

**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  
(State or Other Jurisdiction of  
Incorporation or Organization)

6531  
(Primary Standard Industrial  
Classification Code Number)

35-2478370  
(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)

John J. Kerin  
President and Chief Executive Officer  
23975 Park Sorrento, Suite 400  
Calabasas, California 91302  
(818) 212-2250  
(Name, Address Including Zip Code, and Telephone Number Including Area Code, of Agent for Service)

**COPIES TO:**

John F. Seegal  
Brett Cooper  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, California 94105  
(415) 773-5700

Steven B. Stokdyk  
Latham & Watkins LLP  
355 South Grand Avenue  
Los Angeles, California 90071  
(213) 485-1234

**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	\$103,500,000	\$14,117.40

(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 September 23, 2013.

# Marcus & Millichap

## 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 have applied to list our common stock on the New York Stock Exchange, or the NYSE, under the symbol "MMI."

Marcus & Millichap Company, or MMC, will exchange a portion of the shares of our common stock it owns for indebtedness of MMC held by some of MMC's former and current 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 along with the other selling stockholders. We will not receive any proceeds from the sale of the shares by the selling stockholders.

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.**

*Lead Manager*

**JMP Securities**

*Co-Manager*

**William Blair**

Prospectus dated \_\_\_\_\_, 2013.

# Marcus & Millichap



## Founded on Specialization – A Culture of Client Results Powered by Research and Technology

- Dedicated to real estate investment brokerage since 1971
- The industry leader in real estate investment transactions
  - Over 1,100 investment sales and financing professionals
  - Serving investors with 73 offices nationwide
  - Integrated marketing system of matching buyers and sellers
  - Specialized coverage by property type
- A leading source of financing and capital markets expertise
- A trusted provider of market research and advisory services



Offices Nationwide

[www.MarcusMillichap.com](http://www.MarcusMillichap.com)

Investment Sales ♦ Financing ♦ Research ♦ Advisory Services

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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.

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**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 and Marcus & Millichap Real Estate Investment Services, Inc. will become our wholly owned subsidiary. 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 7.8%, 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 21% 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 21% 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. 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**

Prior to completion of this offering, MMC and the other stockholders of MMREIS will contribute all of the outstanding MMREIS shares to us, which we refer to as the Contribution, in exchange for our common stock. 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, at least 80% 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.

MMC will undertake an exchange of our common stock for (i) MMC debt of approximately \$24.0 million owed to two former MMC shareholders and (ii) MMC debt of approximately \$25.5 million owed by Usonia Ventures, LLC, a wholly owned subsidiary of MMC, to George M. Marcus, which we refer to as the Debt-for-Equity Exchange. We refer to the former MMC shareholders and Mr. Marcus 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 along with the other selling stockholders. We refer to the Contribution, Debt-for-Equity Exchange and Distribution, collectively, as the Spin-Off. See “The Spin-Off.”

In addition, 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.

We have irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, and therefore, we will be subject to the same new or revised accounting standards as other public companies that are not “emerging growth 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, MMC 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.

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	<b>The Offering</b>
Common stock offered by Marcus & Millichap, Inc.	shares
Common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	<p>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.</p> <p>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 will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.</p>
Debt-for-Equity Exchange	<p>In connection with this offering, MMC will exchange a portion of its shares of our common stock being sold in this offering for indebtedness of MMC held by the debt-for-equity exchange parties. The debt-for-equity exchange parties will then sell these shares pursuant to this offering along with the other selling stockholders.</p>
Underwriter's option	<p>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.</p>
Risk factors	<p>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.</p>
Proposed NYSE ticker symbol	MMI
Unless we indicate otherwise or the context requires, all information in this prospectus:	
	<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li></ul>

**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 six-month periods ended June 30, 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 six-month periods ended June 30, 2013 and 2012 and the pro forma financial statements for the six-month period ended June 30, 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; (iii) the payment of quarterly preferred dividends in July 2013 in the amount of \$6.5 million and in October 2013 in the amount of \$ million to distribute MMREIS's earnings for the quarters ended June 30 and September 30, 2013, respectively, to MMC; and (iv) the net proceeds of this offering of \$ million, as if such transactions had occurred on January 1, 2012 for the statements of income and on June 30, 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,			Six Months Ended June 30,		Year Ended December 31, 2012	Six Months Ended June 30, 2013
	2010	2011	2012	2012	2013		
(Dollars in thousands, except per share data)							
<b>Statements of Income Data:</b>							
Revenues:							
Real estate brokerage commissions	\$198,366	\$245,333	\$351,407	\$133,409	\$156,963	\$	\$
Financing fees	10,917	16,522	21,132	8,218	11,888		
Other revenues	8,652	12,850	13,177	5,223	5,990		
Total revenues	217,935	274,705	385,716	146,850	174,841		
Operating expenses:							
Cost of services	124,272	162,478	230,248	84,709	102,677		
Selling, general, and administrative expense	76,438	85,801	103,479	45,900	53,824		
Depreciation and amortization expense	3,333	2,971	2,981	1,495	1,514		
Total operating expenses	204,043	251,250	336,708	132,104	158,015		
Operating income	13,892	23,455	49,008	14,746	16,826		
Other income, net	959	350	433	283	249		
Income before provision for income taxes	14,851	23,805	49,441	15,029	17,075		
Provision for income taxes	6,460	10,355	21,507	6,538	7,428		
Net income	\$ 8,391	\$ 13,450	\$ 27,934	\$ 8,491	\$ 9,647	\$	\$
Pro forma net income per share						\$	\$
Adjusted EBITDA (1)	\$ 18,743	\$ 29,486	\$ 59,708	\$ 18,634	\$ 21,131	\$	\$

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(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.”

	As of June 30, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted (1)
	(in thousands)		
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$19,362	\$	\$
Total assets	48,020		
Long-term debt	—		
Total liabilities	39,858		

(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. Cyclicalities in the real estate markets may lead to cyclicalities 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

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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.

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***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



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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 of 1986, as amended, or the 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

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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

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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.

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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.

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***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.

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***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.

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*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.

We have irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, and therefore, we will be subject to the same new or revised accounting standards as other public companies that are not “emerging growth 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:

- enabling us to raise significantly more funds in this offering by unburdening us from the business risks, financial risks and capital requirements of MMC’s other businesses, and allowing our management to focus on implementing our business strategies;
- facilitating incentive compensation arrangements for employees and sales professionals more directly tied to our business performance, and enhancing hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives of our business;
- providing greater ability for us to grow by opening new offices, expanding our presence in the markets in which we currently operate, acquiring new groups or firms, developing our institutional brokerage brand (IPA) and accelerating our international expansion;
- enabling us to invest in the next series of proprietary real estate technology and brokerage tools to improve our productivity, analysis and marketing;
- enabling us to upgrade our sales professionals’ training programs and management development program, and expand our branding and business development campaigns; and
- creating an independent equity structure and providing publicly traded stock that will facilitate our ability to make 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.

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

Following this offering, George M. 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.

### ***Some of our directors will be participating in the Debt-for-Equity Exchange and therefore may have a conflict of interest in this offering.***

In connection with this offering, MMC will exchange shares of the company's common stock for MMC indebtedness held by the debt-for-equity exchange parties, including some of our directors. It is expected that the debt-for-equity exchange parties will then sell all of this common stock to the underwriters for cash. Consequently, some of our directors may have a conflict of interest by virtue of the fact that they will receive a portion of the proceeds from this offering in connection with the Debt-for-Equity Exchange.

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

To preserve the tax-free treatment of the Spin-Off to MMC and/or its shareholders, under the tax matters agreement, we will be restricted from taking any action that could reasonably be expected to adversely affect such tax-free status for U.S. federal, state and local 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 transactions which would, among other things, cause us to undergo a 50% or greater change in our stock ownership for purposes of Section 355(e) of the Code. These restrictions may limit our ability to pursue strategic transactions or engage in other transactions, to use our common stock to make acquisitions, and to raise equity capital, all of which transactions 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.



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***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.

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***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.

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### ***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.

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***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 \$ [redacted] from the sale by us of shares of our common stock in this offering (\$ [redacted] if the underwriters' option to purchase additional shares is exercised in full), based on an assumed public offering price of \$ [redacted] 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. 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 debt-for-equity exchange parties.

A \$1.00 increase or decrease in the assumed initial public offering price of \$ [redacted] 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 \$ [redacted] 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 \$ [redacted] million assuming the assumed initial public offering price of \$ [redacted] per share, the midpoint of the price range set forth on the cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and 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. Consistent with this past practice, we intend to pay a quarterly preferred dividend of \$ [redacted] million to MMC in October 2013 to distribute MMREIS's earnings for the quarter ended September 30, 2013. 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.

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**CAPITALIZATION**

The following table sets forth our capitalization as of June 30, 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) payment of quarterly preferred dividends in July 2013 in the amount of \$6.5 million and in October 2013 in the amount of \$            million to distribute MMREIS's earnings for the quarters ended June 30 and September 30, 2013, respectively, to MMC; 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).

	June 30, 2013		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(Dollars in thousands)		
Cash and cash equivalents	\$ 19,362	\$	\$
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	1,514		
Stock notes receivable from employees	(62)		
Retained earnings	6,465		
Total stockholders' equity	8,162		
Total capitalization	\$ 8,162	\$	\$

- (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 June 30, 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."

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**DILUTION**

Our pro forma net tangible book value as of June 30, 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 June 30, 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 June 30, 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					
<b>Total</b>		<b>100.0%</b>	<b>\$ _____</b>	<b>100.0%</b>	

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 six-month periods ended June 30, 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 six months ended June 30, 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,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
<b>Statements of Income Data:</b>					
Revenues:					
Real estate brokerage commissions	\$ 198,366	\$ 245,333	\$ 351,407	\$ 133,409	\$ 156,963
Financing fees	10,917	16,522	21,132	8,218	11,888
Other revenues	8,652	12,850	13,177	5,223	5,990
Total revenues	217,935	274,705	385,716	146,850	174,841
Operating expenses:					
Cost of services	124,272	162,478	230,248	84,709	102,677
Selling, general, and administrative expense	76,438	85,801	103,479	45,900	53,824
Depreciation and amortization expense	3,333	2,971	2,981	1,495	1,514
Total operating expenses	204,043	251,250	336,708	132,104	158,015
Operating income	13,892	23,455	49,008	14,746	16,826
Other income (expense), net	959	350	433	283	249
Income before provision for income taxes	14,851	23,805	49,441	15,029	17,075
Provision for income taxes	6,460	10,355	21,507	6,538	7,428
Net income	\$ 8,391	\$ 13,450	\$ 27,934	\$ 8,491	\$ 9,647
Adjusted EBITDA (1)	\$ 18,743	\$ 29,486	\$ 59,708	\$ 18,634	\$ 21,131
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 4,932	\$ 3,158	\$ 3,107	\$ 3,827	\$ 19,362
Total assets	64,572	64,296	89,733	51,624	48,020
Total liabilities	42,873	44,139	68,103	29,753	39,858

(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 June 30, 2013 and the historical consolidated results of operations of MMREIS for the six-month period ended June 30, 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, (iii) payment of quarterly preferred dividends in July 2013 in the amount of \$6.5 million and in October 2013 in the amount of \$           million to distribute MMREIS's earnings for the quarters ended June 30 and September 30, 2013, respectively, to MMC, and (iv) the net proceeds of this offering of \$           million.

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.

