)
Provision for income taxes	6,460	10,355	21,507	1,726	1,261
Depreciation and amortization	3,333	2,971	2,981	731	760
Stock-based compensation	1,246	2,851	7,448	496	436
Adjusted EBITDA	$18,743	$29,486	$59,708	$5,161	$4,054

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand and cash flows from operations. In the future, we intend to fund our operating cash requirements entirely through cash flows from our operating activities. Although we have historically funded our operations through our operating cash flows, there can be no assurance that we can continue to meet our cash requirements entirely through our operations. In addition, we may determine that obtaining debt financing to be advantageous to our business in the future.

Cash Flows

(Dollars in thousands)	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Three Months Ended March 31, 2012	Three Months Ended March 31, 2013
Net cash provided by operating activities	$ 4,112	$ 17,816	$ 35,354	$42,699	$35,506
Net cash used in investing activities	(1,076)	(2,671)	(4,637)	(1,167)	(1,218)
Net cash (used in) provided by financing activities	(2,570)	(16,919)	(30,768)	(152)	37
Net increase (decrease) in cash and cash equivalents	466	(1,774)	(51)	41,380	34,325
Cash and cash equivalents at beginning of period	4,466	4,932	3,158	3,158	3,107
Cash and cash equivalents at end of period	$ 4,932	$ 3,158	$ 3,107	$44,538	$37,432

The majority of the cash generated and used in our operations is held in bank accounts with one financial institution that are included in a sweep arrangement with MMC. Pursuant to a treasury management service agreement with that financial institution, the cash is swept daily into MMC's money market account. We collect interest income from MMC at the same interest rate MMC earns on the money market account. Historically, other than for a two-week period around MMC's March 31 fiscal year end, we have a receivable from MMC for the cash that has been swept. When the sweep arrangement is not in effect, during the week before and the week after March 31, our cash balances remain in our bank account. Following this offering, we will terminate this arrangement and manage our own cash.

Operating Activities

Cash flows from operating activities were $35.5 million in the first quarter of 2013, as compared to $42.7 million in the first quarter of 2012. The decrease in cash flows from operating activities in the first quarter of 2013 as compared to 2012 was primarily due to increases in working capital as well as the lower net income during the first quarter of 2013 as compared to the prior year comparable quarter.

Cash flows from operating activities were $35.4 million in 2012, as compared to $17.8 million in 2011 and $4.1 million in 2010. The increase in cash flows from operating activities in 2012 as compared to 2011 was primarily due to the higher net income in 2012 and higher noncash charges, primarily stock based compensation.

The increase in cash flows from operating activities in 2011 as compared to 2010 was primarily due to reductions in working capital and the higher net income in 2011 as compared to 2010.

Investing Activities

Cash flows used for investing activities were $1.2 million in the first quarter of 2013 and 2012.

Cash flows used for investing activities were $4.6 million in 2012, as compared to $2.7 million in 2011 and $1.1 million in 2010. The increase in cash flows used for investing activities in 2012 as compared to 2011 was primarily due to increased investment in information technology, computer equipment, leasehold improvements and furniture. The increase in cash flows used for investing activities in 2011 as compared to 2010 was primarily due to increased investment in information technology, leasehold improvements and furniture. In 2013, we anticipate total capital expenditures of approximately $5.0 million. 2013 capital expenditures are primarily expected to be for leasehold improvements, furniture and equipment.

Financing Activities

Cash flows provided by financing activities were approximately $37,000 in the first quarter of 2013, as compared to cash flows used in financing activities of approximately $152,000 in the first quarter of 2012. The increase in cash flows provided by financing activities in the first quarter of 2013 as compared to 2012 was primarily due to repayments of stock notes receivable from employees as compared to the prior year comparable quarter.

Cash flows used for financing activities were $30.8 million in 2012, as compared to $16.9 million in 2011 and $2.6 million in 2010. The increase in cash flows used for financing activities in 2012 as compared to 2011 was primarily due to higher dividend payments to MMC in 2012. The increase in cash flows used for financing activities in 2011 as compared to 2010 was primarily due to higher dividend payments to MMC in 2011.

During 2012, 2011, and 2010, we paid dividends totaling $30.8 million, $16.5 million, and $2.0 million, respectively, to MMC pursuant to our agreement with our Series A Preferred stockholders. MMC holds 100% of our Series A Preferred shares. These shares will be converted into common shares of stock upon completion of our initial public offering.

Prior to our initial public offering, we distributed substantially all of our net income to our parent in the form of cash dividends. Following this offering, we will not pay a regular dividend. We intend to evaluate our dividend policy in the future. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deems relevant.

Commitments

The following table summarizes our contractual and other cash commitments and obligations at December 31, 2012 (dollars in thousands):

	2013	2014	2015	2016	2017	Thereafter
Future minimum lease payments under non-cancelable operating leases	$ 10,770	$ 9,581	$ 8,021	$ 5,088	$ 1,665	$ 1,629
Future minimum lease payments under capital leases	305	186	86	9	—	—
Total contractual obligations	$ 11,075	$ 9,767	$ 8,107	$ 5,097	$ 1,665	$ 1,629

MMC has a line of credit agreement under which we, along with many other entities controlled by MMC are a guarantor. At December 31, 2012 and March 31, 2013, MMC was in compliance with all debt covenants under the terms of the line of credit agreement. We will be released from any guarantee and other obligations under the agreement when the Spin-Off is completed.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements at this time.

Critical Accounting Policies; Use of Estimates

We prepare our financial statements in accordance with U.S. generally accepted accounting principles. In applying many of these accounting principles, we make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, are often subjective and our actual results may change negatively based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates and/or judgments. See the "Notes to Consolidated Financial Statements" for a summary of our significant accounting policies.

Revenue Recognition

We generate real estate brokerage commissions by acting as a broker for real estate owners or investors seeking to buy or sell commercial properties. Revenues from real estate brokerage commissions are recognized when there is persuasive evidence of an arrangement, all services have been provided, the price is fixed and determinable and collectability is reasonably assured, which typically happens upon close of escrow.

Financing fees are generated from securing financing on purchase transactions as well as fees earned from refinancing our clients' existing mortgage debt. Financing fee revenues are recognized at the time the loan closes and there are no remaining significant obligations for performance in connection with the transaction.

Other revenues include fees generated from consulting and advisory services, as well as referral fees from other real estate brokers. Revenues from these services are recognized as they are performed and completed.

Stock-Based Compensation

We have historically issued stock options and stock appreciation rights, or SARs, to key employees through a book value, stock-based compensation award program. The program allows for employees to exercise stock options in exchange for shares of unvested restricted common stock. The program also allows employees to exercise options through the issuance of notes receivable, which are recourse to the employee.

The grant price and repurchase price of stock-based awards at the grant date and repurchase date are determined by a valuation formula using book value, as defined by the agreements between us and the employees. The stock awards generally vest over a three to five-year period and incorporate mandatory repurchase clauses which require the employee to sell their stock-based awards to us under certain valuation formulas. We will redeem the vested stock or SARs held by the employee stockholder upon certain conditions occurring and at a price determined by reference to the program's valuation formula at the end of the year preceding the repurchase.

While MMREIS has entered into agreements to acquire the stock and settle the SARs held by employees upon termination of their employment (subject to certain conditions as specified in the agreements), MMC has assumed our obligation with respect to any appreciation in the value of the stock options and SARs awards in excess of the employees' exercise price. The accounting for the stock options and SARs awards, including MMC's assumption of our repurchase obligations, is discussed below.

Restricted Common Stock

Since the stock options are granted at book value and only allow the grantee the right to acquire shares of unvested restricted common stock, we do not recognize any compensation expense related to the stock options on the date of the grant. Restricted common stock is accounted for in accordance with ASC 718, *Share-Based*

Payments. Subsequent increases or decreases in the formula-settlement value of vested options are recorded as increases or decreases, respectively, to compensation expense, with decreases limited to the employees' original exercise price. Subsequent to the exercise of the options, increases or decreases in the formula settlement value of vested stock are recorded as increases or decreases, respectively, to compensation expense, with decreases limited to the employees' original exercise price.

As MMC has assumed our obligation with respect to any appreciation in the value of the underlying vested awards in excess of the employees' exercise price, MMC is deemed to make a capital contribution to our additional paid-in capital equal to the amount of compensation expense recorded, net of the applicable taxes. Based on the tax-sharing agreement between us and MMC, the tax deduction on the compensation expense recorded by us is allocated to MMC. MMC records the liability related to the appreciation in the value of the underlying stock in its consolidated financial statements. To the extent of any depreciation in the value of the underlying vested awards (limited to the amount of any appreciation previously recorded from the employees' original exercise price), compensation expense is reduced and MMC is deemed to receive a capital distribution.

Stock Appreciation Rights

SARs to employees are accounted for in accordance with ASC 718. Similar to the vested stock, compensation expense related to the SARs is to be recorded in each period and is equal to the appreciation in the formula-settlement value of vested SARs at the end of each reporting period-end from the prior reporting period-end.

As MMC has assumed our obligation with respect to any appreciation in the value of the vested SARs, MMC is deemed to make a capital contribution to our additional paid-in capital equal to the amount of compensation expense recorded, net of the applicable taxes. Based on the tax-sharing agreement entered between us and MMC, the tax deduction on the compensation expense recorded by us is allocated to MMC. MMC records the liability related to the appreciation in the value of the underlying stock in its consolidated financial statements. To the extent of any depreciation in the value of the vested SARs (limited to the amount of any appreciation previously recorded), compensation expense is reduced and MMC is deemed to receive a capital distribution.

Amendments to Restricted Stock and SARs

In conjunction with this offering, the vesting of all unvested restricted stock and all unvested SARs will be accelerated. The SARs will be frozen as of at the existing liability amount, which will be paid out to each participant upon retirement or departure under the terms of the existing program. To replace beneficial ownership in the SARs, the difference between the book value liability and the fair value of the awards will be granted to plan participants in the form of deferred stock units, or DSUs, which would be fully vested upon receipt but will have sales restrictions that lapse 20% per year if the participant remains employed by the Company during that period (or otherwise lapse ten years from the date of grant). In addition, the formula settlement value of all outstanding shares of restricted stock will be removed. Similar to the DSUs, all outstanding shares of restricted stock will be subject to sales restrictions that lapse 20% per year for five years if the participant remains employed by the Company. These changes are expected to result in an immediate one-time compensation charge of approximately $ million, net of future income tax benefits of $ million, assuming an offering price at the midpoint of the initial public offering price range set forth on the cover page of this prospectus.

2013 Omnibus Equity Incentive Plan

In conjunction with this offering, and subsequent to the completion of this offering, we may issue additional equity awards to our employees, directors or others pursuant to our 2013 Omnibus Equity Incentive Plan, or the 2013 Plan. The Company will recognize the cost of future equity-based awards based upon their fair values on a straight-line basis over the requisite service period, which is generally the vesting period of the awards. For awards to the Company's employees, including its independent directors, the fair value is determined as the grant date stock price. For awards with periodic vesting, we recognize the related expense on a straight-line basis over the requisite service period for the entire award, subject to periodic adjustments to ensure that the cumulative amount of expense recognized through the end of any reporting period is at least equal to the fair value of the portion of the award that has vested through that date. Share-based payments are included in general and administrative expense in the accompanying consolidated statements of operations.

Income Taxes

For the years ended December 31, 2012, 2011 and 2010 our income tax expense was based on a tax-sharing agreement between us and MMC which stipulates an effective annual tax rate of 43.5%. In addition, all deferred tax assets and liabilities are recorded by MMC. We anticipate filing as a stand-alone tax entity in the future. When we file as a stand-alone tax entity we will account for income taxes under the asset and liability method. Deferred tax assets and liabilities will be recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and tax credit carryforwards, if any. Deferred tax assets and liabilities will be measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates will be recognized as income in the period of the tax rate change. In assessing the realizability of deferred tax assets, we will consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In addition, once we file as a stand-alone tax entity our effective tax rate will be sensitive to several factors including changes in the mix of our geographic profitability. We will evaluate our estimated tax rate on a quarterly basis to reflect changes in: (i) our geographic mix of income, (ii) legislative actions on statutory tax rates and (iii) tax planning for jurisdictions affected by double taxation. We will continually seek to develop and implement potential strategies and/or actions that would reduce our overall effective tax rate.

Recent Accounting Pronouncements

Fair Value Measurement

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820)." The amendments in this ASU change the wording used to describe the requirements for measuring fair value and for disclosing information about fair value measurements. For public companies, the ASU should be applied prospectively for interim and annual periods beginning after December 15, 2011. The requirements of this ASU were adopted during fiscal 2012, and they did not have a material impact on our financial statements.

Quantitative and Qualitative Disclosures about Market Risk

Our financial instruments, which are exposed to concentrations of credit risk, consist primarily of short-term cash investments. Due to the nature of our business and the manner in which we conduct our operations, we believe we do not face any material interest rate risk, foreign currency exchange rate risk, equity price risk or other market risk.

MARKET AND INDUSTRY

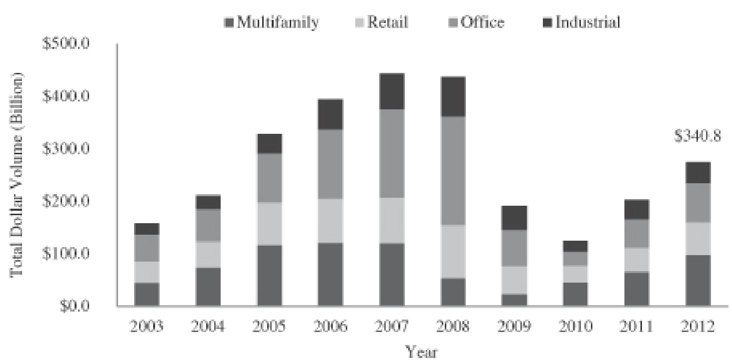
Overview of the Commercial Real Estate Investment Industry

The total value of U.S. commercial real estate assets was estimated to be $12 trillion at the end of 2012 based on data provided by CoStar and Real Capital Analytics. Property sales in the commercial real estate sector for the four major categories of multifamily, retail, office and industrial properties priced at $1 million and above reached over $340 billion, or approximately 37,000 transactions, in 2012. This was a 41% increase in dollar volume and 32% increase in the number of transactions over 2011, following a 32% increase in dollar volume and an 18% increase in the number of transactions over 2010. However, property sales in 2012 were still 16% below the 2007 peak in the number of transactions and 32% below the peak in dollar volume. The following graphs show the total number of transactions and dollar volume of transactions in the commercial real estate industry from 2003 to 2012:

U.S. Commercial Real Estate Transactions, 2003-2012*

Total Transactions

Total Dollar Volume



* Includes sales $1 million and greater. Sources: CoStar Group, Inc. and Real Capital Analytics.

We divide the commercial real estate market into three major segments by investment size:

- Private client segment: properties with prices under $10 million;

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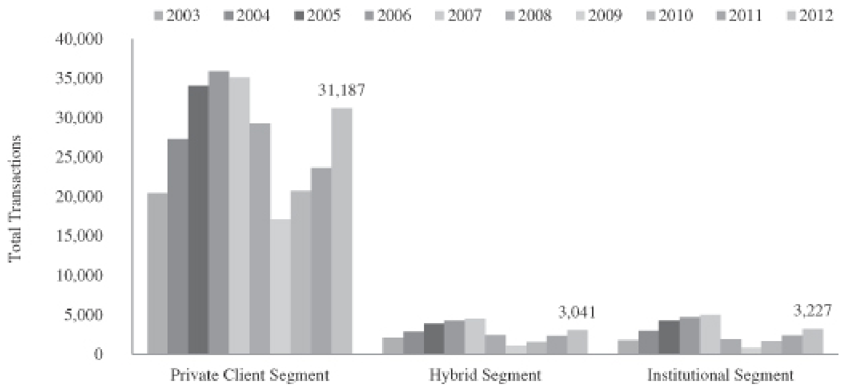
- Hybrid segment: properties with prices equal to or greater than $10 million and less than $20 million; and
- Institutional segment: properties with prices of $20 million and above.

Private client segment transactions generally involve high net worth individuals, partnerships and private funds. Hybrid segment transactions primarily involve larger private investors. Institutional segment transactions tend to be dominated by pension funds, insurance companies, private equity firms, endowments and real estate investment trusts, or REITs. As illustrated in the chart below, the private client segment represents the vast majority of property transactions.

U.S. Commercial Real Estate Transactions by Segment, 2003-2012*



* Includes multifamily, retail, office and industrial sales $1 million and greater. Sources: CoStar Group, Inc. and Real Capital Analytics.

The table below shows the number and volume of transactions by property price segment as well as the estimated commission pool for each segment.

Commercial Real Estate Transaction Breakdown, 2012*

Segment	Transactions	Percentage of Transactions	Volume (Billions)	Percentage of Volume	Estimated Commission Pool (Billions)	Estimated Percentage of Commission Pool
Private client	31,187	83%	$ 91	27%	$ 3.5	60%
Hybrid	3,041	8	42	12	0.8	14
Institutional	3,227	9	207	61	1.5	26
Total	37,455	100%	$ 341	100%	$ 5.8	100%

* Sources (other than commissions): CoStar Group, Inc. and Real Capital Analytics. Commission data is based on our estimate of average industry commission rates as follows: Private Client Segment—3.8%; Hybrid Segment—1.9%; Institutional Segment—0.7%. Commission rates are typically inversely correlated with property value and subject to individual negotiation with clients.

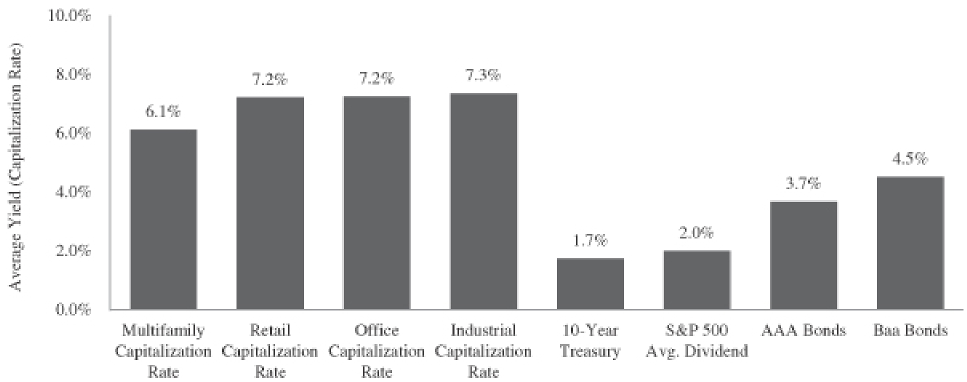
The commercial real estate market experienced a significant downturn from the 2007 peak to a trough in 2009, representing the most severe downturn in property sales since at least 1990, the earliest period for which data is available. Since 2009, commercial property sales have increased by 97% and dollar volume has increased by 235%, returning to transaction and volume levels in 2012 close to those achieved in 2004. This cyclical upturn has been, and we believe will continue to be, primarily driven by attractive yields, improving property fundamentals and the availability and cost of financing, based on data from CoStar, Real Capital Analytics and Rosen Consulting Group.

Growth in the Commercial Real Estate Industry

Historically, the U.S. commercial real estate industry has tended to be cyclical and closely correlated with the flow of capital into the sector, the condition of the economy as a whole, the perceptions and confidence of market participants as to the economic outlook, supply/demand balance, changes to tax laws and regulatory factors. Employment growth or contraction in particular exhibits a strong correlation with demand for various types of commercial space, and vacancy rates tend to move up and down with a natural lag behind employment and construction cycles. Changes in interest rates, credit and liquidity issues and disruptions in capital markets are all factors that may also affect the industry.

Attractive Yields*.* According to Real Capital Analytics, average commercial real estate yields (capitalization rates) by the four major property types currently range from 6.1% to 7.3%, which compare favorably to alternative investments such as stock and bonds, as shown below. We believe these attractive yields are a key driver of improving capital inflows for commercial real estate investments.

Average Yields as of April 30, 2013*



* Average real estate yields are for transactions of $2.5 million and above. Sources: Real Capital Analytics and Bloomberg.

Improving Property Fundamentals. Property fundamentals have improved since 2009, with multifamily properties in particular experiencing a strong recovery, according to Rosen Consulting Group. We believe the recovery in the multifamily sector has been driven by a falling home ownership rate, strong renter demographics and shifting consumer preferences toward renting. Recovery in other major sectors, particularly in retail and office properties, has been more gradual, mirroring the slow pace of the economic recovery, which we believe is largely due to corporate cost reduction and lingering economic and political uncertainties. We expect further increases in occupancy and rental rates despite expectations of continued moderate job growth.

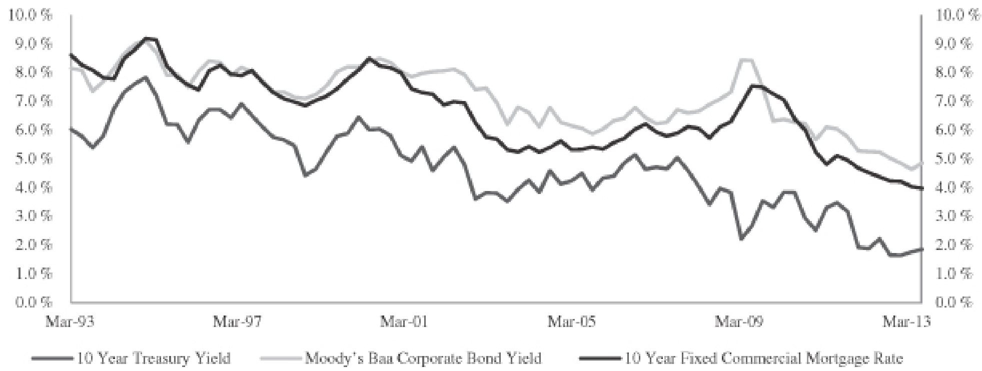
	Growth in Rental Rate						
Property Type	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2013 (projected)	2014 (projected)	2015 (projected)
Multifamily	-4.1%	2.3%	4.8%	3.0%	2.8%	2.6%	2.8%
Retail	0.2%	0.4%	1.4%	1.8%	2.2%	2.6%	2.9%
Office	-8.1%	-1.0%	0.9%	2.1%	2.9%	3.3%	3.8%
Industrial	-21.9%	-5.5%	0.1%	3.5%	4.1%	4.2%	4.3%

Property Type	Occupancy Rate 2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2013 (projected)	2014 (projected)	2015 (projected)
Multifamily	91.9%	93.4%	94.5%	95.1%	95.1%	95.2%	95.0%
Retail	91.3%	91.2%	91.5%	91.9%	92.2%	92.4%	92.7%
Office	82.3%	82.4%	83.3%	84.0%	84.7%	85.2%	85.8%
Industrial	89.6%	89.7%	90.8%	91.7%	92.5%	93.0%	93.2%

Source: Rosen Consulting Group.

Availability and Cost of Financing. The availability and low cost of debt financing has been a significant contributor to the recent improvement in the U.S. capital markets and the U.S. commercial real estate market. Low interest rates and improved access to capital are key factors fueling investment sales activity. Since the 2009 credit freeze, commercial banks, life insurance companies and commercial mortgage backed securities, or CMBS, lenders have returned to the commercial real estate finance market in varying degrees. The graph below shows long-term decrease in government, corporate and commercial mortgage yields:

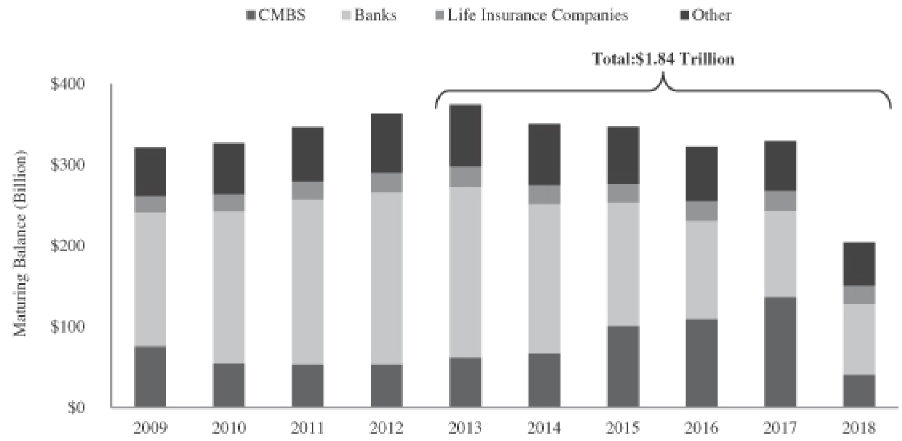
Historical Cost of Financing



Source: Economy.com

The mortgage financing volume for new sales of $1 million or more in the four major commercial property types (multifamily, retail, office and industrial) is estimated to have reached approximately $191 billion in 2012, based on data from CoStar and Real Capital Analytics. This compares to $36 billion in 2009 and a cyclical peak of $341 billion in 2007. This growth is driven by the degree to which transactions are facilitated with new financing as opposed to assumed debt and/or seller financing, average loan-to-value ratios accepted by lenders, and increased property values. The mortgage refinancing market is expected to remain active over the next several years, with approximately $1.84 trillion of commercial real estate debt maturing from 2013 through 2018, as shown below.

Commercial Real Estate Debt Maturities by Lender Type*



* Estimated for 2013 through 2018. Source: Foresight Analytics

Private Client Segment

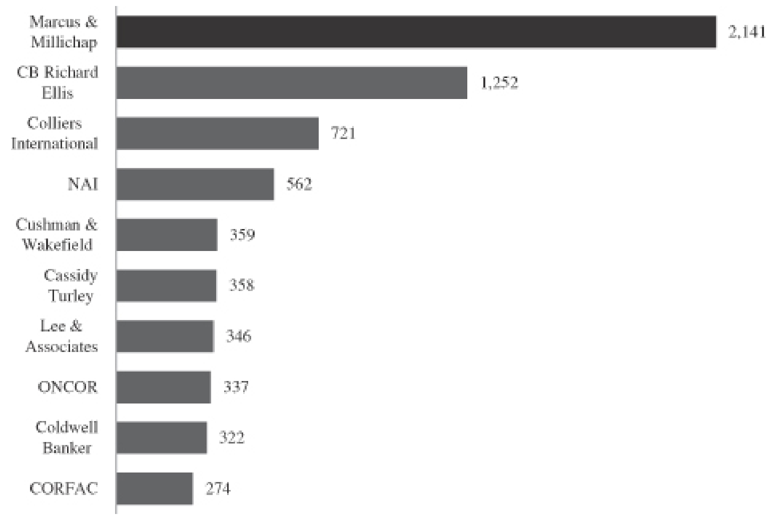
The private client segment consistently accounts for over 80% of commercial property sales by number of transactions. Private clients, many of whom are high net worth individuals, partnerships and private funds, are impacted by life changes, partnership break ups, retirement planning, inheritance and other factors that result in buying and selling commercial real estate. In many cases, these factors override market and macroeconomic conditions. These entrepreneurial investors are also nimble and often take advantage of rising prices to dispose of assets, refinance, acquire and/or exchange assets into new opportunities. We have focused our business on this segment as we believe it represents the largest and most active market segment in the commercial real estate investment brokerage industry for the following reasons:

- In addition to being the largest market segment, the properties in this segment exhibit a high turnover rate due to personal and partnership drivers. We expect these drivers to continue in the coming years in connection with the transfer of wealth from one generation to the next.
- The segment features the highest commission rates and lowest property marketing expenses.
- It is the most underserved market segment among the national full-service real estate investment brokerage firms, which have traditionally focused on institutional investors and corporate real estate owners and users.
- It is a highly fragmented market with a large number of buyers, sellers and properties in different geographic regions and sectors.
- The majority of brokerage competition comes from local and regional brokers who lack a national platform and capability to serve private owners and investors across the country.

- The attractive financial results for property investment, particularly in the multifamily market, provide the opportunity for move up equity (owners seeking to trade to higher quality and/or larger assets) and redeployment of capital, both of which support a high number of sales transactions.

Investment Sales Brokerage Competitive Landscape. Investment sales brokerage competition in the private client segment is highly fragmented. In 2012, the top 10 investment sales brokerage firms accounted for only 22% of transactions of greater than $1 million and less than $10 million, and the top 20 firms accounted for only 27%. This segment is predominately characterized by local and regional brokerage firms, and national, residential brokerage firms. The range of competitors highlights the uniqueness of our business model, as we are the only firm with a national footprint that is also squarely focused on investment sales within the private client segment. Based on data from CoStar and Real Capital Analytics, we led the segment with 2,141 transactions or 7.8% market share in 2012, nearly double that of our closest competitor.

2012 U.S. Investment Brokerage Ranking – Private Client Segment*
Multifamily, Retail, Office and Industrial Sectors (by number of sales)



* Includes multifamily, retail, office and industrial sales from $1 million to $10 million in which the brokerage firms represented the seller. Sources: CoStar Group, Inc. and Real Capital Analytics.

We believe that many property investors and capital providers benefit from a consolidation of provider relationships covering sales, financing and portfolio strategy and market analysis on a national or regional basis. Key advantages of consolidated national service provider relationships are consistent analysis, market information, access to a broad pool of investors, access to a large inventory of product and, most importantly, reliable, consistent execution across markets. This consolidation improves efficiency by providing more investment options and a single point of contact and execution for the investor. We believe we are ideally positioned to further expand our market leadership through our growth strategy in the private client sector as well as additional market segments.

BUSINESS

Overview

Marcus & Millichap is a leading national brokerage firm specializing in commercial real estate investment sales, financing, research and advisory services. We have been the top broker in the United States based on the number of investment transactions over the last 10 years, based on data from CoStar and Real Capital Analytics. We have more than 1,100 investment sales and financing professionals in 73 offices who provide investment brokerage and financing services to sellers and buyers of commercial real estate. We also offer market research, consulting and advisory services to developers, lenders, owners and investors. In 2012, we closed more than 6,100 sales and financing transactions with total volume of approximately $22 billion.

We focus primarily on the private client segment, consisting of transactions with prices under $10 million. The private client segment consistently comprises over 80% of the total number of property transactions in the commercial real estate market.

We were founded in 1971 and are committed to building the leading national investment brokerage business. To achieve that goal, we underwrite, market and sell commercial real estate properties for our private clients in a manner that maximizes value for sellers and provides buyers with the largest and most diverse inventory of commercial properties. Our business model is based on several key attributes: a focus on investment brokerage services, a critical mass of sales professionals providing consistent services and exclusive client representation, a national platform based on information sharing and powered by proprietary technology, a management team with investment brokerage experience, a financing team that is integrated with our investment sales force and research and advisory services tailored for our clients.

We devote our expertise and focus to the investment brokerage and financing business as opposed to other businesses, such as leasing or property management. Accordingly, our business model is unique from our national competitors, who focus primarily on the institutional real estate segment, and from our local and regional competitors, who lack a broad national platform. As the leading investment sales and financing firm in our segment, we believe we are ideally positioned to capture significant growth opportunities in our market.

Our sales professionals are specialized by property type and by local market area, as we believe a focused expertise brings value to our clients. Our model and footprint provide an unparalleled level of connectivity to the marketplace. We operate 59 offices in 46 major markets, which we define as metropolitan areas with a population of at least 1 million, and 14 offices in mid-market locations, which we define as metropolitan areas with a population of less than 1 million. Our broad geographic coverage, property expertise, and significant relationships with both buyers and sellers provide connectivity and increase liquidity in our markets. By closing more transactions annually than any other firm (based on data from CoStar and Real Capital Analytics), our sales professionals are able to provide clients with a broad and deep perspective on the investment real estate market locally, regionally and nationally.

We generate revenues by collecting commissions upon the sale and financing of commercial properties. These fees consist of commissions collected upon the sale of an asset, based upon the value of the property, and fees collected by our financing subsidiary from the placement of loans. In 2012, approximately 91% of our revenues were generated from real estate brokerage commissions, 6% from financing fees and 3% from other fees, including consulting and advisory services.

The following tables show our investment sales and financing transactions in 2012 by property type and investor segment:

Marcus & Millichap Investment Sales and Financing Transactions by Property Type (2012)

Property Type	Transactions	Volume (Billion)	Percent of Total Transactions
Multifamily	2,859	$ 11.8	46.5%
Retail	2,022	5.5	32.9
Office	366	1.3	6.0
Industrial	181	0.7	2.9
Land	155	0.3	2.5
Self-Storage	116	0.5	1.9
Hospitality	105	0.4	1.7
Seniors Housing	78	0.7	1.3
Manufactured Housing	61	0.2	1.0
Mixed - Use / Other	206	0.5	3.4
Total	6,149	$ 21.9	100.0%

Marcus & Millichap Investment Sales and Financing Transactions by Investor Segment (2012)

	Private Client Segment				
	< $1 Million	$1 - $10 Million	Hybrid Segment	Institutional Segment	Total
Transactions					
Investment Sales	1,477	3,377	243	140	5,237
MMCC - Financing	334	550	21	7	912
Total	1,811	3,927	264	147	6,149
Dollar Volume (Billion)					
Investment Sales	$ 0.8	$ 10.1	$ 3.2	$ 5.7	$ 19.8
MMCC - Financing	0.2	1.5	0.3	0.2	2.2
Total	$ 1.0	$ 11.6	$ 3.5	$ 5.9	$ 21.9

Competitive Strengths

We believe the following strengths provide us with a competitive advantage and opportunities for success:

National Platform Focused on Investment Brokerage. We are committed to building the leading national investment brokerage business. To achieve our goal, we focus on investment brokerage as opposed to other businesses such as leasing or property management. In addition, we combine proprietary technology and processes to market investment real estate with highly qualified sales professionals in 73 offices nationwide. Our commitment to specialization is also reflected in how we organize our sales professionals by property type and market area, further deepening the skills, relationships and market knowledge required for achieving the best results for our clients.

Market Leader in the Private Client Segment. We are the leading commercial real estate investment broker in the United States based on the number of transactions. We focus primarily on the private client segment of the market, consisting of transactions with prices under $10 million, which accounted for over 90% of our sales in 2012. This segment, representing the vast majority of the number of commercial properties in the United States, has high asset turnover rates due to personal circumstances and business reasons, such as death, divorce and changes in partnership and other personal or financial circumstances. The private client brokerage industry is highly fragmented and characterized by high barriers to entry. These barriers include the need for a large, specialized sales force prospecting private clients, the difficulty in identifying and establishing relationships with such investors and the challenge of serving their needs locally and nationally. For transactions in the $1 million to $10 million range nationally, the top 10 brokerage firms represented just 22% of commercial property sales in 2012. We believe our core business is the least covered segment by national firms, in addition to being significantly underserved by local and regional firms that lack a multi-market platform.

Integrated Platform for Real Estate Value Creation. We have built our business to maximize value for real estate investors through an integrated set of services geared toward our clients' needs. Within investment sales, we are committed to investment brokerage specialization, providing the largest sales force in the industry, fostering a culture and policy of information sharing on each asset we represent and using proprietary technology that facilitates real-time buyer-seller matching. Our investment sales organization underwrites, positions and markets investment real estate to the largest pool of qualified buyers. We coordinate proactive marketing campaigns that access the investor relationships and resources of the entire firm, far beyond the capabilities of an individual listing agent. These efforts produce wide exposure to investors who we identify as high-probability bidders for each asset.

We have one of the largest teams of financing professionals in the investment brokerage industry through Marcus & Millichap Capital Corporation, or MMCC. MMCC provides financing expertise and access to debt capital by securing competitive loan pricing and terms for our clients. In 2012, MMCC closed more than 900 financings with an aggregate loan value of over $2 billion, making us a leading mortgage broker in the industry. Finally, our market research analyzes the latest local and national economic and real estate trends, enabling our clients to make informed investment and financing decisions. These integrated services enable us to facilitate transactions for our clients across different property sectors and markets.

Management with Significant Investment Brokerage Experience. The majority of our managers are former senior sales professionals of the firm who now focus on management and do not compete with our sales force. As executives of the firm dedicated to hiring, training, developing and supporting our professionals, their investment brokerage background is extremely valuable. Almost all of our top sales professionals were hired without prior experience and were trained, developed and supported by our regional managers. Our comprehensive training and development programs rely greatly on the regional managers' personal involvement. Their past experience as senior sales professionals plays a key role in helping our junior professionals establish technical and client service skills. Our regional managers also coach our sales professionals in setting up, managing and growing their business. We believe this management structure has helped the firm create a competitive advantage and achieve better results for our clients.

Growth Strategy

We have a long track record of successful growth in our core business driven by opening new offices and by hiring, training and developing new sales and financing professionals. Since the implementation of our long-term growth plan in 1995, our revenue has increased sevenfold and we have grown from approximately 390 sales professionals in 22 offices to more than 1,100 sales and financing professionals in 73 offices. To drive our future growth, we continually seek to expand our national footprint and optimize the size, product segmentation and specialization of our team of sales and financing professionals. The key strategies of our growth plan include:

Increase Market Share in Our Core Business. The private client segment is highly fragmented, with the top 10 brokerage firms accounting for only 22% of 2012 sales in the $1 million to $10 million range, based on data from CoStar and Real Capital Analytics. Despite our industry-leading market share of 7.8%, we believe there are opportunities to substantially enhance our position in the segment. We believe the largest opportunities are in private client multi-tenant office and industrial properties in which our 2012 market share was 2.8% and 0.7%, respectively. In addition, we believe there is still significant room for growth in multifamily and retail properties, where we had 2012 market share of 14.6% and 10.6%, respectively. We leverage our existing platform, relationships and brand recognition among private clients to grow through expanded marketing and coverage. Our growth plan includes the following components:

- *Grow in Targeted Locations.* Our plan targets specific markets and calls for both expansion of existing offices and opening additional offices. We have assigned key executives and managers to these markets and our recruiters have begun to hire additional experienced sales professionals. We have targeted markets based on population, employment, commercial real estate sales, inventory and competitive landscape. In addition, we have developed optimal office plans to capitalize on these factors by tailoring sales force size, coverage and composition by office and business segment. We expect this intensified focus on target markets, coupled with new marketing campaigns, reassigned geographic boundaries and team development, to result in significant growth. Recent initiatives have shown that concentrated efforts can produce marked results. For example, a recent initiative to grow our New York office sales force led to an increase in business volume and made it our top grossing office in 2012. In Milwaukee, one of our mid-market offices, we increased our sales force, generating a more than 450% revenue increase from 2010 to 2012.

- *Grow in Specialty Property Segments.* We believe that specialty property segments, including hospitality, multifamily tax credit and affordable housing, student housing, manufactured housing, seniors housing and self-storage, offer significant room for growth. To take advantage of these opportunities, we are increasing our property type expertise by adding regional directors who can bring added management capacity, business development and sales professional support. These executives will work with our regional and group managers to increase sales professional hiring, training, development and redeployment, and to execute various branding and marketing campaigns to expand our presence in key property segments.
- *Increase Sales Professional Hiring.* We grow our business by hiring, training and developing sales professionals. We have implemented several initiatives to increase both new and experienced sales professional hiring through our recruiting department, specialty directors and regional managers. Our new sales professionals are trained in all aspects of real estate fundamentals and client service through formal training and apprenticeship programs. As these sales professionals mature, we continue to provide best practices and specialty training. When hiring more experienced sales professionals, we have focused on cultural fit. We believe this model creates a high level of teamwork, as well as operational and client service consistency.

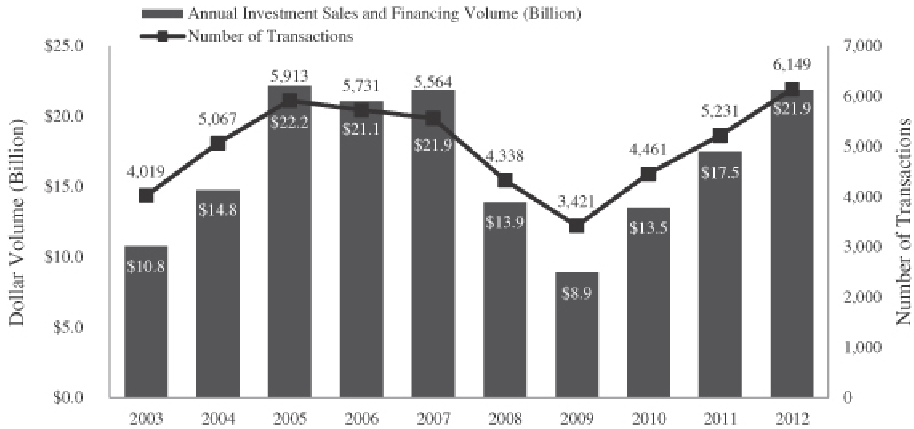
Grow Financing Services. We are focused on growing our financing services provided through MMCC. Our mortgage brokerage business placed more than $2 billion of financings in 2012, and we are taking steps that we believe will substantially increase our internal loan business capture rate from 4.7% of buy-side investment sales in 2012. We intend to execute this strategy by adding financing professionals in 16 offices that currently do not have an MMCC presence and enhancing our cross-selling training, education and internal branding. We also plan to enhance MMCC's service platform and expand our revenue sources by developing other services such as mezzanine financing, equity placement and conduit financing.

Expand Our Market Share of Larger Transactions. Our extensive relationships with private clients have enabled us to capture a greater portion of commercial real estate transactions in excess of $10 million and bridge the private and institutional capital markets in recent years. Our ability to connect private capital with institutional assets plays a major role in differentiating our services. In 2011, we introduced a division dedicated to serving major investors branded as Institutional Property Advisors, or IPA, in the multifamily sector. As a result, we rose from the 7th-ranked investment brokerage firm by dollar volume in the $25 million and above multifamily sector in 2010 to the 4th-ranked firm in 2012. This strategy has met with great success and market acceptance and provides a vehicle for further growth within the larger, institutional multifamily segment. This strategy also provides a model for expansion into institutional retail and office sectors.

Our Company

We provide investment brokerage and financing services to investors of all types and sizes of commercial real estate assets. We are a leading national investment brokerage company primarily focused on private clients transacting in the under $10 million price range. This is the largest and most active market segment and comprised over 80% of total U.S. commercial property sales over the last ten years. We have offices across the United States, with more than 1,100 sales professionals in 59 offices in major metropolitan markets and 14 offices in mid-market locations, which are in secondary and smaller metropolitan areas. We leverage our relationships with investors and use proprietary marketing tools to match properties with qualified buyers. Our financing professionals obtain competitive debt financing for buyers of our properties and owners who need to refinance or restructure their positions. The following graph shows our transactions in investment sales and financing from 2003 to 2012:

Investment Sales and Financing Transactions, 2003-2012



Company History. We opened our first office in Palo Alto, California in 1971, and expanded our Northern California footprint and established a presence in Arizona, Colorado and Texas in the late 1970s. During the 1980s, we opened offices in Southern California and the Midwest. In 1995, we established our long-term growth plan and began our full national expansion. Our revenues grew quickly through 2006 with a compound annual growth rate of 22% from 1995 to 2006. In 2007, the credit markets began to show signs of distress resulting in a shortage of liquidity in some financing markets, including real estate. Beginning in late 2008, the credit crisis and recession greatly affected the commercial real estate industry, resulting in a dramatic revenue decline. Despite the severity of the market downturn, we maintained all of our offices and services, enabling us to take advantage of the market recovery and resume our growth quickly thereafter. As the real estate and financing markets recovered after 2009, our transaction volume has grown significantly.