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**Pro Forma Consolidated Balance Sheet**  
**As of June 30, 2013**  
(In thousands, except share and per share amounts)

	<u>Consolidated Historical</u>	<u>Tax- Adjustments (A)</u>	<u>Stock Compensation Adjustments (B)</u>	<u>Preferred Dividend Adjustments (C)</u>	<u>Net Offering Proceeds (D)</u>	<u>Pro Forma</u>
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 19,362	\$ —	\$ —	\$ —	\$ —	\$ —
Commissions and notes receivable, net of allowance for doubtful accounts of \$129	4,935	—	—	—	—	—
Employee notes receivable	141	—	—	—	—	—
Prepaid expenses	4,759	—	—	—	—	—
Deferred tax assets, net	—	5,055	—	—	—	—
Total current assets	29,197	5,055	—	—	—	—
Prepaid rent	3,598	—	—	—	—	—
Investments held in rabbi trust account	3,669	—	—	—	—	—
Property and equipment, net of accumulated depreciation of \$17,126	7,592	—	—	—	—	—
Due from affiliates	—	—	—	—	—	—
Employee notes receivable	228	—	—	—	—	—
Deferred tax assets, net	—	6,371	—	—	—	—
Other assets	3,736	—	—	—	—	—
Total assets	<u>\$ 48,020</u>	<u>\$ 11,426</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Liabilities and stockholders' equity</b>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 5,645	\$ —	\$ —	\$ —	\$ —	\$ —
Commissions payable	11,907	—	—	—	—	—
Due to affiliates	2,914	—	—	—	—	—
Accrued employee expenses	6,251	—	—	—	—	—
Total current liabilities	26,717	—	—	—	—	—
Deferred compensation and commissions	8,337	—	—	—	—	—
Notes payable to former stockholders	—	—	—	—	—	—
SARs liability	—	—	—	—	—	—
Income tax payable	—	—	—	—	—	—
Other liabilities	4,804	—	—	—	—	—
Total liabilities	39,858	—	—	—	—	—
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	1,514	11,426	—	—	—	—
Stock notes receivable from employees	(62)	—	—	—	—	—
Retained earnings (accumulated deficit)	6,465	—	—	—	—	—
Total stockholders' equity	8,162	11,426	—	—	—	—
Total liabilities and stockholders' equity	<u>\$ 48,020</u>	<u>\$ 11,426</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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**Pro Forma Consolidated Statement of Income**  
**for the Six Months Ended June 30, 2013**  
**(In thousands, except per share amounts)**

	<u>Consolidated Historical</u>	<u>Tax- Adjustments (E)</u>	<u>Stock Compensation Adjustments (F)</u>	<u>Pro Forma</u>
<b>Revenues:</b>				
Real estate brokerage commissions	\$ 156,963	\$ —	\$ —	\$ —
Financing fees	11,888	—	—	—
Other revenues	5,990	—	—	—
Total revenues	<u>174,841</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Operating expenses:</b>				
Cost of services	102,677	—	—	—
Selling, general, and administrative expense	53,824	—	—	—
Depreciation and amortization expense	1,514	—	—	—
Total operating expenses	<u>158,015</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating income	16,826	—	—	—
Other income (expense), net	249	—	—	—
Income before provision for income taxes	17,075	—	—	—
Provision for income taxes	7,428	(189)	—	—
Net income (loss)	<u>\$ 9,647</u>	<u>\$ 189</u>	<u>\$ —</u>	<u>\$ —</u>
Earnings per share (G)				<u>\$ —</u>

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

	<u>Historical</u>	<u>Tax- Adjustments (H)</u>	<u>Stock Compensation Adjustments (I)</u>	<u>Pro Forma</u>
Revenues:				
Real estate brokerage commissions	\$351,407	\$ —	\$ —	\$ —
Financing fees	21,132	—	—	—
Other revenues	13,177	—	—	—
Total revenues	<u>385,716</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating expenses:				
Cost of services	230,248	—	—	—
Selling, general, and administrative expense	103,479	—	—	—
Depreciation and amortization expense	2,981	—	—	—
Total operating expenses	<u>336,708</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating income	49,008	—	—	—
Other income (expense), net	433	—	—	—
Income before provision for income taxes	49,441	—	—	—
Provision for income taxes	21,507	193	—	—
Net income (loss)	<u>\$ 27,934</u>	<u>\$ (193)</u>	<u>\$ —</u>	<u>\$ —</u>
Earnings per share (J)				<u>\$ —</u>

**Notes to Unaudited Pro Forma Consolidated Financial Statements**

**Note 1. Notes to Unaudited Pro Forma Consolidated Balance Sheet as of June 30, 2013**

- (A) Reflects the termination of the tax-sharing agreement between MMREIS and MMC as if such agreement had been terminated on June 30, 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 the assumption of current deferred tax assets, net of \$5.1 million and noncurrent deferred tax assets, net of \$6.4 million through a non-cash contribution from MMC at June 30, 2013.
- (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 June 30, 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; (iii) a decrease in additional paid in capital of approximately \$ attributable to grants of fully-vested stock-based compensation awards, and (iv) deferred tax assets totaling \$ resulting from these items using a pro forma effective tax rate of % . The liabilities are based on agreements MMREIS has signed with current or former employees but where MMC has historically assumed these obligations.
- (C) Reflects the quarterly preferred dividends of \$6.5 million and \$ million to distribute MMREIS's earnings for the quarters ended June 30 and September 30, 2013, respectively, to MMC as if such dividends had been paid on June 30, 2013.
- (D) Reflects the net proceeds of this offering of \$ million.

**Note 2. Notes to Unaudited Pro Forma Consolidated Statement of Income for the six months ended June 30, 2013**

- (E) 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, subject to federal and state income tax as a subchapter C corporation, effective January 1, 2012 using an effective tax rate of approximately 42.4%.
- (F) 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) the reversal of historical compensation expense of approximately \$ million due to the assumed modification of these awards as of January 1, 2012; (ii) interest expense of approximately \$ related to outstanding principal amounts payable to former MMREIS stockholders; and (iii) the resulting changes in income tax expense using a pro forma effective tax rate of 42.4%.
- (G) Pro forma earnings per share is computed by dividing pro forma net income for the six months ended June 30, 2013 of \$ by pro forma weighted average shares outstanding subsequent to the Spin-Off of .

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

- (H) 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 subject to federal and state income tax as a subchapter C corporation, effective January 1, 2012, using an effective tax rate of approximately 43.9%.
- (I) 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 and SARs awards, and the modification to remove the formula settlement value; (ii) interest expense of approximately \$                      related to outstanding principal amounts payable to former MMREIS stockholders; (iii) compensation expense of approximately \$                      related to deferred stock units granted to MMREIS's managing directors concurrent with this offering; and (iv) the resulting changes in income tax expense using a pro forma effective tax rate of 43.9%.
- (J) Pro forma earnings per share is computed by dividing pro forma net income for the year ended December 31, 2012 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 effect the Spin-Off:

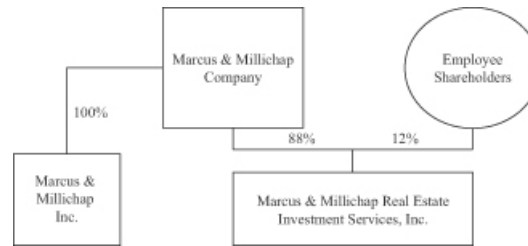
- MMC will contribute its approximately 88% interest in the MMREIS common stock and 100% of the MMREIS preferred stock to Marcus & Millichap in exchange for Marcus & Millichap common stock. The remaining shareholders of MMREIS will simultaneously contribute their MMREIS common stock to Marcus & Millichap in exchange for Marcus & Millichap common stock. We refer to MMC's and the remaining MMREIS shareholders' contributions as the Contribution. As a result, MMREIS will become a wholly-owned subsidiary of Marcus & Millichap, and the former shareholders of MMREIS will become the shareholders of Marcus & Millichap.
- MMC will undertake an exchange of Marcus & Millichap common stock that it currently owns for (i) MMC debt of approximately \$24.0 million owed to two former MMC shareholders as a result of the redemption or purchase of their shares of MMC in 2001 and 2008 and (ii) MMC debt of approximately \$25.5 million owed by Usonia Ventures, LLC, a wholly owned subsidiary of MMC, to George M. Marcus since 2009, which we refer to as the Debt-for-Equity Exchange; provided that in all events, MMC will distribute at least 80% of our stock to its stockholders in the distribution described below. It is expected that the former MMC shareholders and Mr. Marcus will sell all of the stock that they receive in the Debt-for-Equity Exchange to the public in this offering as selling stockholders. The underwriters are expected to close this offering on the same day as the closing of the Debt-for-Equity Exchange.
- MMC will distribute to its shareholders, on a pro rata basis, % of the shares of Marcus & Millichap common stock, which we refer to as the Distribution, and the shareholders of MMC will contribute all of their respective shares of Marcus & Millichap common stock to a newly formed limited liability company in exchange for membership interests in such limited liability company.

As part of the Spin-Off, we and MMC will enter into certain agreements, including a tax matters 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, the sharing of costs relating to certain insurance coverages and health plans, legal services 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."

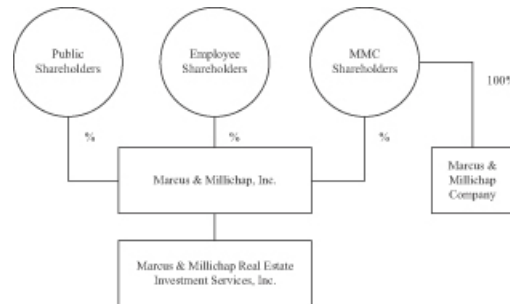


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The following chart reflects our organizational structure prior to the Spin-Off and this offering:



The following chart reflects our organizational structure following the Spin-Off and this offering:



We and MMC are undertaking the Spin-Off for several corporate business purposes, including the following:

- enabling us to raise significantly more funds in this offering by unburdening us from the business risks, financial risks and capital requirements of MMC's other businesses, and allowing our management to focus on implementing our business strategies;
- facilitating incentive compensation arrangements for employees and sales professionals more directly tied to our business performance, and enhancing hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives of our business;
- reducing MMC's leverage and debt service requirements through the Debt-for-Equity Exchange, thereby providing MMC with greater funding capacity and opportunities for growth going forward;
- providing greater ability for us to grow by opening new offices, expanding our presence in the markets in which we currently operate, acquiring new groups or firms, developing our institutional brokerage brand (IPA) and accelerating our international expansion;
- enabling us to invest in the next series of proprietary real estate technology and brokerage tools to improve our productivity, analysis and marketing;
- enabling us to upgrade our sales professionals' training programs and management development program, and expand our branding and business development campaigns; and
- creating an independent equity structure and providing publicly traded stock that will facilitate our ability to make future acquisitions utilizing our common stock.

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In conjunction with this offering and the termination of the tax-sharing agreement between MMREIS and MMC, certain liabilities and legal obligations of MMREIS, including (i) liabilities for stock appreciation rights, or SARs, and restricted stock plan awards held by certain MMREIS key employees, and (ii) notes payable to certain former shareholders of MMREIS in settlement of SARs and restricted stock awards which were redeemed by MMREIS upon the termination of employment by these former shareholders, that had been previously assumed by MMC will be transferred back to MMREIS. In addition, MMREIS will be allocated deferred income tax assets and liabilities that originated from MMREIS transactions prior to the termination of the tax-sharing agreement. The net impact of these transactions, which are expected to result in the assumption of a net liability by MMREIS, will be reflected as a reduction in stockholders' equity and shown in the pro forma capitalization table. See the "Unaudited Pro Forma Consolidated Financial Statements—Notes to Unaudited Pro Forma Consolidated Financial Statements."

## 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 anticipated 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, financing and other transactions with total volume of approximately \$22 billion. For the six months ended June 30, 2013, we closed more than 2,500 sales, financing and other transactions with total volume of approximately \$8.3 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. For the six months ended June 30, 2013, approximately 90% of our revenues were generated from real estate brokerage commissions, 7% 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.

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- *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.

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### *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. Cost of services also includes referral fees paid to other real estate brokers.
- *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 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. In addition, as a result of the removal of the formula settlement value, the modification of the unvested restricted stock will result in the awards being classified as equity awards. 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

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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 the six months ended June 30, 2012 and 2013, our provision for income taxes was based on a tax-sharing 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."

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.

We have irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, and therefore, we will be subject to the same new or revised accounting standards as other public companies that are not "emerging growth companies."