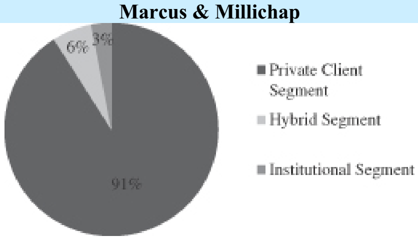
Our Services. We offer two primary services to our clients: commercial real estate investment brokerage and financing.

Commercial Real Estate Investment Brokerage. Our primary business and source of revenue is the representation of commercial property owners as their exclusive investment broker in the sale of their properties. Commissions from investment sales accounted for approximately 91% of our revenues in 2012. Sales are generated by maintaining relationships with property owners, providing market information and trends to them during their investment or “hold” period and being selected as their representative when they decide to sell or exchange their commercial property with a similar asset. We collect commissions upon the sale of each asset based on a percentage of property value. These commission percentages are typically inversely correlated with property value and thus are generally higher for smaller transactions. Our sales professionals also represent buyers in fulfilling their investment real estate acquisition needs; however, the vast majority of our investment sales business is generated from our exclusive representation of sellers.

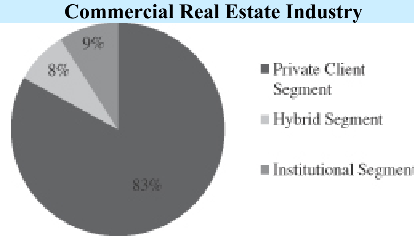
Our core business concentration is aligned with the largest market segment as illustrated in the charts below. These charts show the number of transactions by investor segment in 2012 and the number of multifamily, retail, office and industrial property sales in 2012 for properties priced at $1 million or greater in the commercial real estate industry:

Number of Transactions by Investor Segment in 2012*

Marcus & Millichap



Commercial Real Estate Industry



* Includes multifamily, retail, office and industrial sales $1 million and greater. Sources: CoStar Group, Inc and Real Capital Analytics.

In 2012, we closed 5,237 investment sales transactions in a broad range of commercial property types, with a total transaction value of approximately $20 billion. In the last 10 years, we have closed more transactions than any other firm, based on data from CoStar and Real Capital Analytics. We have significantly diversified our business beyond our historical focus on multifamily properties. The following table shows the various property types included in our sales transactions in 2012:

Marcus & Millichap Investment Sales Transactions by Property Type (2012)

Property Type	Transactions	Volume (Billion)	Percent of Total Transactions
Multifamily	2,257	$ 10.5	43.1%
Retail	1,816	5.0	34.7
Office	334	1.1	6.4
Industrial	177	0.7	3.4
Land	155	0.3	3.0
Self-Storage	99	0.5	1.9
Hospitality	97	0.4	1.9
Seniors Housing	76	0.7	1.5
Manufactured Housing	51	0.1	1.0
Mixed-use / Other	175	0.4	3.3
Total	5,237	$ 19.7	100.0%

We are building on our track record of growth by expanding our coverage of various property types. These include self-storage, hospitality, seniors housing, multifamily tax credit and affordable housing and manufactured housing, where we are already a leading broker but have significant room for additional growth due to market size and opportunity. We are also expanding our specialty group management and support infrastructure, specialized branding and business development customized to each of these segments and intensifying our recruiting efforts, which we believe will result in increased business in the various property types.

We underwrite, value, position and market properties to reach the largest and most qualified pool of buyers. We offer our clients the industry's largest team of investment sales professionals operating with a culture and policy of information sharing, powered by our proprietary system, MNet, which enables real-time buyer-seller matching. We use a proactive marketing campaign that leverages the investor relationships of our entire sales force, direct marketing and a suite of proprietary web-based tools that connects each asset with the right buyer pool. We strive to maximize value for the seller by generating high demand for each asset. Our approach also provides a diverse, consistently underwritten inventory of investment real estate for buyers. When a client engages one of our sales professionals, he or she is engaging an entire system, structure and organization committed to maximizing value for our clients.

Financing. MMCC is a leading broker of debt financing for commercial properties in the under $10 million market segment. MMCC has approximately 60 financing professionals in 32 offices, the most among national investment sales brokerage firms. It generates revenue in the form of financing fees collected from the placement of loans from banks, insurance companies, agencies and commercial mortgage backed securities, or CMBS, conduits. MMCC's financing fees vary by loan amount. In 2012, MMCC completed more than 900 financing transactions with a value of $2.2 billion and accounted for 6% of our revenues. MMCC's size, market reach and business volume enables us to establish long-term relationships and special programs with various capital sources. This in turn improves MMCC's value proposition to borrowers seeking competitive financing rates and terms. MMCC is not limited to promoting in-house or exclusive capital sources and seeks the most competitive financing solution for each client's specific needs and circumstances. It places loans for refinancing not involving a sale as well as acquisition financing for individual assets and portfolios. MMCC's revenues are divided nearly equally between placing acquisition financing and refinancing.

MMCC is fully integrated with our investment sales force under the supervision of our regional managers, which promotes cross selling, information sharing, business referrals and better client service. By leveraging our national network of sales professionals, we are able to provide clients with the latest property markets and capital markets information and partner with national and regional lenders to secure loan packages that meet our clients' financial objectives. Approximately half of MMCC's revenue is generated through the firm's investment sales force and half is generated through direct marketing to borrowers.

In the future, we plan to expand the MMCC business to include mezzanine financing, raising and placing equity and conduit financing. To do this, we intend to hire experienced individuals and capital markets teams in these areas and establish relationships with capital sources that specialize in these segments.

Other Services: Research and Advisory. Our research and advisory services are designed to assist clients in forming their investment strategy and making buy-sell-hold decisions. Our research is fully integrated with our sales professionals' client dialogue, client relationship development and maintenance and transaction execution. Our advisory services are coordinated with both our sales and financing professionals and are designed to provide customized analysis and increase customer loyalty and long-term transaction volume.

Our research division produces more than 900 publications per year and has become a leading source of information for the industry as well as the general business media. We provide research on 13 commercial property segments, covering multifamily, retail, office, industrial, capital markets/financing, single-tenant net lease, seniors housing, student housing, self-storage, hospitality, medical office, manufactured housing and tax credit low income housing. We are regularly quoted in regional and national publications and media, and deliver content directly to the real estate investment community through print, electronic publications and video. This research includes analysis and forecasting of the economy, capital markets, real estate fundamentals, investment, pricing and yield trends, and is designed to assist investors in their strategy formation and decisions relating to specific assets, helping our sales professionals develop and maintain relationships with clients.

We also provide a wide range of advisory and consulting services to developers, lenders, owners, real estate investment trusts, high net worth individuals, pension fund advisors and other institutions. Our advisory services include opinion of value, operating and financial performance benchmarking analysis, specific asset buy-sell strategies, market and submarket analysis and ranking, portfolio strategies by property type, market strategy, and development and redevelopment feasibility studies.

Competition

We compete in investment brokerage and financing within the commercial real estate industry on a national, regional and local basis. Competition is based on a number of critical factors, including the quality and expertise of our sales and financing professionals, our execution skills, agent support, brand recognition and our business reputation. We primarily compete with other brokerage and financing firms that seek investment brokerage and financing business from real estate owners and investors and, to a lesser extent, in-house real estate departments, owners who may transact without using a brokerage firm, direct lenders, consulting firms and investment managers, some of which may have greater financial resources than we do. Our relative competitive position also varies across geographies, property types and services. In investment sales, our competitors on a national level include CBRE Group, Inc., Colliers International, NAI, Cushman &Wakefield, Cassidy Turley, Lee & Associates, ONCOR, Coldwell Banker, CORFAC, HFF, Inc. and Jones Lang LaSalle. Our major financing competitors include HFF, Inc., CBRE Group, Inc., Jones Lang LaSalle, Johnson Capital, Berkadia Commercial Mortgage LLC, Grandbridge Real Estate Capital, and NorthMarq Capital, LLC. The investment sales firms mainly focus on larger sales and institutional investors and are not heavily concentrated in our main area of focus, which is the under $10 million private client market. However, there is cross over and competition between us and these firms. There are also numerous local and regional competitors in our markets, as well as competitors specializing in certain property segments.

Competition to attract and retain qualified professionals is also intense in each of our markets. We offer what we believe to be competitive compensation and support programs to our professionals. Our ability to continue to compete effectively will depend on retaining, motivating and appropriately compensating our professionals.

Employees and Sales and Financing Professionals

As of May 31, 2013, we had 1,161 sales and financing professionals who are exclusive independent contractors. We also had 551 employees as of May 31, 2013, consisting of 55 financing professionals, 14 in marketing, 18 in research and 464 in sales management and support and general and administrative functions. We believe our employee relations are good.

Organization

Our sales and financing professionals are located in offices throughout the United States, each led by a regional manager with previous investment brokerage experience and an active brokerage license. We have 42 regional managers, who are responsible for hiring, developing and deploying sales professionals, managing regional and mid-market offices, and supervising MMCC originators and support staff in their region. We also have five group managers who oversee regional managers and multiple offices; group managers hire, develop, and support our regional managers and provide additional leadership and support for our sales force. Finally, our management structure includes national specialty directors who lead each property segment. Our national specialty directors develop our national and local brand in each property sector, develop major accounts and coordinate multi-market assignments on behalf of large clients.

Sales Professionals

Traditionally, our growth has been driven by hiring, training and developing new sales professionals. Our new sales professionals are trained in our technical and client service standards through a comprehensive program starting with pre-training, formal training and apprenticeship programs. While continuing to improve the hiring, training and developing of new sales professionals remains a major priority, we have also expanded our hiring strategy to include more experienced sales professionals who fit our culture and values. Over the past several years, experienced sales professionals, including some top performers previously with national competitors, have joined the firm and have become productive members of our team. As sales professionals mature, we continue with specialized training and best practices sessions by tenure, which are conducted by senior management, regional managers, leading sales professionals and our national specialty directors. The goal of this rigorous approach to training is to continually improve our team's skill set and client services. Our sales force conducts business the same way across the country to deliver a high level of consistency, professionalism and reliability to our clients who often buy and sell investments in variety of locations and/or property types.

As of May 31, 2013, approximately 26% of our sales professionals have been with the company for less than one year, 20% have been with us for one to three years, 12% for three to five years, and 42% for more than five years. Our sales professionals receive a percentage of the commission received by the company. As sales professionals become more senior, they receive a larger percentage of the commission based on tenure and production. Depending on the price of the property, a portion of the sales professional’s commission may be deferred for three years.

Seasonality

A significant portion of our revenue is seasonal, which can affect an investor’s ability to compare our financial condition and results of operations on a quarter-by-quarter basis. Historically, this seasonality has caused our revenue, income and cash flow from operating activities to be lowest in the first quarter of the calendar year, stronger during the second and third quarters and highest in the fourth quarter of the calendar year. The concentration of earnings and cash flows in the later part of the year is due to a number of factors, including clients’ focus on completing transactions towards the end of the calendar year, tax considerations and anticipated changes in legislation. This has historically resulted in lower profits or a loss in the first quarter, with revenue and profitability improving in each subsequent quarter.

Technology

We have a long-standing tradition of technological orientation, innovation and advancement. Our efforts include the development of proprietary applications designed to make the process of matching buyer and sellers faster and more efficient as well as state-of-the art communication technology, infrastructure, internet presence and electronic marketing.

We have a proprietary internal marketing system, MNet, which allows our professionals to share listing information with investors across the country. MNet is an integrated tool that contains our entire national property inventory, which allows sales professionals to search for properties based on investors’ acquisition criteria. This system is an essential part of connecting buyers and sellers through our national platform. Our policies require information sharing among our sales professionals, and the MNet system automates the process of matching each property we represent to the largest pool of qualified buyers tracked by our national sales force. A part of MNet called Buyer Needs enables our sales professionals to register the investment needs of various buyers which are then matched to our available inventory on a real-time basis.

We have also developed a proprietary system for automating the production of property marketing materials and launching marketing campaigns, which we call iMpact. iMpact allows our sales professionals to input data into a listing proposal or marketing package, automatically imports property information, data on comparable properties and other information, and then dynamically populates our e-marketing, print, and Internet media. This system allows sales professionals to rapidly create professionally branded and designed materials for marketing properties on behalf of our clients in an efficient and timely manner.

Marketing and Branding

Our 42 years of investment brokerage specialization and concentration in the private client segment have established our brand as the leading broker of investment real estate as well as a trusted source of market research and financing solutions. In recent years, the company has also garnered recognition among larger private investors and institutions due to our integrated platform and capability of linking private and institutional capital. We continue to strengthen and broaden the firm’s name recognition and credibility by executing a variety of marketing and branding strategies. Locally, our offices engage in numerous events, direct mail campaigns, investor symposiums and participation in real estate conferences and organizations for various market segments. Our regional managers and agents develop long-term client relationships and promote the firm’s brand through these vehicles.

In addition, we frequently have featured speaking roles in key regional and national industry events, and produce over 900 research reports, semi-monthly economic and real estate market briefs and semi-annual market overview videocasts. All of this content is tailored and disseminated by property type to our clients and the real estate investment community. Our transactional and market research expertise result in significant print, television and online media coverage including all major real estate publications as well as local market and major national news outlets. This creates significant exposure and name recognition for the firm. Nationally, our specialty group and capital markets executives actively participate in various trade organizations, many of which focus on specific property sectors and provide an effective vehicle for client relationship development and branding. The firm takes a proactive stance with its marketing program through multiple channels including our website, timely e-mail and print marketing, as well as agent-driven personal client interactions.

Intellectual Property

We hold various trademarks and trade names, which include the "Marcus & Millichap" name. Although we believe our intellectual property plays a role in maintaining our competitive position in a number of the markets that we serve, we do not believe we would be materially, adversely affected by expiration or termination of our trademarks or trade names or the loss of any of our other intellectual property rights other than the Marcus & Millichap name. With respect to the Marcus & Millichap name, we maintain trademark registrations for these service marks.

In addition to trade names, we have developed proprietary technologies for the provision of real estate investment services, such as MNet and iMpact. We also offer proprietary research to clients through our research division. While we seek to secure our rights under applicable intellectual property protection laws in these and any other proprietary assets that we use in our business, we do not believe any of these other items of intellectual property are material to our business in the aggregate.

Government Regulation

We are subject to various real estate regulations. The company is licensed as a mortgage broker and a real estate broker in 44 states. We are licensed broker in each state where we have an office, as well as where we frequently do business. We are also subject to numerous other federal, state and local laws and regulations that contain general standards for and prohibitions on the conduct of real estate brokers and sales associates, including agency duties, collection of commissions, telemarketing and advertising and consumer disclosures.

Legal Proceedings

We are involved in claims and legal actions arising in the ordinary course of our business. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial relationships, standard brokerage disputes like the alleged failure to disclose physical or environmental defects or property expenses or contracts, the alleged inadequate disclosure of matters relating to the transaction like the relationships among the parties to the transaction, potential claims or losses pertaining to the asset, vicarious liability based upon conduct of individuals or entities outside of our control, general fraud claims, conflicts of interest claims, employment law claims, including claims challenging the classification of our sales professionals as independent contractors, and claims alleging violations of state consumer fraud statutes.

While the results of such claims and legal actions cannot be predicted with certainty, we do not believe based on information currently available to us that the final outcome of these proceedings will have a material adverse effect on our consolidated financial position, results of operations or cash flows. We carry standard errors and omissions insurance designed to cover certain acts of broker malpractice.

Facilities

Our principal executive offices are located in Calabasas, California, where we lease approximately 10,400 square feet under a lease that expires in May 2017.

We also lease offices (typically less than 12,000 square feet) in various geographic locations throughout the United States, primarily for sales and financing professionals and support personnel. We believe that our current facilities are adequate to meet our needs through the end of 2014; however, as we continue to expand in various mid-market locations and grow our market share in existing metropolitan areas, we may need to lease additional space.

MANAGEMENT

Executive Officers and Directors

The names and ages of our executive officers and directors as of March 31, 2013 are as follows:

Name	Age	Position(s)
John J. Kerin	57	President and Chief Executive Officer
Martin E. Louie	51	Chief Financial Officer
Gene A. Berman	58	Executive Vice President
William E. Hughes	63	Senior Vice President, Marcus & Millichap Capital Corporation
Hessam Nadji	47	Senior Vice President, Research and Advisory Services
George M. Marcus	71	Co-Chairman
William A. Millichap	69	Co-Chairman

(1) Member of Audit Committee
(2) Member of Compensation Committee
(3) Member of Nominating and Corporate Governance Committee

Executive Officers

John J. Kerin has served as President and Chief Executive Officer since 2010. Prior to his appointment as President and CEO, Mr. Kerin was a senior vice president and managing director from 1996 to 2010, responsible for the operations of 18 offices nationwide. Mr. Kerin joined the firm as a sales professional in 1981, ranking among the top 10 sales professionals nationwide in 1985 and 1986, and was promoted to senior investment associate in 1987. In 1987, Mr. Kerin became the regional manager of the Los Angeles office, where he succeeded in making it one of the top-producing offices in the firm. He was elected first vice president in 1994 and promoted to managing director in 1996. Mr. Kerin received a B.A. in Communications from Loyola Marymount University.

Martin E. Louie has served as our Chief Financial Officer since 2010. Prior to becoming Chief Financial Officer, Mr. Louie was first vice president of finance beginning in 2009, and vice president of finance from 2006 to 2009. Mr. Louie has served as a senior financial executive with worldwide responsibilities for various companies, including Sony Pictures Entertainment, The Walt Disney Co., Infineon Technologies and West Marine. In those roles, he was responsible for accounting, strategic planning, financial planning and analysis, treasury and investor relations. Prior to that, Mr. Louie, who is a CPA, was with KPMG. Mr. Louie received a B.A. in economics from the University of California, Los Angeles and an MBA in finance from the University of Southern California.

Gene A. Berman has served as an executive vice president of Marcus & Millichap since 2010. He has also served as a group managing director since 2005, overseeing the firm's offices in the Northeast, Southeast and Texas. Mr. Berman began his career with Marcus & Millichap in 1982 as a sales professional and was named senior investment associate in 1987. He became a Regional Manager in 1996, was named a vice president in 1997 and first vice president in 2001. He was promoted to senior vice president in 2002 and managing director in 2005. Mr. Berman received an A.B. in Communications from the University of Southern California and a J.D. from Southwestern University School of Law in Los Angeles.

William E. Hughes has served as a senior vice president of our subsidiary Marcus & Millichap Capital Corporation, or MMCC, since 2000. He became a Managing Director of Marcus & Millichap in 2008. Mr. Hughes is responsible for managing MMCC's operations on a national basis. He joined Marcus & Millichap in 1996 and has a diversified background in real estate finance, financial consulting and modeling, project feasibility, leasing, construction management and real estate development. Prior to joining the company, Mr. Hughes held various senior executive roles with several financial and real estate investment firms. He received a B.S. in Business Administration from the University of Southern California.

Hessam Nadji has served as managing director and senior vice president since 2000. He oversees the firm's national specialty groups, as well as Research and Advisory Services. The national specialty groups provide client services, coordinate major account development and deliver specialized support to the company's sales force within each property segment. Mr. Nadji joined the company in 1996 as vice president of research, became a Senior Vice President in 1997 and was appointed managing director in April 2000. Prior to joining the company, Mr. Nadji was the national director of research and information services for Grubb & Ellis Co., where he was responsible for managing the company's national research group, real estate information technology and client-specific consulting assignments. He received a B.S. in information management and computer science from City University in Seattle.

Directors

George M. Marcus is our founder and has served as our chairman since 1971. Mr. Marcus is also the founder, CEO and chairman of Marcus & Millichap Company, our former parent company, and the chairman of various companies affiliated with Marcus & Millichap Company, including SummerHill Homes and Pacific Urban Residential. Mr. Marcus is also the founder and chairman of Essex Property Trust, a public multifamily real estate investment trust. Mr. Marcus was also one of the original directors of Plaza Commerce Bank and Greater Bay Bancorp, both of which were formerly publicly held financial institutions. From 2000 to 2012, Mr. Marcus was a member of the Board of Regents of The University of California. He is a member of the Real Estate Roundtable, the Bay Area Council and the Policy Advisory Board of the University of California at Berkeley—Center for Real Estate and Urban Economics. He received a B.A. in economics from San Francisco State University and is also a graduate of the Harvard Business School of Owners/Presidents Management Program and the Georgetown University Leadership Program.

William A. Millichap has served as our co-chairman since 2000 and also acts in an advisory capacity to the company. Mr. Millichap served as our president from 1986 to 2000. Mr. Millichap has also served as a board member and managing director of Marcus & Millichap Company since 1985, and was president of Marcus & Millichap Company from 1986 to 2000. He was also the managing partner of Marcus & Millichap Venture Partners. Mr. Millichap has also served on the board of directors of Essex Property Trust from 1994 to 2009, and LoopNet, Inc. from 1999 to 2008. In addition, Mr. Millichap was one of the founders of San Jose National Bank and The Mid Peninsula Bank of Commerce, where he served on the board of directors. Mr. Millichap served on the board of directors of the National Multi Housing Council and is a member of the International Council of Shopping Centers, the Urban Land Institute and the National Venture Capital Association. Mr. Millichap received a B.S. in Economics from the University of Maryland and served as an officer in the United States Navy.

Composition of our Board of Directors

Upon the closing of this offering, we expect to have 7 to 9 directors. Under the listing requirements and rules of the NYSE, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of this offering.

Our board of directors will be divided into three classes effective upon the closing of the offering. The Class I directors,   , will serve an initial term until the 2014 Annual Meeting of Stockholders, the Class II directors,   , will serve an initial term until the 2015 Annual Meeting of Stockholders, and the Class III directors,   , will serve an initial term until the 2016 Annual Meeting of Stockholders. Each class will be elected for three-year terms following its respective initial term.

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that   , representing   of our   directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent," as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE. In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Director Compensation

Prior to the completion of this offering, our board of directors intends to adopt a director compensation policy. Upon completion of this offering, each independent director will receive fees for their services as follows:

- Board of Directors Member—$ per year
- Chairman of the Board—$ per year
- Chair of Audit Committee—$ per year
- Chair of Compensation Committee—$ per year
- Chair of Nominating and Corporate Governance Committee—$ per year

Committees of the Board of Directors

Audit Committee. Our audit committee currently consists of , and . Our board of directors has affirmatively determined that each of such directors meets the definition of "independent director" for purposes of the NYSE rules and the independence requirements of the Exchange Act. Our board of directors intends to name as the member of our audit committee who qualifies as an "audit committee financial expert" under the applicable SEC rules and regulations and has determined that is "financially literate" as that term is defined by the NYSE corporate governance requirements. Our audit committee will be responsible for:

- reviewing and approving the selection of our independent registered public accounting firm, and approving the audit and non-audit services to be performed by our independent registered public accounting firm;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our internal control policies and procedures;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing with management and the independent registered public accounting firm our interim and year-end operating results; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

Compensation Committee. Our compensation committee currently consists of , and . Our board of directors has affirmatively determined that each of such directors meets the definition of "independent director" for purposes of the NYSE rules and the independence requirements of the Exchange Act. Our compensation committee will be responsible for:

- overseeing our compensation policies, plans and benefit programs;
- reviewing and approving for our executive officers: annual base salary, annual incentive bonus, including the specific goals and amount, equity compensation, employment agreements, severance arrangements and change in control arrangements, and any other benefits, compensation or arrangements;
- preparing the compensation committee report that the SEC requires to be included in our annual proxy statement; and
- administering our equity compensation plans.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee currently consists of , and . Our board of directors has affirmatively determined that each of such directors meets the definition of "independent director" for purposes of the NYSE rules and the independence requirements of the Exchange Act. Our nominating and corporate governance committee will be responsible for:

- identifying, evaluating and recommending to the board of directors for nomination candidates for membership on the board of directors;
- preparing and recommending to our board of directors corporate governance guidelines and policies; and
- identifying, evaluating and recommending to the board of directors the chairmanship and membership of each committee of the board.

Compensation Committee Interlocks and Insider Participation

The members of the compensation committee of our board of directors are currently , and . None of , or has at any time been an officer or employee of the company or any subsidiary of the company.

During 2012, none of our executive officers served as a member of the compensation committee of another entity, in which any of such entities' executive officers served on our board of directors; none of our executive officers served as a director of another entity, in which any of such entities' executive officers served on our board of directors; and none of our executive officers served as a member of the compensation committee of another entity, in which any of such entities' executive officers served as one of the directors of our board of directors.

Executive Compensation

2012 Summary Compensation Table

The following table sets forth information regarding the compensation awarded to, earned by, or paid to each of our Chief Executive Officer and the two most highly compensated executive officers other than our principal executive officer during each of the years ended December 31, 2012. Throughout this prospectus, these three officers are referred to as our named executive officers. As an emerging growth company, we have opted to comply with the executive compensation disclosure rules applicable to "smaller reporting companies" as such term is defined in the rules promulgated under the Securities Act.

Name and Principal Position	Salary ($)	Bonus ($) (1)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(2)	All Other Compensation ($) (3)	Total ($)
John J. Kerin, *President and Chief Executive Officer*	$400,000	$1,500,000	$ —	$ —	$ —	$ 1,342,442	$ 35,871	$3,278,313
Gene A. Berman, *Executive Vice President*	$300,000	$ 843,487	$ —	$ —	$ —	$ 662,505	$ 29,854	$1,835,846
Hessam Nadji, *Senior Vice President, Research and Advisory Services*	$250,000	$ 625,000	$ —	$ —	$ —	$ 442,592	$ 41,783	$1,359,375

(1) The bonus performance periods run from April 1 to March 31 of each year. The bonus for fiscal year ended 2012, as reported above, reflects an allocation of 25% of the bonus for the period April 1, 2011 through March 31, 2012 and 75% of the bonus for the period April 1, 2012 through March 31, 2013. The total bonus

amounts for April 1, 2011 through March 31, 2012 were as follows: Mr. Kerin ($1,600,000), Mr. Berman ($900,000) and Mr. Nadji ($650,000). The total bonus amounts for April 1, 2012 through March 31, 2013 were as follows: Mr. Kerin ($1,200,000), Mr. Berman ($673,949) and Mr. Nadji ($550,000).

(2) As set forth in the below table, the amounts in this column reflect (1) the earnings for calendar year 2012 on each executive's nonqualified deferred compensation account and (2) the aggregate increase in "appreciation value" for executive's stock appreciation rights, or SARs. The SARs are cash-settled awards that constitute nonqualified deferred compensation because such awards are only payable upon death, disability or mutual termination and, therefore, lack a option-like feature. Upon a payment event, the appreciation value on the vested portion of the SARs is paid to the executive in 10 annual installments, with the first installment due within 30 days after the end of year in which the termination occurs or, in some cases, within 30 days after the event giving rise to the redemption. Upon a termination other than for cause or a resignation other than by mutual agreement, the executive only receives 75% of the appreciation value on the vested portion. In the event of a sale of the company, the executive officer receives the appreciation value on the same schedule as other shareholders. Appreciation value is an adjusted book value of the company on the last day of the year before the termination of employment (or the closing date for a sale of the company) less the adjusted book value of the company on the date of grant (i.e., the grant date value).

Executive Officer	Nonqualified Deferred Compensation Plan Earnings	Increased Value of SARs from 1/1/2012 to 12/31/2012	Aggregate Value of SARs as of 12/31/2012
John J. Kerin	$ 163,171	$ 1,179,271	$ 7,740,833
Gene A. Berman	$ 25,015	$ 637,490	$ 1,168,724
Hessam Nadji	$ —	$ 442,592	$ 2,939,936

Stock Appreciation Right Details by Executive Officer

Executive Officer	Vested	Unvested	Grant Date Value	Vesting Schedule
John J. Kerin	4,114	—	$20.38	
	2,057	—	$19.43	
	1,850	925	$22.53	1/3 of the SARs vest on April 15 of each of 2011-2013.
Gene A. Berman	250	—	$21.24	
	750	—	$19.39	
	800	200	$19.54	1/5 of the SARs vest on April 15 of each of 2009-2013.
	600	400	$19.53	1/5 of the SARs vest on April 15 of each of 2010-2014
	334	166	$22.53	1/3 of the SARs vest on April 15 of each of 2011-2013.
	667	1,333	$23.21	1/3 of the SARs vest on April 15 of each of 2012-2014.
Hessam Nadji	1,180	—	$19.78	
	1,350	—	$21.96	
	637	318	$22.53	1/3 of the SARs vest on April 15 of each of 2011-2013.

(3) The following table reflects the breakout of the items included in the "All Other Compensation" column:

	Kerin	Berman	Nadji
Auto Benefit	$25,208	$24,440	$25,539
Health Insurance	10,528	5,279	16,109
Life Insurance	288	288	288
Total	$35,871	$29,854	$41,783

Outstanding Equity Awards at Fiscal Year End

The following table shows all outstanding equity awards held by each of our named executive officers at December 31, 2012.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
John J. Kerin						925(2)	$237,884	—	—
Gene A. Berman						200(3)	$ 47,960	—	—
						400(4)	$ 89,423	—	—
						166(5)	$ 42,690	—	—
						1,333(6)	$278,396	—	—
Hessam Nadji						318(7)	$ 81,779	—	—

(1) Amounts listed are unvested amounts calculated according to underlying shareholder documents.

(2) The awards were granted on July 1, 2010 and 1/3 of the shares subject to the award vest on April 15 of each of 2011–2013.

(3) The awards were granted on September 1, 2008 and 1/5 of the shares subject to the award vest on April 15 of each of 2009–2013.

(4) The awards were granted on April 1, 2009 and 1/5 of the shares subject to the award vest on April 15 of each of 2010–2014.

(5) The awards were granted on January 18, 2011 and 1/3 of the shares subject to the award vest on April 15 of each of 2011–2013.

(6) The awards were granted on July 28, 2011 and 1/3 of the shares subject to the awards vest on April 15 of each of 2012–2014

(7) The awards were granted on January 18, 2011 and 1/3 of the shares subject to the award vest on April 15 of each of 2011–2013.

Employment Agreement with John J. Kerin

We entered into an employment agreement with John J. Kerin, our President and Chief Executive Officer, dated as of July 1, 2010, as amended. The employment agreement has no specific term and constitutes at-will employment. In addition to a current annual base salary of $400,000, Mr. Kerin is eligible to receive an annual discretionary incentive of up to 4% of our fiscal year-end pre-tax profit, up to a maximum of four times the base salary actually paid to Mr. Kerin during the fiscal year. Mr. Kerin also received 2,775 options and 2,775 SARs, one third of each vesting annually, beginning on April 15, 2011. The employment agreement also contains non-competition and non-disclosure provisions.

2013 Omnibus Equity Incentive Plan

The 2013 Omnibus Equity Incentive Plan, or the 2013 Plan, will become effective following our initial public offering. The 2013 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and independent contractors and any of our subsidiary corporations' employees and independent contractors, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares to our employees, independent contractors, directors and consultants and our subsidiary corporations' employees and consultants.

The following is a summary of terms of the 2013 Plan.

Authorized Shares. The maximum aggregate number of shares that may be issued under the 2013 Plan is shares of our common stock. In addition, the number of shares available for issuance under the 2013 Plan will be annually increased on the first day of each of our fiscal years beginning with the 2014 fiscal year, by an amount equal to the least of:

- shares of our common stock;
- % of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year; and
- such other amount as our board of directors may determine.

Shares issued pursuant to awards under the 2013 Plan that we repurchase or that are otherwise forfeited will become available for future grant under the 2013 Plan on the same basis as the award initially counted against the share reserve. In addition, to the extent that an award is paid out in cash rather than shares, such cash payment will not reduce the number of shares available for issuance under the 2013 Plan.

Award Limitations. The following limits apply to any awards granted under the 2013 Plan:

- Options and stock appreciation rights—no employee or independent contractor shall be granted within any fiscal year one or more options or stock appreciation rights, which in the aggregate cover more than shares; provided, however, that in connection with an employee or independent contractor's initial service as an employee or independent contractor, an employee or independent contractor's aggregate limit may be increased by shares;
- Restricted stock and restricted stock units—no employee or independent contractor shall be granted within any fiscal year one or more awards of restricted stock or restricted stock units, which in the aggregate cover more than shares; provided, however, that in connection with an employee or independent contractor's initial service as an employee or independent contractor, an employee or independent contractor's aggregate limit may be increased by shares; and
- Performance units and performance shares—no employee or independent contractor shall receive performance units or performance shares having a grant date value (assuming maximum payout) greater than dollars or covering more than shares, whichever is greater; provided, however, that in connection with an employee or independent contractor's initial service as an employee or independent contractor, an employee or independent contractor may receive performance units or performance shares having a grant date value (assuming maximum payout) of up to an additional amount equal to dollars or covering up to shares, whichever is greater. No individual may only have one award of performance units or performance shares for a performance period.

Plan Administration. The 2013 Plan will be administered by the Board, which, at its discretion or as legally required, may delegate such administration to the compensation committee and/or one or more additional committees. In the case of awards intended to qualify as "performance-based compensation" within the meaning of Code Section 162(m), the compensation committee will consist of two or more "outside directors" within the meaning of Code Section 162(m).

Subject to the provisions of the 2013 Plan, the administrator has the power to determine the terms of awards, including the recipients, the exercise price, if any, the number of shares subject to each award, the fair market value of a share of our common stock, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration, if any, payable upon exercise of the award and the terms of the award agreement for use under the 2013 Plan. The administrator also has the authority, subject to the terms of the 2013 Plan, to amend existing awards, to prescribe rules and to construe and interpret the 2013 Plan and awards granted thereunder.

Stock Options. The administrator may grant incentive and/or nonstatutory stock options under the 2013 Plan; provided that incentive stock options are only granted to employees. The exercise price of such options must equal at least the fair market value of our common stock on the date of grant. The term of an option may not exceed years; provided, however, that an incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of our stock, or of certain of our subsidiary corporations, may not have a term in excess of 5 years and must have an exercise price of at least 110% of the fair market value of our common stock on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the administrator. Subject to the provisions of the 2013 Plan, the administrator determines the remaining terms of the options (*e.g.*, vesting). After the termination of service of an employee, independent contractor, director or consultant, the participant may exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in his or her option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for twelve months. In all other cases, the option will generally remain exercisable for three months following the termination of service. However, in no event may an option be exercised later than the expiration of its term.

Stock Appreciation Rights. Stock appreciation rights may be granted under the 2013 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Subject to the provisions of the 2013 Plan, the administrator determines the terms of stock appreciation rights, including when such rights vest and become exercisable and whether to settle such awards in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant. The specific terms will be set forth in an award agreement.

Restricted Stock. Restricted stock may be granted under the 2013 Plan. Restricted stock awards are grants of shares of our common stock that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. Shares of restricted stock will vest and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator. Such terms may include, among other things, vesting upon the achievement of specific performance goals determined by the administrator and/or continued service. The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and cash dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest for any reason will be forfeited by the recipient and will revert to us. The specific terms will be set forth in an award agreement.

Restricted Stock Units. Restricted stock units may be granted under the 2013 Plan, which may include deferred stock units and the right to dividend equivalents, as determined in the discretion of the administrator. Each restricted stock unit granted is a bookkeeping entry representing an amount equal to the fair market value of one share of our common stock. The administrator determines the terms and conditions of restricted stock units including the vesting criteria, which may include achievement of specified performance criteria or continued service, and the form and timing of payment. The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. The administrator determines in its sole discretion whether an award will be settled in stock, cash or a combination of both. The specific terms will be set forth in an award agreement.

Performance Units / Performance Shares. Performance units and performance shares may be granted under the 2013 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved and any other applicable vesting provisions are satisfied. The administrator will establish organizational or individual performance goals in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. For purposes of such awards, the performance goals may be one or more of the following, as determined by the administrator: . After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. Performance units shall have an initial dollar value established by the administrator prior to the grant date. Performance shares shall have an initial value equal to the fair market value of our common stock on the grant date. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares or in some combination thereof. The specific terms will be set forth in an award agreement.

Transferability of Awards. Unless the administrator provides otherwise, the 2013 Plan generally does not allow for the transfer of awards and only the recipient of an option or stock appreciation right may exercise such an award during his or her lifetime.

Certain Adjustments. In the event of certain corporate events or changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2013 Plan, the administrator will make adjustments to one or more of the number and class of shares that may be delivered under the 2013 Plan and/or the number, class and price of shares covered by each outstanding award and the numerical share limits contained in the 2013 Plan. In the event of a proposed winding up, liquidation or dissolution of the company, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control. The 2013 Plan provides that in the event of a merger or change in control (other than a winding up, dissolution or liquidation), as defined under the 2013 Plan, each outstanding award will be treated as the administrator determines (including assumed, substituted or cancelled), except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will then terminate upon the expiration of the specified period of time.

Plan Amendment, Termination. The Board has the authority to amend, suspend or terminate the 2013 Plan provided such action does not impair the existing rights of any participant. The 2013 Plan will automatically terminate in 2023 unless we terminate it sooner.

2013 Employee Stock Purchase Plan

The 2013 Employee Stock Purchase Plan, or the ESPP, is planned to become effective following our initial public offering. The ESPP will provide for participation by our executive officers and all other employees. In general, we intend to make offerings under the ESPP that qualify under Section 423 of the Code, but may make offerings that are not intended to qualify under Section 423 of the Code to the extent deemed advisable for designated subsidiaries outside the United States. Additionally, we may make separate offerings under the ESPP, each of which may have different terms, but each separate offering will be intended to comply with the requirements of Section 423 of the Code. The following summary of terms of the ESPP is based on the terms of the ESPP as approved by the Board, but the terms are not final until approved by the stockholders.

A total of   shares of our common stock will be made available for sale under the ESPP. In addition, the ESPP will provide for annual increases in the number of shares available for issuance under the ESPP on the first day of each fiscal year beginning with the 2014 fiscal year, equal to the least of:

- shares of our common stock;
- % of the outstanding shares of our common stock on the first day of such fiscal year; and
- such other amount as the Board may determine.

The Board or its committee has full and exclusive authority to interpret the terms of the ESPP and determine eligibility.

All of our employees are eligible to participate if they are customarily employed by us or any participating subsidiary for more than 20 hours per week and more than 5 months in any calendar year. However, an employee may not be granted rights to purchase stock under the ESPP if such employee:

- immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or

- holds rights to purchase stock under all our employee stock purchase plans that would accrue at a rate that exceeds $25,000 worth of our stock for each calendar year.

The ESPP is intended to qualify under Section 423 of the Code and provides for consecutive, non-overlapping -month offering periods. The offering periods generally start on the first trading day on or after and of each year, except for the first such offering period which will commence on the first trading day on or after the effective date of the registration statement of which this prospectus is a part and will end on , 2014. The administrator may, in its discretion, modify the terms of future offering periods.

The ESPP permits participants to purchase common stock through payroll deductions of up to % of their eligible compensation, which includes a participant's regular and recurring straight time gross earnings, payments for overtime and shift premium, exclusive of payments for incentive compensation, bonuses and other similar compensation. A participant may purchase a maximum of shares of common stock during each -month offering period.

Amounts deducted and accumulated by the participant are used to purchase shares of our common stock at the end of each -month offering period. The purchase price of the shares will be % of the lower of the fair market value of our common stock on the first trading day of the offering period or on the last day of the offering period. Participants may end their participation at any time during an offering period and will be paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Participation ends automatically upon termination of employment with us or any subsidiary corporation.

A participant may not transfer rights granted under the ESPP other than by will, the laws of descent and distribution or as otherwise provided under the ESPP.

In the event of a merger or change of control, as defined under the ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase rights, the offering period then in progress will be shortened, and a new exercise date will be set. The plan administrator will notify each participant in writing that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless the participant has already withdrawn from the offering period.

The ESPP will automatically terminate in 2023, unless we terminate it sooner. In addition, the Board has the authority to amend, suspend or terminate the ESPP, except that, subject to certain exceptions described in the ESPP, no such action may adversely affect any outstanding rights to purchase stock under the ESPP.

Limitation of Liability and Indemnification Matters

Our amended and restated certificate of incorporation, which will be in effect upon the completion of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated bylaws to be in effect upon the completion of this offering provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We expect to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements will provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of , 2013 and as adjusted to reflect the sale of the common stock offered by us under this prospectus by:

- each of our directors and executive officers;
- all directors and executive officers as a group; and
- each person who is known to own beneficially more than 5% of our common stock.

In accordance with SEC rules, each listed person's beneficial ownership includes:

- all shares the investor actually owns beneficially or of record;
- all shares over which the investor has or shares voting or investment power; and
- all shares the investor has the right to acquire within 60 days.

For U.S. securities law purposes, MMC, in its capacity as selling stockholder, is offering a portion of the shares of our common stock it owns. Instead of selling shares of our common stock directly to the underwriters and certain of our stockholders for cash, MMC will first exchange the shares of our common stock to be sold by the selling stockholders in this offering with one or more of the underwriters and certain of MMC's former stockholders, which we refer to, in such role, as the debt-for-equity exchange parties, for outstanding indebtedness of MMC held by the debt-for-equity exchange parties. The debt-for-equity exchange parties will then sell the shares to the underwriters for cash. This debt-for-equity exchange will occur on the settlement date of this offering immediately prior to the settlement of the debt-for-equity exchange parties' sale of the shares to the underwriters. See "Underwriting—The Debt-for-Equity Exchange."

Unless otherwise indicated, all shares are or will be owned directly, and the indicated person has or will have sole voting and investment power. Except as otherwise noted, the address of each person listed in the table is c/o Marcus & Millichap, Inc., 23975 Park Sorrento, Suite 400, Calabasas, California 91302.

The applicable percentage of ownership for each stockholder is based on shares of common stock outstanding as of , 2013, together with applicable options for that stockholder. Shares of common stock issuable upon exercise of options and other rights beneficially owned were deemed outstanding for the purpose of computing the percentage ownership of the person holding these options and other rights, but are not deemed outstanding for computing the percentage ownership of any other person.

Name and Address	Shares Beneficially Owned Prior to Offering(1) Number	Percent	Number of Shares Offered	Shares Beneficially Owned After Offering(1) Number	Percent
Selling Stockholder					
Marcus & Millichap Company		%	(2)		%
Directors and Executive Officers					
John J. Kerin		%			%
Gene A. Berman		%			%
Hessam Nadji		%			%
George M. Marcus		%			%
William A. Millichap		*			%
All directors and executive officers as a group (7 persons)		%			%

* Less than one percent of the outstanding shares of common stock.

(1) Assumes the issuance of shares offered hereby. Does not include any shares that may be issued pursuant to the underwriters' option to purchase additional shares.

(2) Comprised of shares acquired by , shares acquired by William A. Millichap and shares acquired by Donald A. Lorenz from MMC in exchange for an aggregate of approximately $ million of outstanding indebtedness of MMC (based on the midpoint of the price range on the cover of this prospectus) pursuant to the Debt-for-Equity Exchange.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Relationship with Marcus & Millichap Company

Under a shared services arrangement with MMC, MMC provides services and office space to us. In 2012, 2011 and 2010, we paid $770,119, $862,256 and $477,167, respectively, to MMC pursuant to this arrangement. This arrangement will be replaced by a transition services agreement between us and MMC to become effective upon the completion of this offering. The transition services agreement will grant us the right to continue to use certain of MMC's services and resources related to our corporate functions, including , , and .