## **Results of Operations**

Following is a discussion of our results of operations for the six months ended June 30, 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:

	Year Ended December 31,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
<b>Real Estate Brokerage Commissions</b>					
Average Number of Sales Professionals	1,084	968	982	973	1,082
Average Number of Transactions per Sales Professional	2.7	3.3	4.3	1.8	1.9
Average Commission per Transaction	\$ 68,355	\$ 77,686	\$ 83,075	\$ 77,744	\$ 77,018
Average Transaction Size	\$ 2,907,184	\$ 3,551,433	\$ 3,760,741	\$ 3,384,424	\$ 3,440,436
Total Number of Transactions	2,902	3,158	4,230	1,716	2,038
Total Sales Volume (in millions)	\$ 8,437	\$ 11,215	\$ 15,908	\$ 5,808	\$ 7,012
<b>Financing Fees</b>					
Year Ended December 31, / Six Months Ended June 30,					
	2010	2011	2012	2012	2013
Average Number of Financing Professionals	46	48	58	57	68
Average Number of Transactions per Financing Professional	9.8	15.5	15.7	6.9	8.1
Average Fee per Transaction	\$ 24,206	\$ 22,267	\$ 23,170	\$ 21,073	\$ 21,691
Average Transaction Size	\$ 2,189,658	\$ 2,394,282	\$ 2,417,818	\$ 2,217,179	\$ 2,138,292
Total Number of Transactions	451	742	912	390	548
Total Dollar Volume (in millions)	\$ 988	\$ 1,777	\$ 2,205	\$ 865	\$ 1,172

### Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2013

	Six Months Ended June 30, 2012	Percentage of Revenue	Six Months Ended June 30, 2013	Percentage of Revenue	Total Dollar Change	Total Percentage Change
<b>(Dollars in thousands)</b>						
<b>Revenues:</b>						
Real estate brokerage commissions	\$133,409	90.8%	\$156,963	89.8%	\$23,554	17.7%
Financing fees	8,218	5.6	11,888	6.8	3,670	44.7
Other revenues	5,223	3.6	5,990	3.4	767	14.7
Total revenues	146,850	100.0	174,841	100.0	27,991	19.1
<b>Operating expenses:</b>						
Cost of services	84,709	57.7	102,677	58.7	17,968	21.2
Selling, general, and administrative expense	45,900	31.3	53,824	30.8	7,924	17.3
Depreciation and amortization expense	1,495	1.0	1,514	0.9	19	1.3
Total operating expenses	132,104	90.0	158,015	90.4	25,911	19.6
Operating income	14,746	10.0	16,826	9.6	2,080	14.1
Other income (expense), net	283	0.2	249	0.1	(34)	(12.0)
Income before provision for income taxes	15,029	10.2	17,075	9.7	2,046	13.6
Provision for income taxes	6,538	4.4	7,428	4.2	890	13.6
Net income	\$ 8,491	5.8%	\$ 9,647	5.5%	\$ 1,156	13.6%
Adjusted EBITDA (1)	\$ 18,634	12.7%	\$ 21,131	12.1%	\$ 2,497	13.4%

(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

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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 \$174.8 million for the six months ended June 30, 2013 compared to \$146.9 million for the same period in 2012, an increase of \$28.0 million, or 19.1%. Total revenues increased primarily as a result of increases in real estate brokerage commissions, which contributed 84.1% of the total increase, as well as increases in financing fees and other revenues. The six months ended June 30, 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 six months of 2013.

- *Real estate brokerage commissions.* Revenues from real estate brokerage commissions increased from \$133.4 million for the six months ended June 30, 2012 to \$157.0 million in the same period of 2013, an increase of \$23.6 million or 17.7%. The increase was primarily driven by an increase in the number of investment sales transactions during the six months ended June 30, 2013 as compared to the same period in 2012.
- *Financing fees.* Revenues from financing fees increased from \$8.2 million for the six months ended June 30, 2012 to \$11.9 million for the six months ended June 30, 2013, an increase of \$3.7 million or 44.7%. The increase was primarily driven by a 40.5% increase in the number of loan transactions due to an increase in the number of financing professionals combined with an increase in their productivity levels during the six months ended June 30, 2013 as compared to the same period in 2012.
- *Other revenues.* Other revenues increased from \$5.2 million for the six months ended June 30, 2012 to \$6.0 million for the six months ended June 30, 2013, an increase of \$0.8 million or 14.7%. The increase was primarily driven by an increase in fees generated from advisory services during the six months ended June 30, 2013 as compared to the same period in 2012.

*Total operating expenses.* Our total operating expenses were \$158.0 million for the six months ended June 30, 2013 compared to \$132.1 million for the same period in 2012, an increase of \$25.9 million, or 19.6%. 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 six months ended June 30, 2013 increased approximately \$18.0 million, or 21.2%, to \$102.7 million from \$84.7 million for the same period in 2012. The increase was primarily due to increased commission expenses driven by the increased revenues noted above and to a lesser extent 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 six months ended June 30, 2013 increased \$7.9 million, or 17.3%, to \$53.8 million from \$45.9 million for the same period in 2012. The increase was primarily due to (i) a \$3.6 million increase in staff salaries, wages and related benefits expenses driven by an increase in our average headcount to support our salesforce, including hiring of national and regional specialty directors and research staff to directly support our more senior agents, (ii) a \$2.2 million increase in sales promotional expenses, driven by an increase in our annual sales recognition event due to an increase in the number of qualifiers based on the previous calendar year's sales performance, and (iii) a \$0.7 million increase in professional fees primarily driven by an increase in accounting and third party consulting services fees in preparation of being a public company.
- *Depreciation and amortization expense.* There were no significant changes in depreciation and amortization expenses or other expenses in the six months ended June 30, 2013 as compared to the six months ended June 30, 2012.

*Other income/expense, net.* Other income/expense, net was not significant for the six months ended June 30, 2013 or the six months ended June 30, 2012.



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*Provision for income taxes.* Income tax expense totaled \$7.4 million for the six months ended June 30, 2013 as compared to \$6.5 million in the same period in 2012, an increase of \$0.9 million or 13.6%. The increase was attributable to the higher pre-tax income during the six months ended June 30, 2013 as compared to 2012. During the six months ended June 30, 2013 and 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 six months ended June 30, 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 41.0%.

### 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
<b>Revenues:</b>						
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
<b>Total revenues</b>	<b>274,705</b>	<b>100.0</b>	<b>385,716</b>	<b>100.0</b>	<b>111,011</b>	<b>40.4</b>
<b>Operating expenses:</b>						
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
<b>Total operating expenses</b>	<b>251,250</b>	<b>91.5</b>	<b>336,708</b>	<b>87.3</b>	<b>85,458</b>	<b>34.0</b>
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
<b>Net income</b>	<b>\$ 13,450</b>	<b>4.9%</b>	<b>\$ 27,934</b>	<b>7.2%</b>	<b>\$ 14,484</b>	<b>107.7%</b>
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%

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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 salesforce, which includes the recruitment of national and regional specialty directors who support our more senior agents, 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 from previous year's legal matters, 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
<b>Revenues:</b>						
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
<b>Total revenues</b>	<b>217,935</b>	<b>100.0</b>	<b>274,705</b>	<b>100.0</b>	<b>56,770</b>	<b>26.0</b>
<b>Operating expenses:</b>						
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
<b>Total operating expenses</b>	<b>204,043</b>	<b>93.6</b>	<b>251,250</b>	<b>91.5</b>	<b>47,207</b>	<b>23.1</b>
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
<b>Net income</b>	<b>\$ 8,391</b>	<b>3.9%</b>	<b>\$ 13,450</b>	<b>4.9%</b>	<b>\$ 5,059</b>	<b>60.3%</b>
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

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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 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 some 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 and second quarters 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.

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	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	June 30, 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	\$ 95,765
Financing fees	2,966	4,015	4,461	5,080	3,456	4,762	5,195	7,719	5,014	6,874
Other revenues	2,281	2,064	2,396	6,109	2,286	2,937	3,413	4,541	3,158	2,832
Total revenues	51,428	64,578	72,746	85,953	62,669	84,181	91,228	147,638	69,370	105,471
Operating expenses:										
Cost of services	28,639	37,827	43,376	52,636	35,945	48,764	54,194	91,345	41,221	61,456
Selling, general, and administrative expense	21,523	19,079	21,359	23,840	22,309	23,591	25,007	32,572	24,732	29,092
Depreciation and amortization expense	784	768	740	679	731	764	732	754	760	754
Total operating expenses	50,946	57,674	65,475	77,155	58,985	73,119	79,933	124,671	66,713	91,302
Operating income	482	6,904	7,271	8,798	3,684	11,062	11,295	22,967	2,657	14,169
Other income (expense), net	145	200	(217)	222	283	—	41	109	242	7
Income before provision for income taxes	627	7,104	7,054	9,020	3,967	11,062	11,336	23,076	2,899	14,176
Provision for income taxes	273	3,090	3,068	3,924	1,726	4,812	4,931	10,038	1,261	6,167
Net income	<u>\$ 354</u>	<u>\$ 4,014</u>	<u>\$ 3,986</u>	<u>\$ 5,096</u>	<u>\$ 2,241</u>	<u>\$ 6,250</u>	<u>\$ 6,405</u>	<u>\$ 13,038</u>	<u>\$ 1,638</u>	<u>\$ 8,009</u>

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.

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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,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
Net income	\$ 8,391	\$13,450	\$27,934	\$ 8,491	\$ 9,647
Add:					
Interest income (expense)	(687)	(141)	(162)	(73)	(84)
Provision for income taxes	6,460	10,355	21,507	6,538	7,428
Depreciation and amortization	3,333	2,971	2,981	1,495	1,514
Stock-based compensation	1,246	2,851	7,448	2,183	2,626
Adjusted EBITDA	<u>\$18,743</u>	<u>\$29,486</u>	<u>\$59,708</u>	<u>\$18,634</u>	<u>\$21,131</u>

### 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,			Six Months Ended June 30,	
	2010	2011	2012	2012	2013
Net cash provided by operating activities	\$ 4,112	\$ 17,816	\$ 35,354	\$10,885	\$ 44,302
Net cash used in investing activities	(1,076)	(2,671)	(4,637)	(2,128)	(1,598)
Net cash used in financing activities	(2,570)	(16,919)	(30,768)	(8,088)	(26,449)
Net increase (decrease) in cash and cash equivalents	466	(1,774)	(51)	669	16,255
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	<u>\$ 4,932</u>	<u>\$ 3,158</u>	<u>\$ 3,107</u>	<u>\$ 3,827</u>	<u>\$ 19,362</u>

Prior to June 30, 2013, the majority of the cash generated and used in our operations was held in bank accounts with one financial institution that were included in a sweep arrangement with MMC. Pursuant to a treasury management service agreement with that financial institution, the cash was swept daily into MMC's money market account. We collected interest income from MMC at the same interest rate MMC earned on the money market account. Historically, other than for a two-week period around MMC's March 31 fiscal year end, we had a receivable from MMC for the cash that was swept. When the sweep arrangement was not in effect, during the week before and the week after March 31, our cash balances remained in our bank account. As of June 30, 2013, the sweep arrangement with MMC was permanently terminated.

#### Operating Activities

Cash flows from operating activities were \$44.3 million for the six months ended June 30, 2013, compared to \$10.9 million for the six months ended June 30, 2012. The increase in cash flows from operating activities was primarily due to a \$32.3 million increase in net working capital and a higher net income of \$1.2 million during the six months ended June 30, 2013 compared to the six months ended June 30, 2012. The net working capital changes were principally due to a \$49.2 million increase due to affiliates primarily driven by the termination of the cash sweep arrangement discussed above, partially offset by a decrease in accounts payable and accrued expenses and accrued employee expenses primarily due to timing of payments, including an increase in bonus payments during the six months ended June 30, 2013 compared to the same period in 2012.