MMC also procures insurance and other miscellaneous services for us. In 2012, 2011 and 2010, we paid $3,928,218, $3,643,853 and $3,726,976, respectively. We will procure our own insurance and these other services directly upon the completion of this offering.

We occasionally represent MMC or its affiliates in sales and financing transactions and receive commissions and financing fees from MMC or its affiliates for these transactions. In 2012, 2011, and 2010, MMC and its affiliates paid us $426,291, $321,591, and $606,481, respectively, in real estate brokerage commissions and financing fees, net of expenses.

We lease our office in Palo Alto, covering approximately 12,000 square feet, from MMC under a lease that expires in April 2015. In 2012, 2011 and 2010, we paid $277,980, $277,980 and $278,756, respectively, to MMC under this lease.

In September 2011, we and certain of our subsidiaries entered into a guaranty in connection with a credit agreement by and among MMC and various financial institutions. As guarantors, we have unconditionally guaranteed the payment and performance of the obligations of MMC and related expenses. We expect to be released from the guaranty in connection with the Spin-Off and this offering.

In connection with the Spin-Off, we will enter into a tax matters agreement with MMC effective immediately prior to the completion of this offering, which will restrict us from taking any action that could reasonably be expected to adversely affect the tax-free status of the Spin-Off, Debt-for-Equity Exchange and related transactions to MMC and its stockholders for U.S. federal, state, local and foreign income tax purposes.

Prior to the consummation of the Spin-Off and this offering, MMREIS will pay an additional preferred dividend and return additional paid-in-capital of approximately $ million to MMC, representing substantially all of MMREIS's available cash on hand, other than approximately $ million of working capital.

In addition, we may use approximately $ million of the proceeds we receive in this offering to fund a special dividend to our stockholders who were stockholders of record immediately after the Distribution but prior to the closing of this offering, including MMC. The declaration of any such dividend is dependent upon market forces and other events. If paid, we expect that MMC would receive approximately $ million of such dividend.

Agreements with Management

Buy-Sell Agreements

We have entered into buy-sell agreements with each of our executive officers. These buy-sell agreements restrict the executive officers' rights to transfer or dispose of their shares by requiring the company's prior written consent. Under the agreements, we have a right of first offer to purchase the shares. If the executive officers terminate their employment for reasons other than death, disability or by mutual agreement, they are required to sell all shares of our stock they hold, though we are not required to purchase such shares. The buy-sell agreements also contain certain covenants, including non-solicitation and non-competition provisions restricting the executive officers for three years after any repurchase of shares they hold.

Compensation Arrangements with Management

For information about compensation arrangements with our management, see "Management—Executive Compensation."

Policies and Procedures for Related Party Transactions

Our board of directors intends to adopt a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, the amount involved exceeds $120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness or employment by us of a related person.

DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our amended and restated certificate of incorporation and amended and restated bylaws as each will be in effect as of the completion of this offering, and of specific provisions of Delaware law. The following description is intended as a summary only and is qualified in its entirety by reference to our amended and restated certificate of incorporation, our amended and restated bylaws and the Delaware General Corporation Law, or DGCL.

General

Pursuant to our certificate of incorporation, our capital stock will consist of authorized shares, of which shares, par value $0.0001 per share, will be designated as "common stock," and shares, par value $0.0001 per share, will be designated as "preferred stock." There will be no shares of preferred stock outstanding immediately following this offering. Upon the effectiveness of our amended and restated certificate of incorporation following the closing of this offering, we will only have one class of common stock.

Common Stock

Immediately prior to the completion of this offering, there will be shares of common stock outstanding, held of record by 11 stockholders. There will be shares of common stock outstanding (assuming no exercise of the underwriters' option to purchase additional shares), after giving effect to the Spin-Off and the sale of the shares offered hereby.

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available for that purpose. See "Dividend Policy." In the event of liquidation, dissolution or winding up of the company, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to the prior distribution rights of any outstanding preferred stock. The common stock has no preemptive or conversion rights or other subscription rights. The outstanding shares of common stock are, and the shares of common stock to be issued upon completion of this offering will be, fully paid and non-assessable.

Preferred Stock

After the closing of this offering, the board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock, $0.0001 par value per share, in one or more series. The board of directors will also have the authority to designate the rights, preferences, privileges and restrictions of each such series, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the company without further action by the stockholders. The issuance of preferred stock with voting and conversion rights may also adversely affect the voting power of the holders of common stock. In certain circumstances, an issuance of preferred stock could have the effect of decreasing the market price of the common stock. As of the closing of the offering, no shares of preferred stock will be outstanding. We currently have no plans to issue any shares of preferred stock.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation and our amended and restated bylaws, which will be in effect upon the completion of this offering, will contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Undesignated Preferred Stock

As discussed above, our board of directors will have the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting

Our amended and restated certificate of incorporation will provide that our stockholders may not act by written consent, which may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws.

In addition, our amended and restated bylaws will provide that special meetings of the stockholders may be called only by the chairperson of the board, the Chief Executive Officer or our board of directors. Stockholders may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Board Classification

Upon the closing of the offering, our board of directors will be divided into three classes, one class of which is elected each year by our stockholders. The directors in each class will serve three-year terms. For more information on the classified board, see "Management—Board of Directors." A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is it more difficult and time-consuming for stockholders to replace a majority of the directors on a classified board.

No Cumulative Voting

Our amended and restated certificate of incorporation and amended and restated bylaws will not permit cumulative voting in the election of directors. Cumulative voting allows a stockholder to vote a portion or all of its shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board's decision regarding a takeover.

Amendment of Charter and Bylaws Provisions

The amendment of the above provisions of our amended and restated certificate of incorporation will require approval by holders of at least two thirds of our outstanding capital stock entitled to vote generally in the election of directors. The amendment of our bylaws will require approval by the holders of at least two thirds of our outstanding capital stock entitled to vote generally in the election of directors.

Delaware Anti-Takeover Statute

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, calculated as provided under Section 203; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of Delaware law and the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as amended upon the completion of this offering, could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Transfer Agent and Registrar

The Transfer Agent and Registrar for the common stock is . The Transfer Agent's address and telephone number is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of common stock in the public market could adversely affect prevailing market prices. Since the shares of stock not sold in this offering are subject to contractual and legal restrictions on resale, sales of substantial amounts of our common stock in the public market after the restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of the offering, we will have outstanding shares of common stock. Of these shares, the shares sold in the offering (plus any shares issued upon exercise of the underwriters' option to purchase additional shares) will be freely tradable without restriction under the Securities Act, unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act, which generally includes officers, directors or 10% stockholders.

The remaining shares outstanding are "restricted securities" within the meaning of Rule 144 under the Securities Act. These shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 promulgated under the Securities Act, which are summarized below. Sales of these shares in the public market, or the availability of such shares for sale, could adversely affect the market price of the common stock.

Our stockholders have entered into lock-up agreements generally providing that they will not offer, sell, contract to sell or grant any option to purchase or otherwise dispose of our common stock or any securities exercisable for or convertible into our common stock owned by them for a period of days after the effective date of the registration statement filed pursuant to this offering without the prior written consent of Citigroup Global Markets Inc. and Goldman, Sachs & Co. As a result of these contractual restrictions, notwithstanding possible earlier eligibility for sale under the provisions of Rules 144 and 701, shares subject to lock-up agreements will not be salable until such agreements expire or are waived by the designated underwriters' representative. Taking into account the lock-up agreements, and assuming Citigroup Global Markets Inc. and Goldman, Sachs & Co. do not release stockholders from these agreements, the following shares will be eligible for sale in the public market at the following times:

- Beginning on the effective date of this prospectus, only the shares sold in the offering will be immediately available for sale in the public market.
- Beginning 180 days after the effective date, approximately shares will be eligible for sale pursuant to Rule 701 and approximately additional shares will be eligible for sale pursuant to Rule 144, of which all but shares are held by affiliates.

In general, under Rule 144 as currently in effect, and beginning after the expiration of the lock-up agreements (days after the effective date) of a person (or persons whose shares are aggregated) who has beneficially owned restricted securities for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (i) one percent of the number of shares of common stock then outstanding (which will equal approximately shares immediately after the offering); or (ii) the average weekly trading volume of the common stock during the four calendar weeks preceding the sale. Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. Under Rule 144, a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least one year, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

As a result of the lock-up agreements, all of our employees holding common stock or stock options may not sell shares acquired upon exercise until days after the effective date. Beginning days after the effective date, any of our employees, officers, director or consultants who purchased shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. In addition, we intend to file registration statements under the Securities Act as promptly as possible after the effective date of the registration statement of which this prospectus is a part to register shares to be issued pursuant to our employee benefit plans. As a result, any options exercised under the Stock Plan or any other benefit plan after the effectiveness of such registration statement will also be freely tradable in the public market, except that shares held by affiliates will still be subject to the volume limitation, manner of sale, notice and public information requirements of Rule 144 unless otherwise resalable under Rule 701. As of March 31, 2013, there were no outstanding options. See “Risk Factors—Future sales or the perception of future sales of a substantial amount of our common stock may depress the price of shares of our common stock” and “Management—2013 Omnibus Equity Incentive Plan.”

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UNDERWRITING

The company, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Citigroup Global Markets Inc. and Goldman, Sachs & Co. are the representatives of the underwriters.

Underwriters	Number of Shares
Citigroup Global Markets Inc.	
Goldman, Sachs & Co.	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from the company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by the company and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by the Company

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Paid by the Selling Stockholders

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The company and its officers, directors, and holders of substantially all of the company's common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company's historical performance, estimates of the business potential and earnings prospects of the company, an assessment of the company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to list the common stock on the New York Stock Exchange under the symbol "MMI." In order to meet one of the requirements for listing the common stock on the NYSE, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on NYSE in the over-the-counter market or otherwise.

The Debt-for-Equity Exchange

It is expected that , William A. Millichap and Donald A. Lorenz, which we refer to, in such role, as the debt-for-equity exchange parties, will enter into debt-for-equity exchange agreements with MMC and, for limited purposes, us. Under the debt-for-equity exchange agreements, subject to certain conditions, the debt-for-equity exchange parties, as principals for their own account, will exchange debt obligations of MMC held by the debt-for-equity exchange parties for the shares of our common stock to be sold by the debt-for-equity exchange parties in this offering. The debt-for-equity exchange parties will then sell the shares to the underwriters for cash. This debt-for-equity exchange will occur on the settlement date of this offering immediately prior to the settlement of the debt-for-equity exchange parties' sale of the shares to the underwriters.

The aggregate principal amount of indebtedness to be exchanged by the debt-for-equity parties pursuant to the Debt-for-Equity Exchange is $. The number of shares to be received by the debt-for-equity exchange parties in exchange for such indebtedness will be determined by dividing the total aggregate principal amount of such indebtedness by the initial public offering price per share, less the underwriting discount. The debt-for-equity exchange parties will acquire and sell the shares as principals for their own account, rather than on MMC's behalf. If MMC and the debt-for-equity exchange parties enter into the debt-for-equity exchange agreements, as described above, the debt-for-equity exchange parties will become the owner of our shares of common stock they acquire in the Debt-for-Equity Exchange, regardless of whether this offering is completed. The debt-for-equity exchange parties, and not MMC, will receive the net proceeds from the sale of the shares sold by the debt-for-equity exchange parties in this offering.

For purposes of the U.S. securities laws, each of MMC and the debt-for-equity exchange parties will be deemed to be an underwriter of the shares of our common stock sold in this offering; however, references to the underwriters in this prospectus refer only to the underwriters listed in the first paragraph of this "Underwriting" section.

Conflicts of Interest

Because will receive more than 5% of the net proceeds of the offering due to their role as debt-for-equity exchange parties, they will be deemed to have a "conflict of interest" under FINRA Rule 5121(f)(5)(C)(ii). Accordingly, this offering is being made in compliance with the requirements of FINRA Rule 5121, which requires, among other things, that a "qualified independent underwriter" has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to, the registration statement and this prospectus. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 of the Securities Act. will not receive any additional fees for serving as qualified independent underwriter in connection with this offering. We have agreed to indemnify against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. Pursuant to Rule 5121, Citigroup Global Markets Inc. and Goldman, Sachs & Co. will not confirm any sales to any account over which they exercise discretionary authority without the specific written approval of the account holder.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(d) in any other circumstances which do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not, if the company was not an "authorised person," apply to the company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Other

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

The company and the selling stockholders estimate that their share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

The company and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, Los Angeles, California.

EXPERTS

The consolidated financial statements of Marcus & Millichap Real Estate Investment Services, Inc. as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012 appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits and the financial statements and notes filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other documents are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC’s public reference facilities and the website of the SEC referred to above.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Marcus & Millichap Real Estate Investment Services, Inc.

We have audited the accompanying consolidated balance sheets of Marcus & Millichap Real Estate Investment Services, Inc. and Subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marcus & Millichap Real Estate Investment Services, Inc. and Subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP
San Francisco, California
______, 2013

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollar amounts in thousands, except share and per share amounts)

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Assets			
Current assets:			
Cash and cash equivalents	$ 37,432	$ 3,107	$ 3,158
Commissions receivable, net of allowance for doubtful accounts of $129 at March 31, 2013 and December 31, 2012, and $143 at December 31, 2011	3,409	5,764	2,150
Employee notes receivable	1,144	807	322
Prepaid expenses and other current assets	1,443	2,903	2,259
Total current assets	43,428	12,581	7,889
Prepaid rent	3,992	2,855	2,958
Investments held in rabbi trust account	3,067	2,905	2,408
Property and equipment, net of accumulated depreciation of $18,155, $17,917 and $15,654 at March 31, 2013, December 31, 2012 and 2011, respectively	7,188	6,688	5,298
Due from affiliates	7,460	60,389	40,505
Employee notes receivable	—	350	587
Other assets	3,738	3,965	4,651
Total assets	$ 68,873	$89,733	$64,296
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable and accrued expenses	$ 4,071	$14,350	$ 7,559
Commissions payable	11,268	22,584	13,580
Accrued employee expenses	18,517	17,519	9,688
Total current liabilities	33,856	54,453	30,827
Deferred compensation and commissions	7,037	9,121	6,626
Other liabilities	4,421	4,529	6,686
Total liabilities	45,314	68,103	44,139
Commitments and contingencies (Note 11)			
Stockholders' equity:			
Series A redeemable preferred stock, $10.00 par value:			
Authorized shares – 1,000; issued and outstanding shares – 1,000 at March 31, 2013, December 31, 2012 and 2011; $10.00 redemption value per share at March 31, 2013, December 31, 2012 and 2011	10	10	10
Common stock, $1.00 par value:			
Authorized shares – 1,000,000; issued and outstanding shares –234,489, 233,739 and 230,239 at March 31, 2013 December 31, 2012 and 2011, respectively	235	234	230
Additional paid-in capital	24,984	24,718	20,423
Stock notes receivable from employees	(126)	(150)	(146)
Accumulated loss	(1,544)	(3,182)	(360)
Total stockholders' equity	23,559	21,630	20,157
Total liabilities and stockholders' equity	$ 68,873	$89,733	$64,296

See accompanying notes.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(dollar amounts in thousands)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(unaudited)				
Revenues:					
Real estate brokerage commissions	$ 61,198	$ 56,927	$ 351,407	$ 245,333	$ 198,366
Financing fees	5,014	3,456	21,132	16,522	10,917
Other revenues	3,158	2,286	13,177	12,850	8,652
Total revenues	69,370	62,669	385,716	274,705	217,935
Operating expenses:					
Cost of services	41,221	35,945	230,248	162,478	124,272
Selling, general, and administrative expense	24,732	22,309	103,479	85,801	76,438
Depreciation and amortization expense	760	731	2,981	2,971	3,333
Total operating expenses	66,713	58,985	336,708	251,250	204,043
Operating income	2,657	3,684	49,008	23,455	13,892
Other income, net	242	283	433	350	959
Income before provision for income taxes	2,899	3,967	49,441	23,805	14,851
Provision for income taxes	1,261	1,726	21,507	10,355	6,460
Net income	$ 1,638	$ 2,241	$ 27,934	$ 13,450	$ 8,391
Proforma information (unaudited)					
Net income before income taxes, as reported	$		$		
Proforma provision for income tax					
Proforma net income	$		$		

See accompanying notes.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollar amounts in thousands)

	Series A Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Stock Notes Receivable From Employees	Accumulated Earnings (loss)	Total
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2009	1,000	$ 10	230,592	$ 230	$ 18,037	$ (29)	$ (3,675)	$ 14,573
Net income	—	—	—	—	—	—	8,391	8,391
Preferred dividends declared and paid	—	—	—	—	—	—	(2,000)	(2,000)
Deemed capital contribution from Parent	—	—	—	—	704	—	—	704
Issuance of restricted stock	—	—	3,750	4	82	(86)	—	—
Payments on stock notes receivable from employees	—	—	—	—	—	33	—	33
Canceled and repurchased shares	—	—	(155)	—	(3)	—	—	(3)
Balance as of December 31, 2010	1,000	10	234,187	234	18,820	(82)	2,716	21,698
Net income	—	—	—	—	—	—	13,450	13,450
Preferred dividends declared and paid	—	—	—	—	—	—	(16,526)	(16,526)
Deemed capital contribution from Parent	—	—	—	—	1,610	—	—	1,610
Issuance of restricted stock	—	—	6,462	6	157	(163)	—	—
Payments on stock notes receivable from employees	—	—	—	—	—	56	—	56
Canceled and repurchased shares	—	—	(10,410)	(10)	(164)	43	—	(131)
Balance as of December 31, 2011	1,000	10	230,239	230	20,423	(146)	(360)	20,157
Net income	—	—	—	—	—	—	27,934	27,934
Preferred dividends declared and paid	—	—	—	—	—	—	(30,756)	(30,756)
Deemed capital contribution from Parent	—	—	—	—	4,209	—	—	4,209
Issuance of restricted stock	—	—	3,500	4	86	(90)	—	—
Payments on stock notes receivable from employees	—	—	—	—	—	86	—	86
Balance as of December 31, 2012	1,000	10	233,739	234	24,718	(150)	(3,182)	21,630
Net income (unaudited)	—	—	—	—	—	—	1,638	1,638
Preferred dividends declared and paid (unaudited)	—	—	—	—	—	—	—	—
Deemed capital contribution from Parent (unaudited)	—	—	—	—	246	—	—	246
Issuance of restricted stock (unaudited)	—	—	750	1	20	(21)	—	—
Payments on stock notes receivable from employees (unaudited)	—	—	—	—	—	45	—	45
Balance as of March 31, 2013 (unaudited)	1,000	$ 10	234,489	$ 235	$ 24,984	$ (126)	$ (1,544)	$ 23,559

See accompanying notes.

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MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(unaudited)	(unaudited)			
Operating activities					
Net income	$ 1,638	$ 2,241	$ 27,934	$ 13,450	$ 8,391
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization expense	760	731	2,981	2,971	3,333
Provision for bad debt expense	37	56	157	311	469
Stock-based compensation, net of taxes	246	280	4,209	1,610	704
Other non-cash items	(30)	19	19	35	56
Changes in operating assets and liabilities:					
Commissions receivable	2,355	(252)	(3,614)	738	(1,454)
Prepaid expenses and other current assets	1,460	4	(644)	(460)	(430)
Prepaid rent	(1,137)	347	103	668	2,142
Investments in rabbi trust account	(162)	(216)	(497)	240	950
Other assets	189	245	530	(1,694)	1,543
Due to (from) affiliates	52,929	48,667	(19,884)	(1,513)	(15,267)
Accounts payable and accrued expenses	(10,279)	(3,909)	6,791	3,239	(1,095)
Commissions payable	(11,316)	(6,166)	9,004	(5,511)	2,741
Accrued employee expenses	998	2,948	7,831	686	5,395
Deferred compensation and commissions	(2,084)	(525)	2,495	899	(2,063)
Other liabilities	(98)	(1,771)	(2,061)	2,147	(1,303)
Net cash provided by operating activities	35,506	42,699	35,354	17,816	4,112
Investing activities					
Payments on employee notes receivable	150	2	458	550	251
Issuances of employee notes receivable	(137)	(219)	(706)	(310)	(467)
Purchase of property and equipment	(1,263)	(978)	(4,563)	(3,083)	(922)
Proceeds from sale of property and equipment	32	28	174	172	62
Net cash used in investing activities	(1,218)	(1,167)	(4,637)	(2,671)	(1,076)
Financing activities					
Payments on obligations under capital leases	(8)	(155)	(98)	(318)	(600)
Dividends paid to Parent	—	—	(30,756)	(16,526)	(2,000)
Repayment of stock notes receivable from employees	45	3	86	56	33
Repurchase of shares	—	—	—	(131)	(3)
Net cash provided by (used in) financing activities	37	(152)	(30,768)	(16,919)	(2,570)
Net increase (decrease) in cash and cash equivalents	34,325	41,380	(51)	(1,774)	466
Cash and cash equivalents at beginning of period	3,107	3,158	3,158	4,932	4,466
Cash and cash equivalents at end of period	$ 37,432	$44,538	$ 3,107	$ 3,158	$ 4,932

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS CASH FLOWS (continued)

(in thousands)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(unaudited)	(unaudited)			
Supplemental disclosures of cash flow information					
Interest paid during the period	$ —	$ 2	$ 4	$ 12	$ 35
Income taxes paid to Parent	$11,640	$5,003	$17,880	$9,440	$ —
Supplemental disclosures of noncash investing and financing activities					
Issuance of restricted stock for notes receivable	$ 21	$ 90	$ 90	$ 163	$ 86
Assets acquired under capital lease	$ —	$ —	$ —	$ 121	$ —
Deemed capital contribution from Parent	$ 246	$ 280	$ 4,209	$1,610	$704

See accompanying notes.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

1. Organization and Accounting Policies

Marcus & Millichap Real Estate Investment Services, Inc. (the Company) is a brokerage firm specializing in commercial real estate investment sales, financing, research, and advisory services. The Company is majority-owned by Marcus & Millichap Company (the Parent or MMC). Substantially all of the Company's preferred and common stock outstanding at March 31, 2013, December 31, 2012 and 2011 was held by MMC and its affiliates or officers and employees of the Company.

Basis of Presentation

The Company participates in a tax sharing agreement and a shared services arrangement and other transactions with the Parent. Accordingly, the accompanying consolidated financial statements may not reflect the consolidated financial position, results of operations, and cash flows that would have been achieved if the Company had operated as an unaffiliated company.

Unaudited Consolidated Interim Financial Information

The consolidated balance sheet as of March 31, 2013, the consolidated statements of income and the consolidated statements of cash flows for the three months ended March 31, 2012 and 2013 and the consolidated statement of stockholders' equity for the three months ended March 31, 2013 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in management's opinion, reflect all adjustments, consisting only of normal recurring adjustments, necessary to state fairly our financial position as of March 31, 2013 and the consolidated results of operations and cash flows for the three months ended March 31, 2012 and 2013. The financial data and other information disclosed in these notes to the consolidated financial statements related to the three month periods are unaudited. The results of the three months ended March 31, 2013 are not necessarily indicative of the results to be expected for the year ending December 31, 2013.

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include short-term, highly liquid investments with maturities of three months or less when purchased. At March 31, 2013, December 31, 2012 and 2011, a significant portion of the balance of cash and cash equivalents was held with three financial institutions.

Management believes the likelihood of realizing material losses from the excess of cash balances over federally insured limits is remote.

The majority of the cash generated and used in the Company's operations is held in bank accounts with one financial institution that are included in a sweep arrangement with MMC. Pursuant to a treasury management service agreement with that financial institution, the cash is swept daily into MMC's money market account. The Company collects interest income from MMC at the same interest rate as MMC earns on the money market account. Historically, other than for a 2-week period around MMC's March 31 fiscal year end, the Company has a receivable from MMC for the cash that has been swept. When the sweep arrangement is not in effect, during the week before and the week after March 31, the Company's cash balances remain in the Company's bank accounts.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Commissions Receivable and Allowance for Doubtful Accounts

Commissions receivable consist primarily of commissions earned for which payment has not yet been received as well as current receivables from agents. The Company establishes an allowance for doubtful accounts based on the specific-identification of potentially uncollectible accounts.

Other Assets

Other assets consist primarily of commission notes receivable, notes receivable from agents and lease deposits.

In connection with real estate brokerage activities, the Company may accept a portion of its commission in the form of a note receivable. Such notes bore interest at an average rate of approximately 5% in fiscal years 2012 and 2011 and are generally due in one to five years.

The notes receivable from agents, along with interest, are collected from future commissions and are due immediately upon the agents' departure from the Company. Notes receivable from agents are reserved based on historical experience.

The Company establishes an allowance for doubtful accounts based on the specific-identification of potentially uncollectible accounts or commissions notes receivable. Any cash receipts on notes are applied first to unpaid principal balance prior to any income being recognized.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The Company uses the straight-line method for depreciation and amortization. Depreciation is provided over estimated useful lives ranging from three to seven years. Furniture and equipment acquired under capital leases are amortized over the lesser of their estimated useful lives or the related lease term.

The Company leases equipment under capital lease arrangements. The assets and liabilities under capital lease are recorded at the lesser of the present value of aggregate future minimum lease payments, including estimated bargain purchase options, or the fair value of the asset under lease. Assets under capital lease are depreciated using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease.

The Company evaluates its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company believes the carrying amount of property and equipment is recoverable and, therefore, no impairment loss has been recorded for the years ended December 31, 2012, 2011, 2010, and the three months ended March 31, 2013.

Deferred Offering Costs

Deferred offering costs, consisting of legal, accounting and other fees and costs relating to the initial public offering, are capitalized and included in other noncurrent assets in the consolidated balance sheets. The deferred offering costs will be offset against the initial public offering proceeds upon the closing of the initial public offering. There were $360 (unaudited) of capitalized deferred offering costs as of March 31, 2013 and no similar costs as of December 31, 2012 or December 31, 2011.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Deferred Rent Obligation

Certain of the Company's operating leases contain periods of free or reduced rent or contain predetermined fixed increases in the minimum rent amount during the lease term. For these leases, the Company recognizes rent expense on a straight-line basis over the term of the lease, generally about seven years, including periods of free rent, and records the difference between the amount charged to rent expense and the rent paid as a deferred rent obligation. As of March 31, 2013 and December 31, 2012 and 2011, deferred rent totaled $3,154, $3,170 and $2,760, respectively, and is included in other liabilities and accounts payables and accrued expenses in the accompanying consolidated balance sheets.

Revenue Recognition

The Company generates real estate brokerage commissions by acting as a broker for real estate owners or investors seeking to buy or sell commercial properties. Revenues from real estate brokerage commissions are recognized when there is persuasive evidence of an arrangement, all services have been provided, the price is fixed and determinable and collectability is reasonably assured.

The Company generates financing fees from securing financing on purchase transactions as well as fees earned from refinancing our clients' existing mortgage debt. Financing fee revenues are recognized at the time the loan closes and there are no remaining significant obligations for performance in connection with the transaction.

Other revenues include fees generated from consulting and advisory services, as well as referral fees from other real estate brokers. Revenues from these services are recognized as they are performed and completed.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2012, 2011, and 2010 was $702, $525, and $439 respectively. Advertising expense for three months ended March 31, 2013 and 2012 was $262 and $244 respectively. Advertising costs are included in selling, general, and administrative expense in the accompanying consolidated statements of income.

Income Taxes

The Company is part of a consolidated federal income tax return and a combined unitary California tax return that are filed by the Parent. The Company and the Parent have entered into a tax-sharing agreement whereby the Company provides for income taxes in its consolidated statements of income using an effective tax rate of 43.5% for the years ended December 31, 2012, 2011, and 2010 and three months ended March 31, 2013 and 2012, applied to pretax income. The amount derived represents a receivable or obligation of the Company from (to) the Parent that the Company generally settles on a current basis. In addition, all deferred tax assets and liabilities are recorded by the Parent. At March 31, 2013, December 31, 2012 and 2011, amounts due to the Parent under the tax-sharing agreement totaled $944, $11,133 and $4,266, respectively.

The Company is subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes,* where FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, is primarily codified. It defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more likely than not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized. Management has analyzed the Company's inventory of tax positions taken with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction), and has concluded that no uncertain tax positions are required to be recognized in the Company's consolidated financial statements.

Stock-Based Compensation

The Company issues stock options and stock appreciation rights (SARs) to key employees through a book value, stock-based compensation award program (the Program). The Program allows for employees to exercise stock options in exchange for shares of unvested restricted common stock. The Program also allows employees to exercise options through the issuance of notes receivable, which are recourse to the employee. The stock-based awards granted under the Program are cancelable at the discretion of the Board of Directors or its designees.

The grant price and repurchase price of stock-based awards at the grant date and repurchase date are determined by a valuation formula using book value, as defined by the agreements between the Company and the employees. The stock-based awards generally vest over a three to five-year period and incorporate mandatory repurchase clauses which require the employee to sell their stock-based awards under certain valuation formulas. The Company will redeem the vested stock, or SARs held by the employee stockholder upon certain conditions occurring and at a price determined by reference to the Program's valuation formula at the end of the year preceding the repurchase.

While the Company has entered into agreements to acquire the stock and settle the SARs held by employees upon termination of their employment (subject to certain conditions as specified in the agreements), MMC has assumed the Company's obligation with respect to any appreciation in the value of the stock options and SARs awards in excess of the employees' exercise price.

Restricted Common Stock

Since stock options only allow the grantee the right to acquire shares of unvested restricted common stock, the Company has deemed the stock options to be non-substantive and does not recognize any compensation expense related to the stock options on the date of grant. Restricted common stock is accounted for in accordance with ASC 718, *Share-Based Payments*. Subsequent to the exercise of the options, increases or decreases in the formula settlement value of vested stock are recorded as increases or decreases, respectively, to compensation expense, with decreases limited to the employees' original exercise price.

As MMC has assumed the Company's obligation with respect to any appreciation in the value of the underlying vested awards in excess of the employees' exercise price, MMC is deemed to make a capital contribution to the Company's additional paid-in capital equal to the amount of compensation expense recorded, net of the applicable taxes. Based on the tax-sharing agreement between the Company and MMC, the tax deduction on the compensation expense recorded by the Company is allocated to MMC. MMC records the liability related to the appreciation in the value of the underlying stock in its consolidated financial statements. To the extent of any depreciation in the value of the underlying vested awards (limited to the amount of any appreciation previously recorded from the employees' original exercise price), compensation expense is reduced and MMC is deemed to receive a capital distribution.

Stock Appreciation Rights

SARs to employees are accounted for in accordance with ASC 718. Similar to the vested stock, compensation expense related to the SARs is to be recorded in each period and is equal to the appreciation in the formula-settlement value of vested SARs at the end of each reporting period-end from the prior reporting period-end.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

As MMC has assumed the Company's obligation with respect to any appreciation in the value of the vested SARs, MMC is deemed to make a capital contribution to the Company's additional paid-in capital equal to the amount of compensation expense recorded, net of the applicable taxes. Based on the tax-sharing agreement entered between the Company and MMC, the tax deduction on the compensation expense recorded by the Company is allocated to MMC. MMC records the liability related to the appreciation in the value of the underlying stock in its consolidated financial statements. To the extent of any depreciation in the value of the vested SARs (limited to the amount of any appreciation previously recorded), compensation expense is reduced and MMC is deemed to receive a capital distribution.

Fair Value of Financial Instruments

The accounting guidance for fair value measurements applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. Under the accounting guidance, the Company makes fair value measurements that are classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability, or

Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The fair values of the Company's financial instruments, including such items in the consolidated financial statement captions as cash and cash equivalents, commissions and notes receivable, due from (to) affiliates, accounts payable and accrued expenses, and commissions payable, approximate their carrying values based on their nature, terms, and interest rates, which approximate current fair value market rates and are considered to be in the Level 1 classification.

Investments held in a rabbi trust account are considered to be in the Level 1 classification.

Recent Accounting Pronouncements

Fair Value Measurement

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820)". The amendments in this ASU change the wording used to describe the requirements for measuring fair value and for disclosing information about fair value measurements. For public companies, the ASU should be applied prospectively for interim and annual periods beginning after December 15, 2011. The requirements of this ASU were adopted during 2012, and they did not have a material impact on the Company's consolidated financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash, due from affiliate, and receivables. Cash is placed with high-credit quality financial institutions. The Company historically has not experienced any losses in its cash and cash equivalent or due from affiliate. The Company maintains allowances for estimated credit losses based on management's assessment of the likelihood of collection. As of March 31, 2013, December 31, 2012 and December 31, 2011, no individual customer accounted for 10% or more of commissions and notes receivable. For the three months ended

(dollar amounts in thousands)

March 31, 2013 and 2012, and for the years ended December 31, 2012, 2011 and 2010, no individual customer represented 10% or more of total revenues.

Use of Estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Segments

ASC 280, "*Segment Reporting*" ("ASC 280"), establishes standards for reporting information on operating segments in interim and annual financial statements. An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses whose separate financial information is available and is evaluated regularly by the Chief Operating Decision Maker (CODM) or decision making group, to perform resource allocations and performance assessments. The CODM is the Chief Executive Officer and Chief Financial Officer. The CODM reviews financial information presented on an office-by-office basis for purposes of making operating decisions, assessing financial performance and allocating resources. Based on the evaluation of the Company's financial information, management believes that the Company's offices represent individual operating segments with similar economic characteristics that meet the criteria for aggregation into a single reportable segment for financial statement purposes. The Company's financing operations also represent an individual operating segment, which does not meet the thresholds to be presented as a separate reportable segment.

2. Commissions Receivable

Commissions receivable consist of the following:

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Commissions due from buyer/seller	$ 2,386	$5,205	$1,936
Due from sales agents	1,152	688	357
Less allowance for doubtful accounts	(129)	(129)	(143)
	$ 3,409	$5,764	$2,150

The following table presents the changes in the allowance for doubtful accounts:

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Balance at beginning of period	$ (129)	$(143)	$(198)
Provision for losses on commissions receivable	—	—	(5)
Write-off of uncollectible commissions receivable	—	14	60
Balance at end of period	$ (129)	$(129)	$(143)

The Company derives its revenues from a broad range of real estate investors, owners, and users in the United States, none of which individually represents a significant concentration of credit risk. The Company performs ongoing credit evaluations of its customers and debtors and requires collateral on a case-by-case basis.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

3. Property and Equipment

Property and equipment consist of the following:

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Computer software and hardware equipment	$ 6,898	$ 6,211	$ 4,488
Furniture, fixtures, and equipment	17,851	18,394	16,464
Leasehold improvements	594	—	—
Less accumulated depreciation and amortization	(18,155)	(17,917)	(15,654)
	$ 7,188	$ 6,688	$ 5,298

Depreciation expense for property and equipment was $2,981, $2,971 and $3,333 for the years ended December 31, 2012, 2011 and 2010, and $760 and $731 for the three months ended March 31, 2013 and 2012, respectively.

Furniture, fixtures and equipment with a net book value of $98, $160 and $545, are recorded under capital leases as of March 31, 2013, December 31, 2012 and 2011, respectively. The related depreciation of these assets is included in depreciation expense.

Payments for certain improvements to the Company's leased office space are recorded as prepaid rent. Amortization of prepaid rent is recorded over the lease term as an increase to rent expense using the straight-line method.

4. Other Assets

Other assets consist of the following:

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Commission notes receivable	$ 732	$ 739	$ 465
Due from sales agents	372	376	366
Agent recruiting receivable	1,641	1,766	2,859
Security deposits and other	993	1,084	961
	$ 3,738	$3,965	$4,651

5. Other Liabilities

Other liabilities consist of the following:

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Long term deferred rent	$ 2,644	$2,703	2,539
Accrued legal	1,538	1,826	3,651
Other	239	—	496
	$ 4,421	$4,529	$6,686

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

6. Related-Party Transactions

Amounts due from (to) affiliates consists of the following:

	March 31, 2013 (unaudited)	December 31, 2012	December 31, 2011
Cash sweep receivable from Parent	$ —	$ 71,905	$45,141
Advance to Parent	8,404	—	—
Taxes payable to Parent	(944)	(11,133)	(4,266)
General and administrative expenses payable to Parent	—	(383)	(370)
	$ 7,460	$ 60,389	$40,505

The majority of the cash generated and used in the Company's operations is held in bank accounts with one financial institution that are included in a sweep arrangement with MMC. Pursuant to a treasury management service agreement with that financial institution, the cash is swept daily into MMC's money market account. The Company collects interest income from MMC at the same interest rate as MMC earns on the money market account. Historically, other than for a 2-week period around MMC's March 31 fiscal year end, the Company has a receivable from MMC for the cash that has been swept. When the sweep arrangement is not in effect, during the week before and the week after March 31, the Company's cash balances remain in the Company's bank accounts.

The Parent has a credit agreement under which, the Company, along with many other entities controlled by the Parent, is a guarantor. The credit agreement comprises two components, a line of credit and a term loan which mature on September 26, 2015 and June 1, 2019, respectively. There are certain covenants that the Company is required to comply with, such as providing an annual audit report, and quarterly financial statements. The Company would be required to satisfy the outstanding obligation upon an event of default as defined in the credit agreement. Under the terms of the guarantee, there is not a specific allocation of liability related to the Company as all guarantors would be combined for paying specific claims. The Company's guarantee for each component of the credit agreement expires on the respective maturity date. The maximum amount of future payments that the Company could be required to make under the guarantee as of December 31, 2012 is equal to the amount outstanding of $49.7 million ($30.7 million outstanding on the line of credit and $19.0 million advanced under the term loan component of the line). At December 31, 2012 and March 31, 2013, MMC was in compliance with all debt covenants under the terms of the line of credit agreement.

Total dividends declared and paid for the years ended December 31, 2012, 2011, and 2010 were $30,756, $16,526, and $2,000, respectively. Total dividends declared and paid for the three months ended March 31, 2013 and 2012 were $0.

Under a shared services arrangement with MMC, MMC provides services to the Company. In 2012, 2011 and 2010, the Company paid $770, $862 and $477, respectively, to MMC pursuant to this arrangement. During the three months ended March 31, 2013 and 2012, the Company paid $228 and $215 to MMC under the shared services arrangement.

Amounts representing health insurance premiums incurred by MMC on behalf of the Company for the years ended December 31, 2012, 2011, and 2010 were $3,471, $2,817, and $2,471 respectively. Amounts representing health insurance premiums incurred by MMC on behalf of the Company for three months ended March 31, 2013 and 2012 were $815 and $738, respectively. Such expenses, paid by MMC on behalf of the Company, are allocated to the affected related companies based on individual employee coverage costs.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

During the years ended December 31, 2012, 2011, and 2010, MMC incurred $457, $826, and $1,256 respectively, in other general and administrative expenses on behalf of the Company. During the three months ended March 31, 2013 and 2012, MMC incurred $280 and $104 respectively in general and administrative expenses on behalf of the Company. Expenses paid by MMC, such as rent, corporate compensation, and other corporate costs, are allocated on a pro rata basis.

The Company earned interest income from MMC of $162, $141, $687, $41 and $33 for the years ended December 31, 2012, 2011 and 2010, respectively, and for the three months ended March 31, 2013 and 2012, respectively.

The Company had $87, $51 and $65 of unpaid shared service amounts at March 31, 2013, December 31, 2012 and 2011, respectively, which are included in due to affiliates in the consolidated balance sheets.

The Company issues loans to employees and concurrently recognizes an employee notes receivable. At March 31, 2013, December 31, 2012, and 2011, the aggregate principal amount loaned to employees was $1,144, $1,157, and $909, respectively.

The Parent has wholly owned subsidiaries that buy and sell commercial real estate properties. The Company has performed financing and brokerage services related to these transactions with wholly-owned subsidiaries of MMC. Financing and brokerage service revenue from these transactions with wholly-owned subsidiaries of MMC totaled $1,116, $847, and $1,493 for the years ended December 31, 2012, 2011, and 2010, respectively. For the three months ended March 31, 2013 and March 31, 2012, revenue from these transactions with wholly-owned subsidiaries of MMC totaled $382 and $331, respectively. Commission expense for these transactions totaled $690 $526, and $887 for the years ended December 31, 2012, 2011, and 2010, respectively. Commission expense for these transactions totaled $238 and $197 for the three months ended March 31, 2013 and 2012, respectively.

The Company an operating lease with MMC for an office located in California. The lease expires April 30, 2015. Rent expense for this office totaled $278 for the years ended December 31, 2012 and 2011, and $279 for the year ended December 31, 2010. Rent expense totaled $69 for the three months ended March 31, 2013 and 2012.

7. Income Taxes

The provision for income taxes attributable to the Company consists of the following:

	Three Months Ended March 31,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Unaudited)				
Federal	$1,106	$1,514	$18,866	$ 9,085	$5,667
State	155	212	2,641	1,270	793
	$1,261	$1,726	$21,507	$10,355	$6,460

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

The provision (benefit) for income taxes for the years ended December 31, 2012, 2011, and 2010 differs from the amounts computed by applying the statutory federal corporate income tax rate of 35% to earnings before income taxes as a result of the following:

	Three Months Ended March 31,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Unaudited)				
Computed expected tax expense	$1,015	$1,389	$17,305	$ 8,332	$5,198
State taxes (net of federal tax effect)	142	194	2,423	1,165	727
Permanent differences	(19)	(50)	8	180	47
Adjustment to tax-sharing rate	123	193	1,771	678	488
Provision for income taxes	$1,261	$1,726	$21,507	$10,355	$6,460

The tax-sharing agreement with the Parent, as discussed in Note 1, has established a rate of 43.5% for each of the years ended December 31, 2012, 2011, and 2010, and three months ended March 31, 2013 which is utilized to compute the Company's income tax provision (benefit) and the resulting amount due (from) to the Parent, which are net of deferred tax assets and liabilities.

8. Restricted Common Stock and Stock Appreciation Rights

Restricted Common Stock

The Company grants options under the Program that are exercisable into shares of unvested restricted common stock. The Program is administered by a committee (the Committee). The Committee determines the terms of an award, including the amount, number of rights or shares, and vesting period, among others. Options issued generally have terms of one year or less and the restricted common stock issued upon exercise of the options generally vest over three to five years. The exercise price of the options is based upon a formula equivalent to the net book value of common stock as of the end of the fiscal year immediately preceding the date of issuance. The Company has not formally reserved any shares of its common stock for future stock awards under the Program.

In prior years and during the year ended December 31, 2012, employees of the Company exercised stock options through the issuance of notes receivable. Cash payments on notes receivable are presented as an increase in consolidated stockholders' equity. Such notes bear interest at a rate of 5% or 6% per annum and are due in defined installments on various remaining dates through April 15, 2016, which is consistent with the vesting periods of the restricted common stock.