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

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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 \$1.6 million for the six months ended June 30, 2013, as compared to \$2.1 million for the six months ended June 30, 2012. The decrease in cash flows used in investing activities for the six months ended June 30, 2013, as compared to the six months ended June 30, 2012 was primarily due to a \$0.9 million increase in employee notes receivable collections, net of issuances, partially offset by a \$0.4 million increase in investment in information technology, computer equipment and furniture.

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 used for financing activities were \$26.4 million for the six months ended June 30, 2013, as compared to \$8.0 million for the six months ended June 30, 2012. The increase in cash flows used for financing activities was primarily due to higher dividend payments to MMC during the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 and payments of initial public offering costs during the six months ended June 30, 2013 with no such comparable costs during the six months ended June 30, 2012.

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	<u>\$ 11,075</u>	<u>\$ 9,767</u>	<u>\$ 8,107</u>	<u>\$ 5,097</u>	<u>\$ 1,665</u>	<u>\$ 1,629</u>

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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 June 30, 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***

MMREIS has 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 fixed as determined by a valuation formula using book value, as defined by the agreements between MMREIS and the employees. The stock awards generally vest over a three to five-year period. Under these plans, MMREIS retains the right to repurchase shares if certain events occur, which includes termination of employment. In these circumstances, the plan document provides for repurchase proceeds to be settled in the form of a note payable to (former) shareholders or cash, which is settled over a fixed period.

While MMREIS has entered into the agreements to repurchase 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 historically assumed the obligation to make payments to the former shareholders. While MMREIS recognizes the compensation expense associated with these share-based payment arrangements, the liability has historically been assumed by MMC through a deemed contribution, which then has paid the former shareholders over time. The accounting for the stock options and SARs awards, including MMC's assumption of MMREIS repurchase obligations, is discussed below.



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### ***Restricted Common Stock***

Since stock options only allow the grantee the right to acquire shares of unvested restricted common stock at book value, which is determined on an annual basis, MMREIS accounts for the stock options and the related unvested restricted stock, as a single instrument, with a single service period. The service period begins on the option grant date, and extends through the exercise and subsequent vesting period of the restricted stock. The unvested restricted common stock is accounted for in accordance with ASC 718, Share-Based Payments. Increases or decreases in the formula settlement value of unvested restricted stock subsequent to the grant date, are recorded as increases or decreases, respectively, to compensation expense, with decreases limited to the book value of the stock on the date of grant.

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 at the liability amount, calculated as of March 31, 2013, which will be paid out to each participant in installments upon retirement or departure under the terms of the existing program. The frozen SAR account balances will be credited with interest on an annual basis. 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 be settled in actual stock at a rate of 20% per year if the participant remains employed by the company during that period (or otherwise all unsettled shares of stock upon termination of employment will be settled five years from the termination date). In addition, the formula settlement value of all outstanding shares of stock held by the plan participants will be removed, but all such shares of stock will be subject to sales restrictions that lapse at a rate of 20% per year for five years if the participant remains employed by the company. Additionally, in the event of death or termination of employment after reaching the age of 67, 100% of the DSUs will be settled and 100% of the shares of stock will be released from the resale restriction. Further, 100% of the shares of stock will be released from the resale restriction upon the consummation of a change of control of the company.

The modification will be accounted for as a probable-to-probable modification in accordance with ASC 718. Total compensation cost to be recognized at the time of the modification will be equal to (i) the unrecognized portion of compensation cost associated with the original awards, and (ii) the incremental cost resulting from the

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modification. The incremental compensation cost from the modification will be the excess of (a) the fair value of the modified awards based upon the initial public offering price of the stock, and (b) the calculated value of the awards prior to the modification based upon the formula settlement value. The fair value of the deferred stock units will be determined based upon an independent third-party appraisal and will consider the sales restrictions in accordance with ASC 718. In addition, as a result of the removal of the formula settlement value, the modification of the unvested restricted stock will result in the awards being classified as equity awards.

The modification and grant of replacement awards will 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. No compensation cost related to the awards will be recognized in subsequent periods as the unvested restricted stock and deferred stock units meet the criteria to be accounted for as equity awards and will be fully vested at the modification and grant date.

### ***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 portion of the grant date value 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.

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**Quantitative and Qualitative Disclosures about Market Risk**

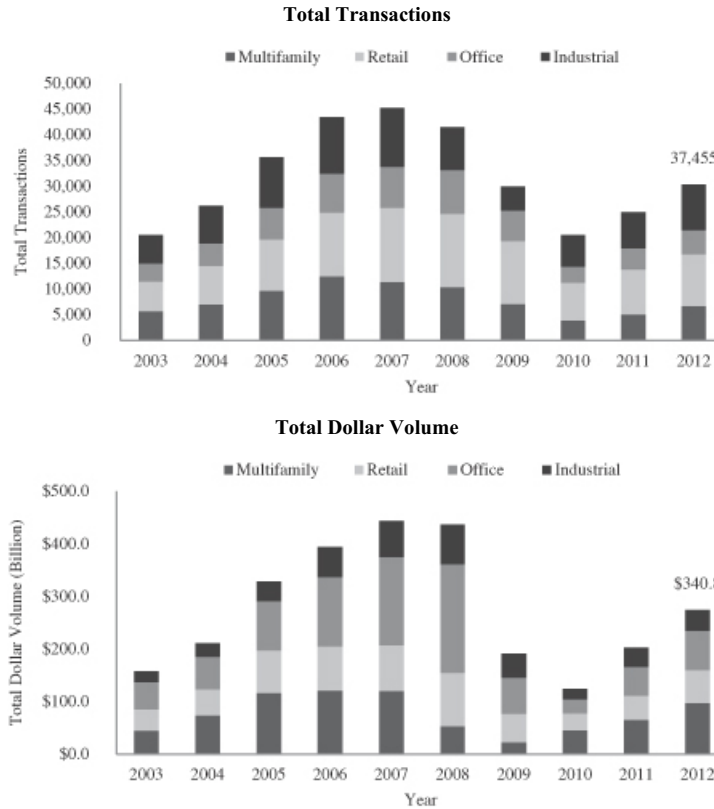
Our financial instruments, which are exposed to concentrations of credit risk, consist primarily of short-term cash investments. Due to the nature of our business and the manner in which we conduct our operations, we believe we do not face any material interest rate risk, foreign currency exchange rate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



\* 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:

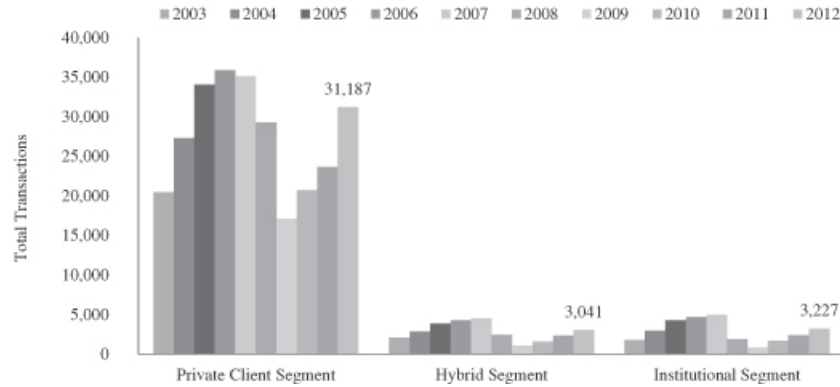
- Private client segment: properties with prices under \$10 million;

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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
<b>Total</b>	<b>37,455</b>	<b>100%</b>	<b>\$ 340</b>	<b>100%</b>	<b>\$ 5.8</b>	<b>100%</b>

\* 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,

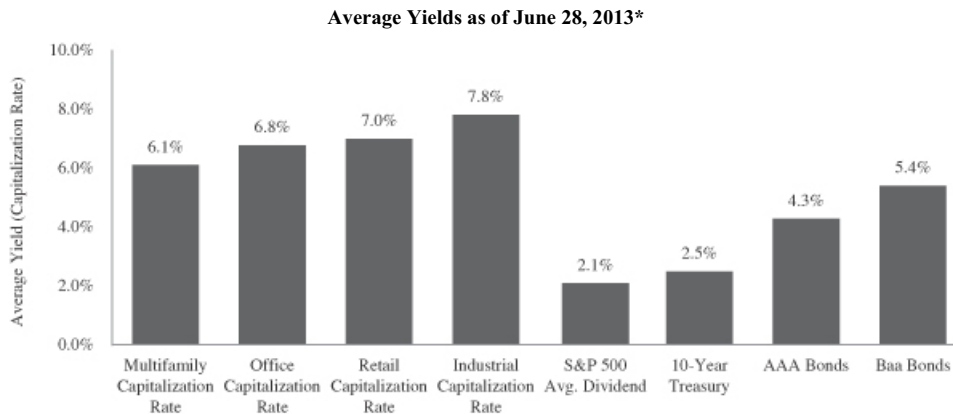
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and we believe will continue to be, primarily driven by attractive yields, improving property fundamentals and the availability and cost of financing, based on data from CoStar, Real Capital Analytics and Rosen Consulting Group.

**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 7.8%, 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 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.

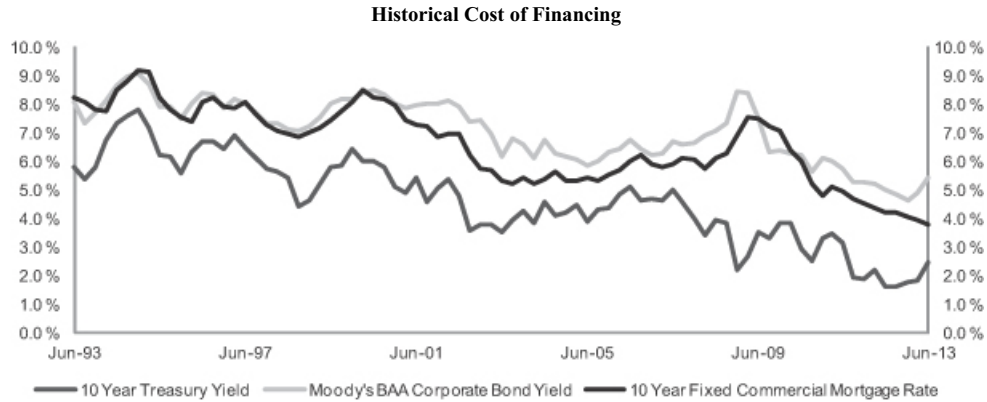
Property Type	Growth in Rental Rate						
	2009 (actual)	2010 (actual)	2011 (actual)	2012 (actual)	2013 (projected)	2014 (projected)	2015 (projected)
Multifamily	-4.1%	2.3%	4.8%	3.0%	2.8%	2.6%	2.8%
Retail	0.2%	0.4%	1.4%	1.8%	2.2%	2.6%	2.9%
Office	-8.1%	-1.0%	0.9%	2.1%	2.9%	3.3%	3.8%
Industrial	-21.9%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

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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.

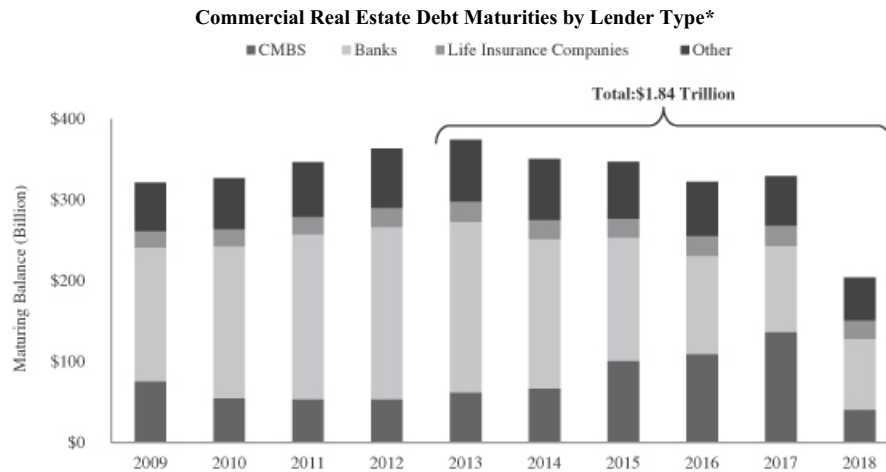
**Availability and Cost of Financing.** The availability and low cost of debt financing has been a significant contributor to the recent improvement in the U.S. capital markets and the U.S. commercial real estate market. Low interest rates and improved access to capital are key factors fueling investment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



Source: Economy.com

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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.