During the years ended December 31, 2011 and 2010, 8,544 and 155 vested shares of common stock were redeemed, respectively. During the year ended December 31, 2011, 1,866 unvested shares were canceled. There were no redemptions or cancelations of common stock during the year ended December 31, 2012 or three periods ended March 31, 2013 or March 31, 2012.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

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The following is a summary of the Company's stock option plan activity:

	Year Ended December 31, 2012 Shares Under Options	2012 Weighted-Average Exercise Price	2011 Shares Under Options	2011 Weighted-Average Exercise Price	2010 Shares Under Options	2010 Weighted-Average Exercise Price
Options outstanding at beginning of year:	3,500	$ 25.67	3,025	$ 25.25	3,750	$ 22.90
Granted	750	28.86	6,937	25.47	3,025	25.25
Exercised	(3,500)	25.67	(6,462)	25.27	(3,750)	22.90
Options outstanding at end of year	750	$ 28.86	3,500	$ 25.67	3,025	$ 25.25

	Three Months Ended March 31, 2013 (Unaudited) Shares Under Options	2013 Weighted-Average Exercise Price	2012 Shares Under Options	2012 Weighted-Average Exercise Price
Options outstanding at beginning of period:	750	$ 28.86	3,500	$ 25.67
Granted	—	—	—	—
Exercised	(750)	28.86	(3,500)	25.67
Options outstanding at end of period	—	$ —	—	$ —

The following is a summary of the Company's restricted common stock activity:

	Year Ended December 31, 2012 Restricted Stock	2012 Weighted-Average Grant Date Fair Value	2011 Restricted Stock	2011 Weighted-Average Grant Date Fair Value	2010 Restricted Stock	2010 Weighted-Average Grant Date Fair Value
Restricted common stock outstanding at beginning of year:	24,499	$ 23.36	28,447	$ 20.95	24,852	$ 20.12
Issued upon exercise of stock options	3,500	25.87	6,462	25.28	3,750	23.02
Canceled	—	—	(1,866)	23.07	—	—
Repurchased	—	—	(8,544)	15.40	(155)	22.05
Restricted common stock outstanding at end of year	27,999	$ 23.67	24,499	$ 23.36	28,447	$ 20.95
Restricted common stock vested at end of year	22,682		18,960		24,881	
Restricted common stock unvested at end of year	5,317		5,539		3,566	

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

	Three Months Ended March 31, 2013		2012	
	(Unaudited)			
	Restricted Stock	Weighted-Average Grant Date Fair Value	Restricted Stock	Weighted-Average Grant Date Fair Value
Restricted common stock outstanding at beginning of period:	27,999	$ 23.36	24,499	$ 23.36
Issued upon exercise of stock options	750	28.86	3,500	25.67
Canceled	—	—	—	—
Repurchased	—	—	—	—
Restricted common stock outstanding at end of period	28,749	$ 23.76	27,999	$ 23.67
Restricted common stock vested at end of period	22,682		18,960	
Restricted common stock unvested at end of period	6,067		9,039	

SARs

The following is a summary of the Company's SARs plan activity:

	Three Months Ended March 31, 2013	2012	Year Ended December 31, 2012	2011	2010
	(Unaudited)				
SARs outstanding at beginning of period:	28,733	27,983	27,983	31,456	28,602
Granted	—	—	750	6,937	3,025
Canceled	—	—	—	(1,866)	—
Repurchased	—	—	—	(8,544)	(171)
SARs outstanding at end of period	28,733	27,983	28,733	27,983	31,456
SARs vested at end of period	22,666	18,944	22,666	18,944	24,865

The total formula-settlement value and total compensation cost related to non-vested stock and SARs are as follows:

	Three Months Ended March 31, 2013	2012	Year Ended December 31, 2012	2011	2010
	(Unaudited)				
Stock	$447	$615	$447	$615	$400
Rights under SARs	$371	$458	$371	$458	$249

The total compensation cost related to unvested stock and SARs is expected to be recognized over approximately four years. Restricted common stock issued upon exercise of stock options generally vest over three to five years and stock options typically are exercised immediately for a note receivable.

During 2012, 2011, and 2010, an aggregate credit and charge to compensation expense related to the change in the formula-settlement value of vested stock over each employee's exercise price and vested SARs was $7,448, $2,851, and $1,246, respectively. During the three months ended March 31, 2013 and 2012, total stock based compensation expense was $436 and $496, respectively.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

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The total fair value of stock and SARs that vested during the years ended December 31 was as follows (none during the three months ended March 31, 2013 and 2012):

	2012	2011	2010
Stock	$961	$471	$135
Rights under SARs	$818	$358	$ 45

9. Stockholders' Equity

Series A Redeemable Preferred Stock

The Company had 1,000 shares of Series A Redeemable Preferred Stock (Series A Preferred) issued and outstanding as of March 31, 2013, December 31, 2012 and 2011. The terms are discussed below.

Dividends

The stockholders of Series A Preferred are entitled to receive dividends, payable in preference and priority to any distribution on common stock, at a rate determined by the Board of Directors, when and as declared by the Board of Directors. The right to dividends on the Series A Preferred is not cumulative, and no right accrues to the holders of Series A Preferred by reason of the fact that dividends on such shares are not declared and paid in any prior year, nor are any undeclared or unpaid dividends entitled to bear or accrue interest. No dividend shall be paid with respect to common stock unless Series A Preferred stockholders receive a dividend return in such year in the amount of $10 for each outstanding share of Series A Preferred. To the extent that dividends are declared on any common share, a dividend in an equal amount shall be paid on each outstanding share of Series A Preferred. Dividends in the amount of $30,756, $16,526, and $2,000 were declared and paid during the years ended December 31, 2012, 2011, and 2010 respectively, for Series A Preferred. No dividends were declared and paid during the three months ended March 31, 2013 and 2012 for Series A Preferred. No dividends were declared for common stock in the years ended December 31, 2012, 2011, and 2010 and three months ended March 31, 2013 and 2012.

Liquidation Preference

In the event of voluntary or involuntary liquidation, the Series A Preferred stockholders are entitled to be paid, before any payment shall be made in respect of the Company's common stock, an amount equal to $10 per share of Series A Preferred plus all accrued but unpaid dividends for each share of Series A Preferred. If, upon liquidation, the assets of the Company available for distribution to its stockholders are insufficient to pay the holders of Series A Preferred, the entire remaining assets of the Company available for distribution shall be distributed ratably among the holders of the Series A Preferred in proportion to the full amount to which they would otherwise be respectively entitled.

After the payment or setting apart for payment to the holders of the Series A Preferred, the remaining assets and funds of the Company available for distribution to the stockholders shall be distributed among the holders of common stock pro rata on the basis of the number of shares of common stock then outstanding.

Redemption

The Company may redeem any or all shares of Series A Preferred by paying an amount equal to $10 per share plus all declared and unpaid dividends with respect to such shares at the redemption date. Series A Preferred shares do not convert to common stock.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

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Voting Rights

The Series A Preferred stockholders do not have voting rights.

10. Retirement Plans

The Company participates in a defined contribution plan (the Contribution Plan), provided by the Parent under Section 401(k) of the Internal Revenue Code, for all eligible employees of the Company who have completed one month of service and have reached age 21. The Contribution Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Participants may contribute up to 100% of their annual eligible compensation, with a maximum contribution of $17.5 and $17 for calendar years 2013 and 2012, respectively, and $16.5 for the calendar years 2011 and 2010. An additional $5.5 contribution is allowed for participants age 50 or older. The Company also maintains a matching program for its employees for up to a maximum of $1 per eligible employee per year; however, no contributions were made for the years ended December 31, 2012, 2011, and 2010. Contributions totaled $78 for the three months ended March 31, 2013. Participants are entitled to retirement benefits at age 59 1/2.

During fiscal year 2001, the Company established the Marcus & Millichap Real Estate Investment Brokerage Company Deferred Compensation Plan (the Deferred Compensation Plan) for a select group of management. The Deferred Compensation Plan has similar characteristics of a 401(k) plan and provides the Deferred Compensation Plan participants additional flexibility in terms of contribution and distribution elections.

Participants may elect to invest in various equity and debt securities offered within the Deferred Compensation Plan program. The Company chose to fund the Deferred Compensation Plan through variable life insurance policies purchased for the participants' benefit. The Deferred Compensation Plan is managed by a third-party institutional fund manager, and the deferred compensation and investment earnings are held as a Company asset in a rabbi trust. This trust account is restricted unless the Company becomes insolvent, as defined in the Deferred Compensation Plan, in which case the Deferred Compensation Plan's assets are subject to the claims of the Company's creditors.

The Company may also, in its sole and absolute discretion, elect to withdraw at any time all or a portion of the amount by which the fair market value of the Deferred Compensation Plan's assets exceeds 110% of the aggregate amount credited to the Deferred Compensation Plan's participants' accounts, as defined by the Deferred Compensation Plan. The deferred compensation liability was $2,570, $2,421 and $1,932 at March 31, 2013, December 31, 2012 and 2011, respectively, and is included in other liabilities on the consolidated balance sheets.

The net change in the carrying value of the investment assets and the related obligation are recorded in other income and selling, general, and administrative expense, respectively, in the accompanying consolidated statements of income.

11. Commitments and Contingencies

Total rental expense under the Company's operating leases was $14,453, $15,087, and $16,493 for the years ended December 31, 2012, 2011, and 2010 respectively. Rental expense was $4,080 and $3,692 for the three months ended March 31, 2013 and 2012, respectively. Rental expense is included in selling, general, and administrative expense.

MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES

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As of December 31, 2012, the future minimum lease payments under non-cancelable operating leases for office facilities and automobile leases with terms in excess of one year are as follows:

Year ending December 31:	
2013	$10,770
2014	9,581
2015	8,021
2016	5,088
2017	1,665
Thereafter	1,629
	$36,754

Certain facility leases provide for rental escalations related to increases in the lessors' direct operating expenses.

The Company is obligated under capital lease arrangements for certain equipment. At March 31, 2013, December 31, 2012 and 2011, the amount of equipment recorded in property and equipment under capital leases were $545, $160 and $98, respectively.

As of December 31, 2012, the future minimum lease payments under capital leases for equipment are as follows:

Year ending December 31:	
2013	$305
2014	186
2015	86
2016	9
2017	—
Thereafter	—
	$586

Litigation

In relation to litigation, the Company is subject to various legal proceedings and claims that arise in the ordinary course of business. If the Company determines that it is probable that a loss has been incurred and the amount is reasonable estimable, the Company will record a liability. The Company has determined that it does not have a potential liability related to any legal proceedings or claims that would individually or in the aggregate materially adversely affect its financial conditions or operating results.

12. Subsequent Events

The Company has evaluated subsequent events and determined that there have been no subsequent events that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

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Shares

Marcus & Millichap

Common Stock

PROSPECTUS

Citigroup

Goldman, Sachs & Co.

Through and including , 2013 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee, the FINRA filing fee and the stock exchange listing fee.

	Amount to be Paid
SEC registration fee	*
FINRA filing fee	*
Stock exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky qualification fees and expenses	*
Transfer Agent and Registrar fees	*
Miscellaneous fees and expenses	*
Total	*

* to be filed by amendment

Item 14. Indemnification of Directors and Officers

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee or agent of the corporation (other than an action by or in the right of the corporation—a "derivative action"), if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's by-laws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation will limit the liability of our directors to the maximum extent permitted by Delaware law. Delaware law provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except with respect to liability:

- for any breach of the director's duty of loyalty to our company or our stockholders;
- for any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; and
- for any transaction from which the director derived an improper personal benefit.

However, if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The modification or repeal of this provision of our amended and restated certificate of incorporation will not adversely affect any right or protection of a director existing at the time of such modification or repeal.

Our certificate of incorporation and bylaws will provide that we will, to the fullest extent from time to time permitted by law, indemnify our directors and officers against all liabilities and expenses in any suit or proceeding, arising out of their status as an officer or director or their activities in these capacities. We will also indemnify any person who, at our request, is or was serving as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. We may, by action of our Board of Directors, provide indemnification to our employees and agents within the same scope and effect as the foregoing indemnification of directors and officers. In addition, we intend to enter into separate indemnification agreements with each of our directors and executive officers, which may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements may require us, among other things, to indemnify our directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct.

The right to be indemnified will include the right of an officer or a director to be paid expenses, including attorneys' fees, in advance of the final disposition of any proceeding, provided that, if required by law, we receive an undertaking to repay such amount if it will be determined that he or she is not entitled to be indemnified.

Item 15. Recent Sales of Unregistered Securities

Since June 1, 2010, we have granted to certain of our officers and employees options to purchase an aggregate of 10,462 shares of common stock at prices ranging from $25.28 to $28.86, for an aggregate purchase price of $268,529.

The issuances of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of such Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and warrants issued in such transactions. All recipients had adequate access, through their relationships with us, to information about us.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibits*. The attached Exhibit Index is incorporated herein by reference.

(b) *Financial Statement Schedules*. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Calabasas, State of California on , 2013.

MARCUS & MILLICHAP, INC.

By: ____________________________________
John J. Kerin
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints, jointly and severally, George M. Marcus, John J. Kerin and Martin E. Louie, and each of them, as his attorney-in-fact, with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments), and any and all Registration Statements filed pursuant to Rule 462 under the Securities Act of 1933, as amended, in connection with or related to the offering contemplated by this Registration Statement and its amendments, if any, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorney to any and all amendments to said Registration Statement.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
John J. Kerin	Director, President and Chief Executive Officer	, 2013
Martin E. Louie	Chief Financial Officer	, 2013
George M. Marcus	Director	, 2013
William A. Millichap	Director	, 2013

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EXHIBIT INDEX

Number	Description
1.1*	Form of Underwriting Agreement dated , 2013.
3.1	Certificate of Incorporation of Marcus & Millichap, Inc., as currently in effect
3.2*	Amended and Restated Certificate of Incorporation of Marcus & Millichap, Inc., to become effective upon closing of the offering.
3.3	Bylaws of Marcus & Millichap, Inc., as currently in effect
3.4*	Amended and Restated Bylaws of Marcus & Millichap, Inc., to become effective upon closing of the offering.
4.1*	Specimen Stock Certificate.
5.1*	Opinion of Orrick, Herrington & Sutcliffe LLP regarding the legality of the common stock being registered.
10.1*	Contribution Agreement by and among Marcus & Millichap, Inc., Marcus & Millichap Company, and certain other shareholders of Marcus & Millichap Real Estate Investment Services, Inc. to be entered into prior to the completion of the offering.
10.2*	Tax Matters Agreement by and between Marcus & Millichap, Inc. and Marcus & Millichap Company to be entered into prior to the completion of the offering.
10.3*	Transition Services Agreement by and between Marcus & Millichap, Inc. and Marcus & Millichap Company to be entered into prior to the completion of the offering.
10.4	President and Chief Executive Officer Employment Agreement by and between Marcus & Millichap Real Estate Investment Services, Inc. and John J. Kerin, dated July 1, 2010.
10.5*	Form of Indemnification Agreement between Marcus & Millichap, Inc. and each of its Officers and Directors.
10.6*	2013 Omnibus Equity Incentive Plan.
10.7*	2013 Employee Stock Purchase Plan to become effective prior to the completion of the offering.
21.1*	List of Subsidiaries.
23.1*	Consent of Ernst & Young LLP.
23.2*	Consent of Orrick, Herrington & Sutcliffe LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page to this Registration Statement).

* To be supplied by amendment.

Exhibit 3.1

CERTIFICATE OF INCORPORATION

MARCUS & MILLICHAP, INC.

ARTICLE I

The name of the corporation is Marcus & Millichap, Inc. (the "Corporation").

ARTICLE II

The address of the Corporation's registered office in the state of Delaware is 160 Greentree Drive, Suite 101, in the city of Dover, county of Kent, Zip Code 19904. The name of its registered agent at such address is National Registered Agents, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE IV

The aggregate number of shares which the Corporation shall have authority to issue is 150,000,000 shares of capital stock all of which shall be designated "Common Stock" and have a par value of $0.0001 per share.

ARTICLE V

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation. In furtherance of and not in limitation of the powers conferred by the laws of the state of Delaware, the Board of Directors of the Corporation is expressly authorized to make, amend or repeal Bylaws of the Corporation.

Distributions by the Corporation may be made without regard to "preferential dividends arrears amount" or any "preferential rights," as such terms may be used in Section 500 of the California Corporations Code.

ARTICLE VI

To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation.

Neither any amendment nor repeal of this Article VI, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Article VI, shall eliminate or reduce the effect of this Article VI in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VII

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, (C) any action or proceeding asserting a claim against the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or Bylaws, or (D) any action or proceeding asserting a claim against the Corporation governed by the internal affairs doctrine.

ARTICLE VIII

The name and mailing address of the incorporator are as follows:

Valerie Guillard Hein
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105

Executed on June 4, 2013.

/s/ Valerie Hein
Valerie Guillard Hein, Incorporator

Exhibit 3.3

BYLAWS

OF

MARCUS & MILLICHAP, INC.

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BYLAWS

OF

MARCUS & MILLICHAP, INC.

ARTICLE I

CORPORATE OFFICES

1.1 Offices

In addition to the corporation's registered office set forth in the Certificate of Incorporation, the Board of Directors may at any time establish other offices at any place or places where the corporation is qualified to do business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

2.1 Place of Meetings

Meetings of stockholders shall be held at any place, within or outside the state of Delaware, designated by the Board of Directors. In the absence of any such designation, stockholders' meetings shall be held at the registered office of the corporation.

2.2 Annual Meeting

The annual meeting of stockholders shall be held on such date, time and place, either within or without the state of Delaware, as may be designated by resolution of the Board of Directors each year. At the meeting, directors shall be elected and any other proper business may be transacted.

2.3 Special Meeting

A special meeting of the stockholders may be called at any time by the Board of Directors, the chairman of the board, the chief executive officer, the president or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.

If a special meeting is called by any person or persons other than the Board of Directors, the chairman of the board, the chief executive officer or the president, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by email, fax, telegraphic or other facsimile or electronic transmission to the chairman of the board, the chief executive officer, the president or the secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The officer receiving the request shall cause notice to be promptly given to the stockholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.5 of this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than 35 nor more than 60 days after the receipt of the request. If the notice is not given within 20 days after the receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

2.4 Notice of Stockholders' Meetings

All notices of meetings with stockholders shall be in writing and shall be sent or otherwise given in accordance with Section 2.5 of these bylaws not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place (if any), date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.5 Manner of Giving Notice; Affidavit of Notice

Written notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic mail or other electronic transmission, in the manner provided in Section 232 of the Delaware General Corporation Law. An affidavit of the secretary or an assistant secretary or of the transfer agent of the corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.6 Quorum

The holders of a majority of the shares of stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (a) the chairman of the meeting or (b) holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, shall have power to adjourn the meeting to another place (if any), date or time.

2.7 Adjourned Meeting; Notice

When a meeting is adjourned to another place (if any), date or time, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time and place (if any), thereof and the means of remote communications (if any) by which stockholders and proxyholders may be deemed to be present and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the place (if any), date and time of the adjourned meeting and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.8 Organization; Conduct of Business

Such person as the Board of Directors may have designated or, in the absence of such a person, the chief executive officer, or in his or her absence, the president or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the secretary of the corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including the manner of voting and the conduct of business. The date and time of opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

2.9 Voting

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.12 of these bylaws, subject to the provisions of Sections 217 and 218 of the General Corporation Law of Delaware (relating to voting rights of fiduciaries, pledgors and joint owners of stock and to voting trusts and other voting agreements).

Except as may be otherwise provided in the certificate of incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder. All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

2.10 Waiver of Notice

Whenever notice is required to be given under any provision of the General Corporation Law of Delaware or of the certificate of incorporation or these bylaws, a written waiver thereof, signed by the person entitled to notice, or waiver by electronic mail or other electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice, or any waiver of notice by electronic transmission, unless so required by the certificate of incorporation or these bylaws.

2.11 Stockholder Action By Written Consent Without A Meeting

Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action that may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, is (a) signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and (b) delivered to the corporation in accordance with Section 228(a) of the Delaware General Corporation Law.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the date the earliest dated consent is delivered to the corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the corporation in the manner prescribed in this Section. A telegram, cablegram, electronic mail or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for purposes of this Section to the extent permitted by law. Any such consent shall be delivered in accordance with Section 228(d)(1) of the Delaware General Corporation Law.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing (including by electronic mail or other electronic transmission as permitted by law). If the action which is consented to is such as would have required the filing of a certificate under any section of the General Corporation Law of Delaware if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written notice and written consent have been given as provided in Section 228 of the General Corporation Law of Delaware.

2.12 Record Date For Stockholder Notice; Voting; Giving Consents

In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action.

If the Board of Directors does not so fix a record date:

(a) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) The record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent (including consent by electronic mail or other electronic transmission as permitted by law) is delivered to the corporation.

(c) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, if such adjournment is for 30 days or less; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

2.13 Proxies

Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by an instrument in writing or by an electronic transmission permitted by law filed with the secretary of the corporation, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, facsimile, electronic or telegraphic transmission or otherwise) by the stockholder or the stockholder's attorney-in-fact. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212(e) of the General Corporation Law of Delaware.

ARTICLE III

DIRECTORS

3.1 Powers

Subject to the provisions of the General Corporation Law of Delaware and any limitations in the certificate of incorporation or these bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

3.2 Number of Directors

Upon the adoption of these bylaws, the number of directors constituting the entire Board of Directors shall be three (3). Thereafter, this number may be changed by a resolution of the Board of Directors or of the stockholders, subject to Section 3.4 of these bylaws. No reduction of the authorized number of directors shall have the effect of removing any director before such director's term of office expires.

3.3 Election, Qualification And Term of Office of Directors

Except as provided in Section 3.4 of these bylaws, and unless otherwise provided in the certificate of incorporation, directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws, wherein other qualifications for directors may be prescribed. Each director, including a director elected to fill a vacancy, shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Unless otherwise specified in the certificate of incorporation, elections of directors need not be by written ballot.

3.4 Resignation And Vacancies

Any director may resign at any time upon written notice to the attention of the Secretary of the corporation. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Unless otherwise provided in the certificate of incorporation or these bylaws:

(a) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(b) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected, or if no such director is in office, by a majority of all directors then in office, although less than a quorum, or by a sole remaining director.

If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the General Corporation Law of Delaware.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole board (as constituted immediately prior to any such increase), then the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the General Corporation Law of Delaware as far as applicable.

3.5 Place of Meetings; Meetings By Telephone

The Board of Directors of the corporation may hold meetings, both regular and special, either within or outside the state of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 Regular Meetings

Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

3.7 Special Meetings; Notice

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the chairman of the board, the chief executive officer, the president, the secretary or any two directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail, facsimile, electronic transmission, or telegram, charges prepaid, addressed to each director at that director’s address as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least 4 days before the time of the holding of the meeting. If the notice is delivered personally or by facsimile, electronic transmission, telephone or telegram, it shall be delivered at least 24 hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting. The notice need not specify the place of the meeting, if the meeting is to be held at the principal executive office of the corporation. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

3.8 Quorum

At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum is not present at any meeting of the Board of Directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 Waiver of Notice

Whenever notice is required to be given under any provision of the General Corporation Law of Delaware or of the certificate of incorporation or these bylaws, a written waiver thereof, signed by the person entitled to notice, or waiver by electronic mail or other electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice unless so required by the certificate of incorporation or these bylaws.

3.10 Board Action By Written Consent Without A Meeting

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

3.11 Fees And Compensation of Directors

Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board of Directors shall have the authority to fix the compensation of directors. No such compensation shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

3.12 Approval of Loans To Officers

The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this section shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

3.13 Removal of Directors

Unless otherwise restricted by statute, by the certificate of incorporation or by these bylaws, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors; provided, however, that if the stockholders of the corporation are entitled to cumulative voting, if less than the entire Board of Directors is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director’s term of office.

3.14 Chairman of The Board of Directors

The corporation may also have, at the discretion of the Board of Directors, a chairman of the Board of Directors who shall not be considered an officer of the corporation.

ARTICLE IV

COMMITTEES

4.1 Committees of Directors

The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate 1 or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, or in these bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporate Law of Delaware to be submitted to stockholders for approval or (ii) adopting, amending or repealing any Bylaw of the corporation.

4.2 Committee Minutes

Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

4.3 Meetings And Action of Committees

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Section 3.5 (place of meetings and meetings by telephone), Section 3.6 (regular meetings), Section 3.7 (special meetings and notice), Section 3.8 (quorum), Section 3.9 (waiver of notice), and Section 3.10 (action without a meeting) of these bylaws, with such changes in the context of such provisions as are necessary to substitute the committee and its members for the Board of Directors and its members; provided, however, that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee, that special meetings of committees may also be called by resolution of the Board of Directors and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V

OFFICERS

5.1 Officers

The officers of the corporation shall be a president and a secretary. The corporation may also have, at the discretion of the Board of Directors, a chief executive officer, a chief financial officer, a treasurer, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and any such other officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws. Any number of offices may be held by the same person.

5.2 Appointment of Officers

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Sections 5.3 or 5.5 of these bylaws, shall be appointed by the Board of Directors, subject to the rights (if any) of an officer under any contract of employment.

5.3 Subordinate Officers

The Board of Directors may appoint, or empower the chief executive officer or the president to appoint, such other officers and agents as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board of Directors may from time to time determine.

5.4 Removal And Resignation of Officers

Subject to the rights (if any) of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board of Directors at any regular or special meeting of the board or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom the power of removal is conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights (if any) of the corporation under any contract to which the officer is a party.

5.5 Vacancies In Offices

Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

5.6 Chief Executive Officer

Subject to such supervisory powers (if any) as may be given by the Board of Directors to the chairman of the board (if any), the chief executive officer of the corporation (if such an officer is appointed) shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the corporation and shall have the general powers and duties of management usually vested in the office of chief executive officer of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these bylaws.

The person serving as chief executive officer shall also be the acting president of the corporation whenever no other person is then serving in such capacity.

5.7 President

Subject to such supervisory powers (if any) as may be given by the Board of Directors to the chairman of the board (if any) or the chief executive officer, the president shall have general supervision, direction, and control of the business and other officers of the corporation. He or she shall have the general powers and duties of management usually vested in the office of president of a corporation and such other powers and duties as may be prescribed by the Board of Directors or these bylaws.

The person serving as president shall also be the acting chief executive officer, secretary or treasurer of the corporation, as applicable, whenever no other person is then serving in such capacity.

5.8 Vice Presidents

In the absence or disability of the chief executive officer and president, the vice presidents (if any) in order of their rank as fixed by the Board of Directors or, if not ranked, a vice president designated by the Board of Directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors, these bylaws, the president or the chairman of the board.

5.9 Secretary

The secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and stockholders. The minutes shall show the time and place of each meeting, the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board of Directors, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates (if any) evidencing such shares, and the number and date of cancellation of every certificate (if any) surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors required to be given by law or by these bylaws. He or she shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these bylaws.

5.10 Chief Financial Officer

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any member of the Board of Directors.

The chief financial officer shall render to the chief executive officer, the president, or the Board of Directors, upon request, an account of all his or her transactions as chief financial officer and of the financial condition of the corporation. He or she shall have the general powers and duties usually vested in the office of chief financial officer of a corporation and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these bylaws.

The person serving as the chief financial officer shall also be the acting treasurer of the corporation whenever no other person is then serving in such capacity. Subject to such supervisory powers (if any) as may be given by the Board of Directors to another officer of the corporation, the chief financial officer shall supervise and direct the responsibilities of the treasurer whenever someone other than the chief financial officer is serving as treasurer of the corporation.

5.11 Treasurer

The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records with respect to all bank accounts, deposit accounts, cash management accounts and other investment accounts of the corporation. The books of account shall at all reasonable times be open to inspection by any member of the Board of Directors.

The treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors and shall render to the chief financial officer, the chief executive officer, the president or the Board of Directors, upon request, an account of all his or her transactions as treasurer. He or she shall have the general powers and duties usually vested in the office of treasurer of a corporation and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these bylaws.

The person serving as the treasurer shall also be the acting chief financial officer of the corporation whenever no other person is then serving in such capacity.

5.12 Representation of Shares of Other Corporations

The chairman of the board, the chief executive officer, the president, any vice president, the chief financial officer, the secretary or assistant secretary of this corporation, or any other person authorized by the Board of Directors or the chief executive officer or the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by the person having such authority.

5.13 Authority And Duties of Officers

In addition to the foregoing authority and duties, all officers of the corporation shall respectively have such authority and perform such duties in the management of the business of the corporation as may be designated from time to time by the Board of Directors or the stockholders.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

6.1 Indemnification of Directors And Officers

The corporation shall, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware, indemnify each of its directors and officers against expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Section 6.1, a "director" or "officer" of the corporation includes any person (a) who is or was a director or officer of the corporation, (b) who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (c) who was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.2 Indemnification of Others

The corporation shall have the power, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware, to indemnify each of its employees and agents (other than directors and officers) against expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Section 6.2, an "employee" or "agent" of the corporation (other than a director or officer) includes any person (a) who is or was an employee or agent of the corporation, (b) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (c) who was an employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.3 Payment of Expenses In Advance

Expenses incurred in defending any action or proceeding for which indemnification is required pursuant to Section 6.1 or for which indemnification is permitted pursuant to Section 6.2 following authorization thereof by the Board of Directors shall be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that the indemnified party is not entitled to be indemnified as authorized in this Article VI.

6.4 Indemnity Not Exclusive

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent that such additional rights to indemnification are authorized in the certificate of incorporation

6.5 Insurance

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of the General Corporation Law of Delaware.

6.6 Conflicts

No indemnification or advance shall be made under this Article VI, except where such indemnification or advance is mandated by law or the order, judgment or decree of any court of competent jurisdiction, in any circumstance where it appears:

(a) That it would be inconsistent with a provision of the certificate of incorporation, these bylaws, a resolution of the stockholders or an agreement in effect at the time of the accrual of the alleged cause of the action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

ARTICLE VII

RECORDS AND REPORTS

7.1 Maintenance And Inspection of Records

The corporation shall, either at its principal executive offices or at such place or places as designated by the Board of Directors, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws as amended to date, accounting books, and other records.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation’s stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal place of business.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in each such stockholder's name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law. The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

7.2 Inspection By Directors

Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his or her position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

ARTICLE VIII

GENERAL MATTERS

8.1 Checks

From time to time, the Board of Directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

8.2 Execution of Corporate Contracts And Instruments

The Board of Directors, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.3 Stock Certificates and Notices; Uncertificated Stock; Partly Paid Shares

The shares of the corporation may be certificated or uncertificated, as provided under Delaware law, and shall be entered in the books of the corporation and recorded as they are issued. Any or all of the signatures on any certificate may be a facsimile or electronic signature. In case any officer, transfer agent or registrar who has signed or whose facsimile or electronic signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the record owner thereof a written notice that shall set forth the name of the corporation, that the corporation is organized under the laws of Delaware, the name of the stockholder, the number and class (and the designation of the series, if any) of the shares, and any restrictions on the transfer or registration of such shares of stock imposed by the corporation's certificate of incorporation, these bylaws, any agreement among stockholders or any agreement between stockholders and the corporation.

The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate (if any) issued to represent any such partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

8.4 Special Designation On Certificates and Notices of Issuance

If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock or the notice of issuance to the record owner of uncertificated stock; provided, however, that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock or the notice of issuance to the record owner of uncertificated stock a statement that the corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

8.5 Lost Certificates

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and cancelled at the same time. The corporation may issue a new certificate of stock or notice of uncertificated stock in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or the owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

8.6 Construction; Definitions

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Delaware General Corporation Law shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

8.7 Dividends

The directors of the corporation, subject to any restrictions contained in (a) the General Corporation Law of Delaware or (b) the certificate of incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock.

The directors of the corporation may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the corporation, and meeting contingencies.

8.8 Fiscal Year

The fiscal year of the corporation shall be fixed by resolution of the Board of Directors and may be changed by the Board of Directors.

8.9 Transfer of Stock

Upon receipt by the corporation or the transfer agent of the corporation of proper transfer instructions from the record holder of uncertificated shares or upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate or, in the case of uncertificated securities, a notice of issuance of shares, to the person entitled thereto, cancel the old certificate (if any) and record the transaction in its books.

8.10 Stock Transfer Agreements

The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Delaware.

8.11 Stockholders of Record

The corporation shall be entitled to recognize the exclusive right of a person recorded on its books as the owner of shares to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments the person recorded on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

8.12 Facsimile or Electronic Signature

In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these bylaws, facsimile or electronic signatures of any stockholder, director or officer of the corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

ARTICLE IX

AMENDMENTS

The Bylaws of the corporation may be adopted, amended or repealed by the stockholders entitled to vote; provided, however, that the corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal Bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal Bylaws.

CERTIFICATE OF ADOPTION OF BYLAWS

OF

MARCUS & MILLICHAP, INC.

ADOPTION BY INCORPORATOR

The undersigned person appointed in the certificate of incorporation to act as the Incorporator of Marcus & Millichap, Inc., a Delaware corporation, hereby adopts the foregoing Bylaws as the Bylaws of the corporation.

Executed on June 4, 2013.

/s/ Valerie Hein
Valerie Hein, Incorporator

CERTIFICATE BY SECRETARY OF ADOPTION BY INCORPORATOR

The undersigned hereby certifies that the undersigned is the duly elected, qualified, and acting Secretary of Marcus & Millichap, Inc., a Delaware corporation, and that the foregoing Bylaws were adopted as the Bylaws of the corporation on June 4, 2013, by the person appointed in the certificate of incorporation to act as the Incorporator of the corporation.

Executed on June 5, 2013.

/s/ Robert Kennis
Robert Kennis, Secretary

PRESIDENT AND CHIEF EXECUTIVE OFFICER
EMPLOYMENT AGREEMENT

AGREEMENT made effective as of the 1st day of July, 2010, by and between **MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC.** a California corporation, hereinafter referred to as "Company" and **JOHN J. KERIN**, hereinafter referred to as "Employee."

WHEREAS, the parties desire to enter into an employment agreement whereby the Company employs Employee as President and Chief Executive Officer of the Company and Employee will serve in the capacity of President and Chief Executive Officer;

NOW, THEREFORE, the parties agree as follows:

1. **Employment**. The Company hereby employs Employee and Employee hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. **Term of Employment**. This Agreement shall be in effect from July 1, 2010. The Company and Employee hereby agree that Employee's employment with the Company is at will and either party may terminate this Agreement and the parties' employment relationship at any time, with or without cause, on thirty (30) days' written notice to the other party.

3. **Duties**. Subject to the control and direction of the Executive Committee of the Board of Directors , the, Employee shall serve as President and Chief Executive Officer for the Company in the Company's Encino Office, State of California. As President and Chief Executive Officer, Employee shall serve as an officer of the Company pursuant to the powers set forth in the Company's bylaws and policies and procedures, shall serve the Company diligently and according to his best abilities in all respects, and generally do all things for the best interest of the Company as are usually done by persons occupying similar positions in similar businesses. Employee shall render such other unrelated services and duties as may be assigned to him from time to time by the Executive Committee of the Board of Directors of the Company.

4. **Licensing.** Employee agrees to remain continuously licensed by the State of California as a real estate broker or salesperson during the term of this Agreement and to provide and pay for all necessary professional license fees and dues. The Company shall reimburse Employee for any such fees or dues relating to such licensing or the testing for such license. Employee agrees to commit no act of a type for which the real estate commissioner of the State of California is authorized to revoke a license.

5. **Manner of Performance**. Employee shall devote all of his business time to the performance of his duties for the Company, Employee shall at all times faithfully, industriously, and to the best of his ability, experience, and talent, perform all duties that may be required of and from him, pursuant to the express and implicit terms hereof, to the reasonable satisfaction of the Company. Such duties shall be rendered at the above-mentioned premises and at such other place or places as the Company shall in good faith require or as the interests, needs, business, and opportunities of the Company shall require or make advisable.

6. **Compensation and Fringe Benefits**. The compensation and fringe benefits to be received by Employee in consideration of the services to be rendered by Employee are set forth in Exhibit "A" attached hereto. The terms and provisions of Exhibit "A" are fully incorporated

into this Agreement by this reference. Employee shall not be entitled to any compensation or benefits from the Company except as set forth in this Agreement and on Exhibit "A" hereto.

7. **Effect of Termination on Compensation**. Employee shall be entitled to the base salary and fringe benefits earned by him prior to the date of termination as set forth in Exhibit A. Employee shall not earn or become entitled to any incentive compensation which has not been previously awarded or declared by the Company.

Employee shall be obligated to return to the Company, within ten (10) days after the termination of his employment, advance payments, if any, of incentive compensation made to him during the annual period in which such termination occurs. Interest shall accrue on the sum of any such advances at the rate of ten percent (10%) per annum after said ten-day period.

8. **Business Expenses**. The Company will promptly reimburse Employee for reasonable business expenses incurred by Employee in promoting the business of the Company, including expenditures for entertainment, gifts and travel, provided that:

(i) Each such expenditure is of a nature qualifying it as a proper deduction on the Federal and State income tax returns of the Company; and

(ii) Employee furnishes to the Company, in accordance with the Company's established policy, adequate records and other documentary evidence required by Federal and State statutes and regulations issued by the appropriate taxing authorities for the substantiation of such expenditures as income tax deductions.

9. **Non-competition and Confidential Information.**

(i) During the term of this Agreement, Employee shall not directly or indirectly, either as an employee, employer, consultant, agent, principal, owner, partner, stockholder, corporate officer, director, or in any other individual or representative capacity, engage or participate in any business that is in competition in any manner whatsoever with the business of the Company or the Company's affiliates. In this regard, Employee acknowledges that, as President and Chief Executive Officer and as an officer of the Company, he serves in a position of trust to the Company and its affiliates and that he owes a fiduciary duty of loyalty to the Company, its shareholders and its affiliates. As a result, Employee agrees that, during the term of his employment with the Company or with any of its affiliates and for a three-year period thereafter, he will be bound by the Restrictive Covenants set out in Section 17 of the Shareholder Buy-Sell Agreement made as of July 1, 2010 between Employee and the Company.

(ii) Employee recognizes that information will be disclosed or made known to him as a consequence of or through his employment by the Company pertaining to (1) the Company's and its affiliates' sales programs and services, including information relating to market research and development, training, computer programs and systems, computerized information access, accounting, marketing and selling plans and proposals; (2) the Company's and its affiliates' financial affairs, their customers, their employees and independent sales personnel and the scope of their work; (3) past, present or future research and studies concerning customers and customer development and business activities; and (4) such other matters relating to the Company and its affiliates as may be in any way helpful to their competitors. All such information is hereafter referred to as "Confidential Information"; provided, however, that Confidential Information does not include any knowledge, procedures or techniques acquired or known by Employee in their entirety prior to his employment by the Company by reason of his previous employment or experience.

(iii) Except as strictly required in the performance of his duties to the Company, Employee will never directly or indirectly use, disseminate or disclose any Confidential Information, either during or subsequent to his employment with the Company. Further, Employee acknowledges that the obligations under the Confidentiality Agreement executed on September 25, 1996 remain and are not modified by this Agreement.

(iv) In the event of a violation or a threatened violation by Employee of any of the terms of this paragraph 9, Employee hereby acknowledges and agrees that the Company, in addition to all other remedies available to it at law, in equity or under this Agreement, will have the right to affirmative or negative injunctive relief from a court of competent jurisdiction, without the necessity of posting bond. Furthermore, the Company will have the right to (i) restrain Employee from disclosing or using, in whole or in part, any Confidential Information, and (ii) restrain Employee from any continued or threatened violation of the restrictive covenants contained in this Agreement.

(v) Employee acknowledges that he has received and has read a copy of the Company's Employee Manual as now in effect and as revised from time to time, and agrees to abide by all terms and conditions thereof.

10. **Ownership of Records**. All documents and other materials relating to the Company's or its affiliates' accounts of customers, real estate listings, employees, sales personnel, computer programs, investments, financial statements, training programs or any other type of Confidential Information, and all copies thereof, and all documents prepared by Employee or otherwise coming into his possession during the course of his employment with the Company, are the exclusive property of the Company. All such documents shall be immediately returned by Employee to the Company upon termination of his employment for any reason.

11. **Notices**. Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by certified mail. Mailed notices shall be addressed to the parties at the addresses appearing just under their signature on the execution page of this Agreement, but each party may change his address by giving written notice thereof to the other party.

12. **Entire Agreement**. Other than as expressly referenced herein, this Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Employee by the Company and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. In the event of a conflict between this Agreement and a Shareholder Buy-Sell executed before the date of this Agreement or in the future by Employee, the terms of the Shareholder Buy-Sell shall govern. Any modification of this Agreement will be effective only it if is in writing signed by the party to be charged.

13. **Partial Invalidity**. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

14. **Arbitration**. Should any dispute arise between or among any parties hereto concerning the subject matter of this Agreement, including without limitation the termination of the employment relationship between the Company and Employee, it shall be fully and finally resolved by binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The award of the arbitrator(s) may be entered in any court of competent jurisdiction. By executing this Agreement, the parties hereto are waiving the right to a jury trial with respect to such disputes. Employee and the Company shall equally share the costs of the arbitrator(s), forum, and filing fees.

15. **Attorneys' Fees**. In the event a lawsuit or arbitration is instituted by either party concerning any aspect of this Agreement, the prevailing party shall be entitled to recover from the other party court costs and reasonable attorneys' fees in addition to any other appropriate relief.

16. **Applicable Law**. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

EMPLOYEE	MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. a California corporation
JOHN J. KERIN	By:
Address:	**GEORGE M. MARCUS** **Chairman** **2626 Hanover Street** **Palo Alto, CA 94304**

EXHIBIT A

1. Base Salary: $33,333.33 per month.

2. Equity: (i) Option to purchase at book value 2,775 shares in REIS, vesting over three years starting July 1, 2010; vesting ceases upon any termination of employment; (ii) award of 2,775 Stock Appreciation Rights (SARs), vesting over three years starting July 1, 2010; vesting ceases upon any termination of employment. Both the stock option and SAR award are subject to the terms of the applicable REIS equity plan(s) and to execution of the applicable agreements.

3. Annual Discretionary Incentive: Subject to the Employee's continued employment through the incentive payment date, Employee will be eligible to earn an annual discretionary incentive (based on the results for the Company's fiscal year) of up to four (4%) of REIS' fiscal year-end pre-tax profit; provided, however, that any such bonus shall not exceed three times the amount of the base salary actually paid to Employee during the applicable fiscal year. Employee's eligibility for such incentive, as well as the actual amount of any such incentive, will be determined by the Company's Executive Committee of the Board of Directors (the "Committee"), in the Committee's sole discretion, based upon various objective and subjective factors including, but not limited to, the Company's performance during the fiscal year and Employee's achievement of the goals and objectives that are agreed upon for that fiscal year. To the extent earned (which requires that Employee be employed by the Company on the incentive payment date), any discretionary incentive will be paid on or before the 60th day following the end of the fiscal year for which the incentive is earned, and will be subject to applicable withholding. In the event that Employee's employment terminates for any reason prior to the discretionary incentive payment date, Employee will not earn, in whole or in part, any discretionary incentive.

4. No Severance: In the event that Employee's employment terminates for any reason, the Company shall have no obligation to pay Employee any severance compensation, payments, or benefits.

Summary of Changes to John Kerin Compensation (May 2012)

Maximum discretionary incentive increased to four times the amount of the base salary actually paid to Employee during the applicable fiscal year. Incentive compensation for 2013 will be dependent on whether MMC achieves 50% or better of its financial plans for the fiscal year ending March 31, 2013.