\* 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.

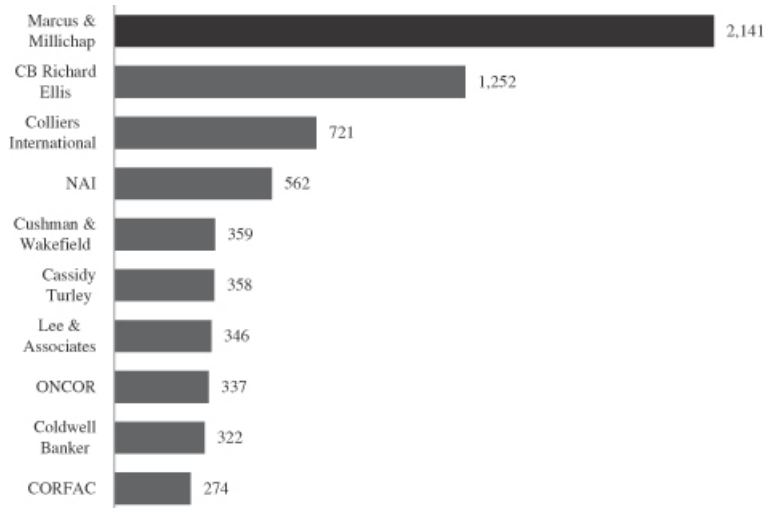


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- The attractive financial results for property investment, particularly in the multifamily market, provide the opportunity for move up equity (owners seeking to trade to higher quality and/or larger assets) and redeployment of capital, both of which 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 21% 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.

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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	0.8	1.3
Manufactured Housing	61	0.2	1.0
Mixed - Use / Other	206	0.5	3.3
<b>Total</b>	<b>6,149</b>	<b>\$ 22.0</b>	<b>100.0%</b>

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

	Private Client Segment			Institutional Segment	Total
	< \$1 Million	\$1 - \$10 Million	Hybrid Segment		
<b>Transactions</b>					
Investment Sales	1,477	3,377	243	140	5,237
MMCC - Financing	334	550	21	7	912
<b>Total</b>	<b>1,811</b>	<b>3,927</b>	<b>264</b>	<b>147</b>	<b>6,149</b>
<b>Dollar Volume (Billions)</b>					
Investment Sales	\$ 0.8	\$ 10.1	\$ 3.2	\$ 5.7	\$ 19.8
MMCC - Financing	0.2	1.5	0.3	0.2	2.2
<b>Total</b>	<b>\$ 1.0</b>	<b>\$ 11.6</b>	<b>\$ 3.5</b>	<b>\$ 5.9</b>	<b>\$ 22.0</b>

### 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

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to \$10 million range nationally, the top 10 brokerage firms represented just 21% 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 21% 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

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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.

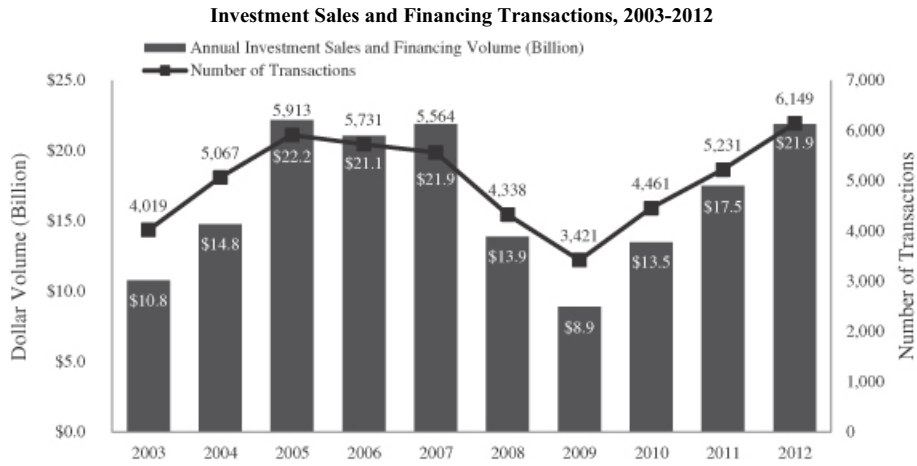
**Expand Our Market Share of Larger Transactions.** Our extensive relationships with private clients have enabled us to capture a greater portion of commercial real estate transactions in excess of \$10 million and bridge the private and institutional capital markets in recent years. Our ability to connect 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

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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:



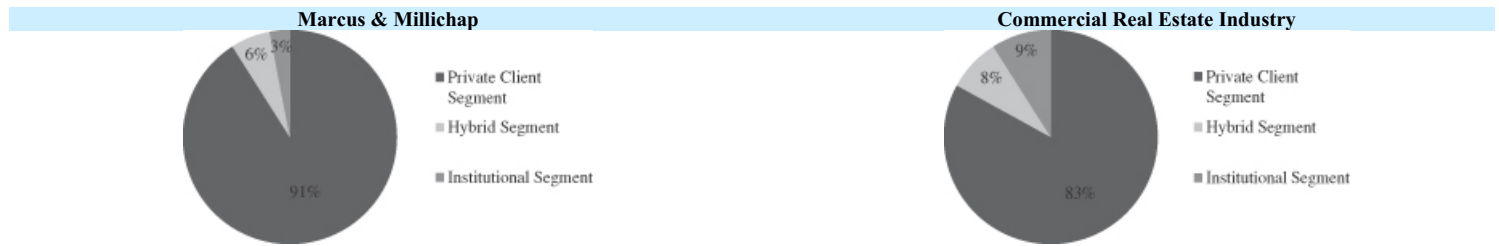
**Company History.** We opened our first office in Palo Alto, California in 1971, and expanded our Northern California footprint and established a presence in Arizona, Colorado and Texas in the late 1970s. During the 1980s, we opened offices in Southern California and the Midwest. In 1995, we established 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.



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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\***



\* 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	1.8
Hospitality	97	0.4	1.9
Seniors Housing	76	0.7	1.5
Manufactured Housing	51	0.1	1.0
Mixed-use / Other	175	0.5	3.2
<b>Total</b>	<b>5,237</b>	<b>\$ 19.8</b>	<b>100.0%</b>

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



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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

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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 June 30, 2013, we had 1,193 sales and financing professionals who are exclusive independent contractors. We also had 513 employees as of June 30, 2013, consisting of 30 financing professionals, 14 in marketing, 18 in research and 451 in sales management and support and general and administrative functions. We believe our employee relations are good.

Many of the company's sales and financing professionals are classified as independent contractors under state and IRS guidelines. As such, the company generally does not pay for the professional's expenses or benefits or withhold payroll taxes. They are paid from the commissions earned by the company upon the closing of a transaction, and do not earn a salary from which taxes are withheld. Almost all of the sales professionals hold applicable real estate broker licenses and execute a "Salespersons Agreement" setting out the relationship between the professional and the company. Each professional is obligated to provide brokerage services exclusively to the company, and is provided access to the company's information technology, research and other support and business forms. Each professional generally reports on their activities to either the local company manager, or in some cases to product specialty managers.

### ***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

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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 June 30, 2013, approximately 28% of our sales professionals have been with the company for less than one year, 19% have been with us for one to three years, 12% for three to five years, and 41% 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 iMpat. iMpat 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

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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 iImpact. 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.

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**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 September 23, 2013 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
John J. Kerin	58	President, Chief Executive Officer and Director
Martin E. Louie	52	Chief Financial Officer
Gene A. Berman	59	Executive Vice President
William E. Hughes	64	Senior Vice President, Marcus & Millichap Capital Corporation
Hessam Nadji	48	Chief Strategy Officer
George M. Marcus	72	Co-Chairman and Director
William A. Millichap	70	Co-Chairman and Director
Norma J. Lawrence	58	Director Nominee
George T. Shaheen	69	Director Nominee
Don C. Watters	70	Director Nominee
Nicholas F. McClanahan	68	Director Nominee

- (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 and as a director since June 2013. 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 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.

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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 Chief Strategy Officer since September 2013. Mr. Nadji previously served as senior vice president from 1997 to September 2013. Mr. Nadji works with the senior management team in setting and executing the company's long-term strategy and oversees all 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 senior vice president and national director of research and information services for Grubb & Ellis Co. 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 current 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. He has extensive knowledge of the Company, over 35 years of experience working in the real estate industry and significant experience serving on boards of other public companies.

**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 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. Mr. Millichap, co-founder of Marcus and Millichap Company, has substantial business and real estate industry expertise due to various leadership roles. He has extensive knowledge of the Company, over 35 years of experience working the real estate industry, and significant experience serving on boards of other public companies.

### ***Director Nominees***

**Norma J. Lawrence** is a nominee to our board of directors and will join the board prior to the completion of this offering. Ms. Lawrence served as a partner in the audit department of KPMG LLP where she specialized in real estate. Ms. Lawrence was with KPMG from 1979 through 2012 and she was a member of the National Association of Real Estate Investment Trusts, the Pension Real Estate Association, the National Council of Real

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Estate Investment Fiduciaries, the California Society of Certified Public Accountants, and the American Institute of Certified Public Accountants. She also was a member of the Organization of Women Executives, the Valley Development Forum, and the Los Angeles Chapter of Construction Financial Management Association. Ms. Lawrence received a B.A. in mathematics and an M.B.A. in finance and accounting from the University of California, Los Angeles. Ms. Lawrence possesses particular knowledge and expertise in accounting, capital structure and financial matters in the real estate industry.

**George T. Shaheen** is a nominee to our board of directors and will join the board prior to the completion of this offering. Mr. Shaheen currently serves as chairman of the board of Korn/Ferry International, an international executive search and consulting firm. He also serves on the board of directors of NetApp, Inc., 24-7, Inc., PRA International, and Univita. He is a member of the strategic advisory board of Genstar Capital. From December 2006 until July 2009, Mr. Shaheen was the chief executive officer and chairman of the board of Entity Labs, Ltd. Mr. Shaheen was the chief executive officer of Siebel Systems, Inc., a CRM software company, from April 2005 until the sale of the company in January 2006. From October 1999 to April 2001, he served as the chief executive officer and chairman of the board of Webvan Group, Inc. Mr. Shaheen was previously the chief executive officer and global managing partner of Andersen Consulting, which later became Accenture, from 1988 to 1999. He has served as an IT Governor of the World Economic Forum and as a member of the board of advisors for the Northwestern University Kellogg Graduate School of Management. He has also served on the board of trustees of Bradley University. Mr. Shaheen received a B.S. in marketing and an M.B.A. in management from Bradley University. Mr. Shaheen has extensive experience as a senior executive and director of numerous companies, and he possesses significant business and leadership knowledge and experience.

**Don C. Watters** is a nominee to our board of directors and will join the board prior to the completion of this offering. Mr. Watters is a director emeritus of McKinsey & Company, the global management consulting firm, where he continues to lead training programs for consultants. During his 28 years with McKinsey & Company, Mr. Watters served primarily Fortune 500 sized private sector clients in over a dozen different industries on issues of strategy, organization and operations. He served on the board of directors of Merant PLC, a publicly-traded company based in the United Kingdom from the late 1990's to 2004. Additionally, Mr. Watters was on the advisory board of Cunningham Communication, Inc. Mr. Watters has served on the board of directors of numerous non-profit organizations, including the San Jose Ballet, the Tech Museum of Innovation, the American Leadership Forum Silicon Valley, the American Leadership Forum National, United Way Silicon Valley, and the Bay Area Garden Railway Society. He is on the advisory board of the Markkula Center for Applied Ethics at Santa Clara University. Mr. Watters received a B.S. in engineering from the University of Michigan and an M.B.A. from Stanford University. Mr. Watters possesses substantial knowledge and experience in strategic planning, organization, operations and leadership of complex organizations.

**Nicholas F. McClanahan** is a nominee to our board of directors and will join the board prior to the completion of this offering. Mr. McClanahan served as managing director of strategic relationships at Accretive Advisor Inc. from September 2010 to February 2012. From April 1971 through April 2006, Mr. McClanahan worked at Merrill Lynch & Co. in various positions including as executive vice president of Merrill Lynch Canada and managing director of Merrill Lynch Private Banking Group from 2003 to 2005. Mr. McClanahan received a B.B.A. in finance from Florida Atlantic University and is a graduate of the Securities Industry Institute executive education program at The Wharton School at the University of Pennsylvania. Mr. McClanahan possesses particular knowledge and experience in finance, capital structure, strategic planning, management and investment.

### **Composition of our Board of Directors**

Upon the closing of this offering, we expect to have seven to nine 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.



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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

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“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.

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**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, <i>President and Chief Executive Officer</i>	\$400,000	\$1,500,000	\$ —	\$ —	\$ —	\$ 1,342,442	\$ 36,024	\$3,278,466
Gene A. Berman, <i>Executive Vice President</i>	\$300,000	\$ 843,487	\$ —	\$ —	\$ —	\$ 662,505	\$ 30,007	\$1,835,999
Hessam Nadji, <i>Chief Strategy Officer</i>	\$250,000	\$ 625,000	\$ —	\$ —	\$ —	\$ 442,592	\$ 41,936	\$1,359,528

- (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, 2012 through March 31, 2013 were as follows: Mr. Kerin (\$1,600,000), Mr. Berman (\$900,000) and Mr. Nadji (\$650,000). The total bonus amounts for April 1, 2011 through March 31, 2012 were as follows: Mr. Kerin (\$1,200,000), Mr. Berman (\$673,949) and Mr. Nadji (\$550,000). The bonuses payable to the executives are discretionary. See “Employment Agreement with John J. Kerin” below for additional information on the calculation of his annual bonus.
- (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 (as defined in the relevant SARs award agreement) 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).

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Named 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

\* See Note 10 in the “Consolidated Financial Statements—Notes to Consolidated Financial Statements” for a discussion of the method of calculating earnings on amounts in the Nonqualified Deferred Compensation Plan.

**Stock Appreciation Rights Details by Named Executive Officer**

Named 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.
Hessam Nadji	667	1,333	\$23.21	1/3 of the SARs vest on April 15 of each of 2012-2014.
	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	<u>\$36,024</u>	<u>\$30,007</u>	<u>\$41,936</u>

**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.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised 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	—	—
Hessam Nadji						1,333(6)	\$278,396	—	—
						318(7)	\$ 81,779	—	—

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

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- (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 any of our subsidiary corporations' employees, 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 2015 fiscal year, by an amount equal to the least of:

- \_\_\_\_\_ shares of our common stock;
- 3% 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

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500,000 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 1,000,000 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 500,000 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 1,000,000 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 \$2 million dollars or covering more than 500,000 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 \$5 million dollars or covering up to 1,000,000 shares, whichever is greater. An 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 any related 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.

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*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: (i) sales or non-sales revenue; (ii) return on revenues; (iii) operating income; (iv) income or earnings including operating income; (v) income or earnings before or after taxes, interest, depreciation and/or amortization; (vi) income or earnings from continuing operations; (vii) net income; (viii) pre-tax income or after-tax income; (ix) net income excluding amortization of intangible assets, depreciation and impairment of goodwill and intangible assets and/or excluding charges attributable to the adoption of new accounting pronouncements; (x) raising of financing or fundraising; (xi) project financing; (xii) revenue backlog; (xiii) power purchase agreement backlog; (xiv) gross margin; (xv) operating margin or profit margin; (xvi) capital expenditures, cost targets, reductions and savings and expense management; (xvii) return on assets (gross or net), return on investment, return on capital, or return on shareholder equity; (xviii) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xix) performance warranty and/or guarantee claims; (xx) stock price or total stockholder return; (xxi) earnings or book value per share (basic or diluted); (xxii) economic value created; (xxiii) pre-tax profit or after-tax profit; (xxiv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or market share, geographic business expansion, objective customer satisfaction or information technology goals; (xxv) objective goals relating to divestitures, joint ventures, mergers, acquisitions and similar transactions; (xxvi) construction projects consisting of one or more objectives based upon meeting project completion timing milestones, project budget, site acquisition, site development, or site equipment functionality; (xxvii) objective goals relating to staff management, results from staff attitude and/or opinion surveys, staff satisfaction scores, staff safety, staff accident and/or injury rates, headcount, performance management, completion of critical staff training initiatives; (xxviii) objective goals relating to projects, including project completion timing milestones, project budget; (xxix) key regulatory objectives; and (xxx) enterprise resource planning. 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.

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*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 2015 fiscal year, equal to the least of:

- \_\_\_\_\_ shares of our common stock;
- 1% 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.



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The ESPP is intended to qualify under Section 423 of the Code and provides for consecutive, non-overlapping 6-month offering periods. The offering periods generally start on the first trading day on or after May 15 and November 15 of each year. The first offering period will commence on the first trading day on or after the May 15 or November 15 so designated as the start of the first offering period by the administrator. 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 15% 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 1,250 shares of common stock during each 6-month offering period.

Amounts deducted and accumulated by the participant are used to purchase shares of our common stock at the end of each 6-month offering period. The purchase price of the shares will initially be 85% 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; provided, however, the administrator may reduce the discount prior to the commencement of any 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

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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, director nominees and named executive officers;
- all directors, director nominees and executive officers as a group;
- each person who is known to own beneficially more than 5% of our common stock; and
- each of the selling stockholders.

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

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

MMC will exchange a portion of the shares of our common stock it owns for indebtedness of MMC held by some of MMC’s former and current stockholders, which we refer to, in such role, as the debt-for-equity exchange parties. The debt-for-equity exchange parties will then sell the shares to the underwriters for cash as selling stockholders in this offering. 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. The amounts in the table do not include DSUs to be issued to executive officers and certain of the other selling stockholders in connection with this offering since the shares issuable upon settlement of the DSUs cannot be received within 60 days from \_\_\_\_\_, 2013. See “Certain Relationships and Related Transactions” for more information about the DSUs to be granted to our named executive officers and Mr. Millichap.

Name and Address	Shares Beneficially Owned		Number of Shares Offered	Shares Beneficially Owned	
	Number	Percent		Number	Percent
<b>Selling Stockholders</b>					
George M. Marcus <sup>(3)</sup>		%			%
William A. Millichap <sup>(4)</sup>		%			%
Donald A. Lorenz and related entities <sup>(5)</sup>		%			%
The Lucas Family Trust, dated November 10, 2006 <sup>(6)</sup>		%			%
The Kerin Family Trust dated January 5, 2001 <sup>(7)</sup>		%			%
Hessam Nadji		%			%
Paul S. Mudrich					
Gene Allen Berman, Trustee Under the Gene Allen Berman Trust Dated 5/9/06 <sup>(8)</sup>		%			%
Alan L. and Pamela J. Pontius Revocable Intervivos Trust Dated September 22, 1999 <sup>(9)</sup>		%			%
The William E. Hughes, Jr., Revocable Trust Dated August 26, 2005 <sup>(10)</sup>		%			%
Steven R. Chaben		%			%
Kent R. Williams		%			%
Martin E. Louie		%			%

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Name and Address	Shares Beneficially Owned		Number of Shares Offered	Shares Beneficially Owned	
	Prior to Offering <sup>(1)</sup>			After Offering <sup>(2)</sup>	
	Number	Percent		Number	Percent
<b>Directors, Director Nominees and Executive Officers</b>					
John J. Kerin <sup>(7)</sup>		%			%
Gene A. Berman <sup>(8)</sup>		%			%
Hessam Nadji		%			%
George M. Marcus <sup>(3)</sup>		%			%
William A. Millichap <sup>(4)</sup>		*			%
Norma J. Lawrence		%			%
George T. Shaheen		%			%
Don C. Watters		%			%
Nicholas F. McClanahan		%			%
All directors, director nominees and executive officers as a group (11 persons)		%			%

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

- (1) Reflects shares owned after the Spin-Off.
- (2) 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.
- (3) Comprised of shares acquired 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.
- (4) Comprised of shares acquired 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.
- (5) Comprised of (i) \_\_\_\_\_ shares of common stock held by The Donald and Beverly Lorenz Living Trust for which Mr. Lorenz shares voting and dispositive power, (ii) \_\_\_\_\_ shares of common stock held by the Donald A. Lorenz 2012 Dynasty Trust for which Mr. Lorenz has voting and dispositive power, (iii) \_\_\_\_\_ shares of common stock held by the Beverly J. Lorenz 2012 Dynasty Trust for which Beverly J. Lorenz, Mr. Lorenz's spouse, has voting and dispositive power, and (iv) \_\_\_\_\_ shares of common stock held by Lorenz Capital Assets, L.P. for which Mr. Lorenz has voting and dispositive power. Such shares were acquired 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.
- (6) Voting and investment power over the shares held by The Lucas Family Trust, dated November 10, 2006 is exercised by Mr. Gary R. and Mrs. Susanne Yeung Lucas, its co-trustees.
- (7) Voting and investment power over the shares held by The Kerin Family Trust dated January 5, 2001 is exercised by Mr. John J. and Mrs. Mary Kerin, its co-trustees.
- (8) Voting and investment power over the shares held by the Gene Allen Berman Trust Dated 5/9/06 is exercised by Mr. Gene Allen Berman, its trustee.
- (9) Voting and investment power over the shares held by the Alan L. and Pamela J. Pontius Revocable Intervivos Trust Dated September 22, 1999 is exercised by Mr. and Mrs. Pontius, its co-trustees.
- (10) Voting and investment power over the shares held by the The William E. Hughes, Jr., Revocable Trust Dated August 26, 2005 is exercised by Mr. William E. Hughes, Jr., its trustee.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Relationship with Marcus & Millichap Company

The following are certain related party transactions between MMC and us. Prior to the Spin-Off, MMC is our majority shareholder and is controlled by George M. Marcus, our co-Chairman. 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 some of MMC's services and resources related to our corporate functions, including employee benefits administration, corporate legal services, and accounting systems management. We will pay MMC mutually agreed-upon fees for these services, which will be based on MMC's costs of providing the transition services, without any markup. Under the agreement, we will be able to use MMC's services for a fixed term established on a service-by-service basis, which may be extended by mutual written agreement. We may terminate the agreement or any of the specified services for any reason with 60 days prior written notice to MMC. We will not have any obligation to continue to use MMC's services after the term. Generally, each party will indemnify the other party and their respective directors, officers, employees and agents against losses resulting from the transition services, except to the extent of the service provider's gross negligence or intentional misconduct, not to exceed the amount of fees paid to the service provider.

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 some 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 contribution agreement with the shareholders of MMREIS, including MMC, the majority shareholder of MMREIS. Pursuant to the contribution agreement, MMC will contribute its approximately 88% interest in the MMREIS common stock and 100% of the MMREIS preferred stock to us, and the remaining MMREIS shareholders will contribute all of their shares of MMREIS common stock, constituting all of the outstanding capital stock of MMREIS, to us, in exchange for shares of our common stock. As a result, MMREIS will become our wholly owned subsidiary. MMC and the other MMREIS shareholders will provide customary representations and warranties regarding authority, ownership of shares, accredited investor status and securities laws compliance.

### *Tax matters agreement*

*Allocation of taxes.* We intend to enter into a tax matters agreement with MMC immediately prior to the completion of this offering that will govern the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. In general, under the agreement:

- MMC will be responsible for all income taxes of the MMC affiliated group (and any related interest, penalties or audit adjustments and including those taxes attributable to our business) allocable to any tax

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period ending on or before the last date on which we qualify as a member of the affiliated group (as defined in Section 1504 of the Code) of which MMC is the common parent (the “Deconsolidation Date”) (or the portion of a period before the Deconsolidation Date in the case of a tax period beginning before and ending after the Deconsolidation Date). In this regard, MMC will be responsible for any income taxes resulting from gain from any deferred intercompany transactions or excess loss account that arises as a result of the Distribution. MMC and its subsidiaries other than us and our subsidiaries will be responsible for all taxes other than income taxes that they incur for all periods.

- We will be responsible for income taxes (and any related interest, penalties or audit adjustments) attributable to us and our subsidiaries for any tax period beginning after the Deconsolidation Date (or the portion of a period after the Deconsolidation Date in the case of a tax period beginning before and ending after the Deconsolidation Date). We and our subsidiaries will also be responsible for all taxes other than income taxes that we incur for all periods.

We and MMC are required to cooperate in good faith in apportioning any tax attributes between us and MMC. We will not make payments to MMC, and MMC will not make payments to us, in consideration for such tax attributes.

MMC will be responsible for preparing and filing any income tax returns with respect to the MMC affiliated group, including us and our subsidiaries, for periods through the Deconsolidation Date. We will be responsible for preparing and filing any income tax returns with respect to our affiliated group for any tax period beginning after the Deconsolidation Date and for tax returns other than income tax returns for all periods.

MMC will generally have exclusive authority to control tax contests related to any income tax returns covering periods prior to the Deconsolidation Date. We will have exclusive authority to control tax contests with respect to tax returns relating to taxes for which we or our subsidiaries have the payment responsibility under the agreement.

*Preservation of the tax-free status of the MMC Contribution, the Debt-for-Equity Exchange and the Distribution* We and MMC intend that MMC’s contribution of its MMREIS common stock and preferred stock to us, which we refer to as the MMC Contribution, the Debt-for-Equity Exchange and the Distribution will qualify as a “reorganization” pursuant to which no gain or loss will be recognized by us, MMC, or the MMC shareholders for federal income tax purposes under Sections 355, 368(a)(1)(D) and related provisions of the Code.

MMC has received a private letter ruling from the IRS to the effect that, among other things, the MMC Contribution, the Debt-for-Equity Exchange and the Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355, 368(a)(1)(D) and related provisions of the Code. In addition, MMC will receive an opinion of counsel regarding the tax-free status of these transactions.

We and MMC will be prohibited from taking any action, or failing to take any action, (i) where such action or failure to act is inconsistent with any representation made in obtaining the IRS private letter ruling or the opinion of counsel referred to above or (ii) which adversely affects or could reasonably be expected to adversely affect the tax-free status of the MMC Contribution, the Debt-for-Equity Exchange or the Distribution. In addition, during the time period ending two years after the date of the Distribution, we and MMC and our respective affiliates will be precluded from ceasing to be engaged in the active trades or businesses relied upon in obtaining the IRS private letter ruling. During this same period we will be precluded from taking any action or actions which, in the aggregate, have the effect of causing or permitting one or more persons to acquire a fifty percent or greater interest in us, as determined under Section 355 of the Code (unless we obtain a letter ruling from the IRS or an opinion of counsel acceptable to MMC that such actions will not affect the tax-free treatment of the MMC Contribution, the Debt-for-Equity Exchange or the Distribution). This last-mentioned restriction could have the effect of precluding us from undertaking stock issuances or acquisitions that would otherwise be advantageous to us and our stockholders.

We will agree to indemnify MMC and its affiliates against any and all tax-related liabilities incurred by them relating to the MMC Contribution, the Debt-for-Equity Exchange or the Distribution to the extent caused by

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a breach of our tax-related restrictions described in the preceding paragraph. This indemnification provision will apply even if MMC has permitted us to take an action that would otherwise have been prohibited under such restrictions. Likewise, MMC will indemnify us and our affiliates against all tax-related liabilities incurred by us or our affiliates relating to the MMC Contribution, the Debt-for-Equity Exchange or the Distribution to the extent caused by a breach of MMC's tax-related restrictions.

### ***Separation agreement***

We intend to enter into a separation agreement with MMC immediately prior to the completion of this offering that will govern the relationship between MMC and us following this offering.

*Transfer of Equity Interests and Cooperation.* The separation agreement provides that, prior to the Distribution, we and MMC must cooperate and take all actions required to carry out the intent of the Contribution and the Distribution.

*Further assurances.* Each of the parties will agree to cooperate with the other party and use commercially reasonable best efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary, proper or advisable under applicable law, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement.

*Indemnification.* Generally, each party will indemnify, defend and hold harmless the other party and its subsidiaries (and each of their affiliates) and their respective officers, employees and agents from and against any and all losses relating to, arising out of or resulting from: (i) liabilities assumed by the indemnifying party and (ii) any breach by the indemnifying party or its subsidiaries of the separation agreement and the other agreements described in this section (unless such agreement provides for separate indemnification). The separation agreement also specifies procedures with respect to claims subject to indemnification.

*Mutual releases.* Generally, each of MMC and us will release the other party from any and all liabilities. The liabilities released include liabilities arising under any contract or agreement, existing or arising from any acts or events occurring or failing to occur or any conditions existing before the completion of this offering.

*Insurance.* Our directors and officers will obtain coverage under a directors' and officers' insurance program to be established by us at our expense and will not continue to be covered under MMC's existing insurance program after such time. After the expiration of the current policies, we will arrange for our own insurance policies and will not benefit from any of MMC's or its affiliates' insurance policies that may provide any such coverage. The agreement will also set forth procedures for the administration of insured claims and will allocate the right to claim coverage and control over the prosecution and defense of claims.

*Term.* Following the completion of this offering, the separation agreement will continue unless terminated by us and MMC.

## **Agreements with Management**

### ***Buy-Sell Agreements***

We have entered into buy-sell agreements with each of our executive officers—John J. Kerin, Martin E. Louie, Gene A. Berman, William E. Hughes, and Hessam Nadji. 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

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three years after any repurchase of shares they hold. The buy-sell agreements will be terminated upon the consummation of this offering and the executive officer's execution of the sale restriction agreement in the form filed as an exhibit to the registration statement of which this prospectus is a part.

### ***Compensation Arrangements with Management***

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

### **IPO Related Equity Grants**

In conjunction with this offering, the vesting of all unvested restricted stock and all unvested SARs, including those held by our executive officers, will be accelerated. The SARs will be frozen at the liability amount calculated as of March 31, 2013, which will be paid out to each executive officer in installments upon retirement or departure under the terms of the existing program. The frozen SAR account balance will be credited with interest on an annual basis. To replace the beneficial ownership in the SARs, the difference between the book value liability and the fair value of the awards, which will be based on our enterprise value as of the effectiveness of this offering, will be granted to the executive officers effective upon the closing of this offering, in the form of deferred stock units, or DSUs.

We intend to grant our executive officers DSUs as follows: DSUs with a cash value of \$        million to John J. Kerin; DSUs with a cash value of \$        million to Martin E. Louie; DSUs with a cash value of \$        million to Gene A. Berman; DSUs with a cash value of \$        million to William E. Hughes; and DSUs with a cash value of \$        million to Hessam Nadji. The DSUs will be fully vested upon receipt but will be settled in actual stock at a rate of 20% per year if the executive officer remains employed by the company during that period (or otherwise all unsettled shares of stock upon termination of employment will be settled five years from the termination date). In addition, the formula settlement value of all outstanding shares of stock held by our executive officers will be removed, but all such shares of stock will be subject to sales restrictions that lapse at a rate of 20% per year for five years if the executive officer remains employed by the company. Additionally, in the event of death or termination of employment after reaching the age of 67, 100% of the DSUs will be settled and 100% of the shares of stock will be released from the resale restriction. Further, 100% of the shares of stock will be released from the resale restriction upon the consummation of a change of control of the company.

We also will grant DSUs with a cash value of \$1 million to William A. Millichap, our Co-Chairman, effective as of the closing of this offering, which will be fully vested upon receipt but will be settled in actual stock at a rate of 20% per year.

### **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 175,000,000 authorized shares, of which 150,000,000 shares, par value \$0.0001 per share, will be designated as “common stock,” and 25,000,000 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 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 25,000,000 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

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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 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

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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**

Upon the completion of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent and registrar's address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (718) 921-8206.

## 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 180 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 (180 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 180 days after the effective date. Beginning 180 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

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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 June 30, 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.”

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (“IRS”) in effect as of the date of this offering. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a non-U.S. holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder’s particular circumstances, including the impact of the unearned income Medicare contribution tax. In addition, it does not address consequences relevant to non-U.S. holders subject to particular rules, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and
- tax-qualified retirement plans.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND**

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### **DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

#### **Definition of a Non-U.S. Holder**

For purposes of this discussion, a “non-U.S. holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor a partnership for United States federal income tax purposes. A U.S. person is any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has made a valid election under applicable Treasury Regulations to continue to be treated as a United States person.

#### **Distributions**

Any distributions of cash or property on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below in the section relating to the sale or disposition of our common stock.

Subject to the discussion below on backup withholding and foreign accounts, dividends paid to a non-U.S. holder of our common stock that are not effectively connected with the non-U.S. holder’s conduct of a trade or business within the United States will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty).

Non-U.S. holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (a) an applicable income tax treaty or (b) the non-U.S. holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide the applicable withholding agent with a properly executed (a) IRS Form W-8BEN claiming an exemption from or reduction of the withholding tax under the benefit of an income tax treaty between the United States and the country in which the non-U.S. holder resides or is established, or (b) IRS Form W-8ECI stating that the dividends are not subject to withholding tax because they are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Subject to the discussion below on backup withholding and foreign accounts, if dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular

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graduated U.S. federal income tax rates. In addition, a non-U.S. holder that is a corporation may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

### **Sale or Other Taxable Disposition**

Subject to the discussions below on backup withholding and foreign accounts, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest ("USRPI") by reason of our status as a U.S. real property holding corporation (a "USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) of a portion of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States) provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we are not currently and do not anticipate becoming a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our other business assets and our non-U.S. real property interests, however, there can be no assurance we are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to U.S. federal income tax if such class of stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such non-U.S. holder owned, actually or constructively, 5% or less of such class of our stock throughout the shorter of the five-year period ending on the date of the sale or other disposition or the non-U.S. holder's holding period for such stock.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

### **Information Reporting and Backup Withholding**

Subject to the discussion below on foreign accounts, a non-U.S. holder will not be subject to backup withholding with respect to payments of dividends on our common stock we make to the non-U.S. holder, provided the applicable withholding agent does not have actual knowledge or reason to know such holder is a United States person and the holder certifies its non-U.S. status, such as by providing a valid IRS Form W-8BEN or W-8ECI, or other applicable certification. However, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld.



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Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale of our common stock within the United States, and information reporting may (although backup withholding generally will not) apply to the proceeds of a sale of our common stock outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder on IRS Form W-8BEN or other applicable form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

### **Additional Withholding Tax on Payments Made to Foreign Accounts**

Withholding taxes may be imposed under the Foreign Account Tax Compliance Act ("FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must (a) enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders or (b) if it is in a jurisdiction that has an intergovernmental agreement with the United States (an "IGA"), comply with such IGA.

The withholding provisions described above will generally apply to payments of dividends made on or after July 1, 2014 and to payments of gross proceeds from a sale or other disposition of stock on or after January 1, 2017. These withholding provisions will apply to certain foreign pass-thru payments received through foreign financial institutions on the later of January 1, 2017 and the date that final regulations defining the term "foreign pass-thru payments" are issued. Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of these withholding rules we may treat the entire distribution as a dividend. Prospective investors should consult their tax advisors regarding these withholding provisions.

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**UNDERWRITING**

The company, the selling stockholders and Citigroup Global Markets Inc. and Goldman, Sachs & Co., as representatives of 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.

<u>Underwriters</u>	<u>Number of Shares</u>
Citigroup Global Markets Inc.	
Goldman, Sachs & Co.	
JMP Securities LLC	
William Blair & Company, L.L.C.	
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**

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

**Paid by the Selling Stockholders**

	<u>No Exercise</u>	<u>Full Exercise</u>
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.

At our request, the underwriters have reserved up to 5% of the shares for sale at the initial public offering price to persons who are directors, officers, or who are otherwise associated with us through a directed share program. The number of shares available for sale to the general public will be reduced by the number of directed

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shares purchased by participants in the program. Except for certain of our officers and directors who have entered into lock-up agreements as contemplated in the immediately preceding paragraph, each person buying shares through the directed share program has agreed that, for a period of 30 days from the date of this prospectus, he or she will not, without the prior written consent of Citigroup Global Markets Inc. and Goldman, Sachs & Co., dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock with respect to shares purchased in the program. For certain officers and directors purchasing shares through the directed share program, the lock-up agreements contemplated in the immediately preceding paragraph shall govern with respect to their purchases. Citigroup Global Markets Inc. and Goldman, Sachs & Co. in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Any directed shares not purchased will be offered by the underwriters to the general public on the same basis as all other shares offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares.

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 "MML." 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.

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### **The Debt-for-Equity Exchange**

It is expected that William A. Millichap, George M. Marcus, and entities affiliated with Donald A. Lorenz, which we refer to, in such role, as the debt-for-equity exchange parties, will enter into a debt-for-equity exchange agreement with MMC. Under the debt-for-equity exchange agreement, 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 or their affiliates 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 agreement, 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, as selling stockholders, 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.

### **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.

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### **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.

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### **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. Some 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](http://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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**I N D E X T O C O N S O L I D A T E D F I N A N C I A L S T A T E M E N T S**

**Marcus & Millichap Real Estate Investment Services, Inc.**

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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  
June 14, 2013

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

## CONSOLIDATED BALANCE SHEETS

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

	June 30, 2013 (unaudited)	December 31,	
		2012	2011
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 19,362	\$ 3,107	\$ 3,158
Commissions receivable, net of allowance for doubtful accounts of \$129 at June 30, 2013 and December 31, 2012, and \$143 at December 31, 2011	4,935	5,764	2,150
Employee notes receivable	141	807	322
Prepaid expenses and other current assets	4,759	2,903	2,259
Total current assets	29,197	12,581	7,889
Prepaid rent	3,598	2,855	2,958
Investments held in rabbi trust account	3,669	2,905	2,408
Property and equipment, net of accumulated depreciation of \$17,126, \$17,917 and \$15,654 at June 30, 2013, December 31, 2012 and 2011, respectively	7,592	6,688	5,298
Due from affiliates	—	60,389	40,505
Employee notes receivable	228	350	587
Other assets	3,736	3,965	4,651
Total assets	<u>\$ 48,020</u>	<u>\$89,733</u>	<u>\$64,296</u>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 5,645	\$14,350	\$ 7,559
Commissions payable	11,907	22,584	13,580
Due to affiliates	2,914	—	—
Accrued employee expenses	6,251	17,519	9,688
Total current liabilities	26,717	54,453	30,827
Deferred compensation and commissions	8,337	9,121	6,626
Other liabilities	4,804	4,529	6,686
Total liabilities	39,858	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 June 30, 2013, December 31, 2012 and 2011; \$10.00 redemption value per share at June 30, 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 June 30, 2013, December 31, 2012 and 2011, respectively	235	234	230
Additional paid-in capital	1,514	24,718	20,423
Stock notes receivable from employees	(62)	(150)	(146)
Retained earnings (accumulated deficit)	6,465	(3,182)	(360)
Total stockholders' equity	8,162	21,630	20,157
Total liabilities and stockholders' equity	<u>\$ 48,020</u>	<u>\$89,733</u>	<u>\$64,296</u>

*See accompanying notes.*

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**MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(dollar amounts in thousands)**

	Six Months Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited)				
Revenues:					
Real estate brokerage commissions	\$ 156,963	\$ 133,409	\$ 351,407	\$ 245,333	\$ 198,366
Financing fees	11,888	8,218	21,132	16,522	10,917
Other revenues	5,990	5,223	13,177	12,850	8,652
Total revenues	174,841	146,850	385,716	274,705	217,935
Operating expenses:					
Cost of services	102,677	84,709	230,248	162,478	124,272
Selling, general, and administrative expense	53,824	45,900	103,479	85,801	76,438
Depreciation and amortization expense	1,514	1,495	2,981	2,971	3,333
Total operating expenses	158,015	132,104	336,708	251,250	204,043
Operating income	16,826	14,746	49,008	23,455	13,892
Other income, net	249	283	433	350	959
Income before provision for income taxes	17,075	15,029	49,441	23,805	14,851
Provision for income taxes	7,428	6,538	21,507	10,355	6,460
Net income	<u>\$ 9,647</u>	<u>\$ 8,491</u>	<u>\$ 27,934</u>	<u>\$ 13,450</u>	<u>\$ 8,391</u>

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	Retained Earnings (Accumulated Deficit)	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)	—	—	—	—	—	—	9,647	9,647
Preferred dividends declared and paid (unaudited)	—	—	—	—	(24,718)	—	—	(24,718)
Deemed capital contribution from Parent (unaudited)	—	—	—	—	1,494	—	—	1,494
Issuance of restricted stock (unaudited)	—	—	750	1	20	(21)	—	—
Payments on stock notes receivable from employees (unaudited)	—	—	—	—	—	109	—	109
Balance as of June 30, 2013 (unaudited)	1,000	\$ 10	234,489	\$ 235	\$ 1,514	\$ (62)	\$ 6,465	\$ 8,162

See accompanying notes.

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**MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Six Months Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited)				
<b>Operating activities</b>					
Net income	\$ 9,647	\$ 8,491	\$ 27,934	\$ 13,450	\$ 8,391
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization expense	1,514	1,495	2,981	2,971	3,333
(Recovery of) provision for bad debt expense	(97)	180	157	311	469
Stock-based compensation, net of taxes	1,494	1,233	4,209	1,610	704
Other non-cash items	(30)	(3)	19	35	56
Changes in operating assets and liabilities:					
Commissions receivable	830	(145)	(3,614)	738	(1,454)
Prepaid expenses and other current assets	(204)	(169)	(644)	(460)	(430)
Prepaid rent	(743)	386	103	668	2,142
Investments in rabbi trust account	(765)	(297)	(497)	240	950
Other assets	326	(95)	530	(1,694)	1,543
Due to (from) affiliates	63,303	14,116	(19,884)	(1,513)	(15,267)
Accounts payable and accrued expenses	(8,537)	(2,855)	6,791	3,239	(1,095)
Commissions payable	(10,678)	(4,149)	9,004	(5,511)	2,741
Accrued employee expenses	(11,270)	(5,481)	7,831	686	5,395
Deferred compensation and commissions	(784)	(778)	2,495	899	(2,063)
Other liabilities	296	(1,044)	(2,061)	2,147	(1,303)
Net cash provided by operating activities	44,302	10,885	35,354	17,816	4,112
<b>Investing activities</b>					
Payments on employee notes receivable	1,096	405	458	550	251
Issuances of employee notes receivable	(306)	(546)	(706)	(310)	(467)
Purchase of property and equipment	(2,420)	(2,022)	(4,563)	(3,083)	(922)
Proceeds from sale of property and equipment	32	35	174	172	62
Net cash used in investing activities	(1,598)	(2,128)	(4,637)	(2,671)	(1,076)
<b>Financing activities</b>					
Payments on obligations under capital leases	(21)	(77)	(98)	(318)	(600)
Payments of initial public offering costs	(1,819)	—	—	—	—
Dividends paid to Parent	(24,718)	(8,097)	(30,756)	(16,526)	(2,000)
Repayment of stock notes receivable from employees	109	86	86	56	33
Repurchase of shares	—	—	—	(131)	(3)
Net cash used in financing activities	(26,449)	(8,088)	(30,768)	(16,919)	(2,570)
Net increase (decrease) in cash and cash equivalents	16,255	669	(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	<u>\$ 19,362</u>	<u>\$ 3,827</u>	<u>\$ 3,107</u>	<u>\$ 3,158</u>	<u>\$ 4,932</u>

See accompanying notes.

**MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS CASH FLOWS (continued)**  
**(in thousands)**

	Six Months Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited)				
<b>Supplemental disclosures of cash flow information</b>					
Interest paid during the period	\$ —	\$ 3	\$ 4	\$ 12	\$ 35
Income taxes paid to Parent	<u>\$ 11,640</u>	<u>\$ 6,479</u>	<u>\$ 17,880</u>	<u>\$ 9,440</u>	<u>\$ —</u>
<b>Supplemental disclosures of noncash investing and financing activities</b>					
Deferred offering costs	\$ 168	\$ —	\$ —	\$ —	\$ —
Issuance of restricted stock for notes receivable	\$ 21	\$ 90	\$ 90	\$ 163	\$ 86
Assets acquired under capital lease	\$ —	\$ —	\$ —	\$ 121	\$ —
Deemed capital contribution from Parent	<u>\$ 1,494</u>	<u>\$ 1,233</u>	<u>\$ 4,209</u>	<u>\$ 1,610</u>	<u>\$ 704</u>

*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 June 30, 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 June 30, 2013, the consolidated statements of income and the consolidated statements of cash flows for the six months ended June 30, 2012 and 2013 and the consolidated statement of stockholders' equity for the six months ended June 30, 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 June 30, 2013 and the consolidated results of operations and cash flows for the six months ended June 30, 2012 and 2013. The financial data and other information disclosed in these notes to the consolidated financial statements related to the six month periods are unaudited. The results of the six months ended June 30, 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 June 30, 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.

Prior to June 30, 2013, the majority of the cash generated and used in the Company's operations was held in bank accounts with one financial institution that were included in a sweep arrangement with MMC. Pursuant to a treasury management service agreement with that financial institution, the cash was swept daily into MMC's money market account. The Company collected interest income from MMC at the same interest rate as MMC earned on the money market account. Historically, other than for a 2-week period around MMC's March 31 fiscal year end, the Company had a receivable from MMC for the cash that was swept. When the sweep arrangement was not in effect, during the week before and the week after March 31, the Company's cash balances remained in the Company's bank accounts. As of June 30, 2013, the sweep arrangement with MMC was permanently terminated.

**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. Any cash receipts on notes are applied first to unpaid principal balance prior to any income being recognized.

The Company establishes an allowance for doubtful accounts based on the specific-identification of potentially uncollectible accounts or commissions notes receivable in accordance with ASC 310. Additionally, accounts and commissions notes receivable that are not specifically identified as being impaired are reviewed for impairment in accordance with ASC 450 based on consideration of historical experience.

**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 six months ended June 30, 2013 or for the years ended December 31, 2012, 2011 and 2010.

**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 prepaid expenses and other current 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 \$1,987 (unaudited) of capitalized deferred offering costs as of June 30, 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**

Some 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 June 30, 2013 and December 31, 2012 and 2011, deferred rent totaled \$3,851 (unaudited), \$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 six months ended June 30, 2013 and 2012 was \$475 (unaudited) and \$374 (unaudited), respectively. Advertising expense for the years ended December 31, 2012, 2011 and 2010 was \$702, \$525 and \$439, 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 six months ended June 30, 2013 and 2012 and the years ended December 31, 2012, 2011 and 2010, 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 June 30, 2013, December 31, 2012 and 2011, amounts due to the Parent under the tax-sharing agreement totaled \$8,054 (unaudited), \$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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)

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 has 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 fixed as determined by a valuation formula using book value, as defined by the agreements between the Company and the employees. The stock awards generally vest over a three to five-year period. Under these plans, the Company retains the right to repurchase shares, if certain events occur, which includes termination of employment. In these circumstances, the plan document provides for repurchase proceeds to be settled in the form of a note payable to (former) shareholders or cash, which is settled over a fixed period.

While the Company has entered into the agreements to repurchase 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 historically assumed the obligation to make payments to the former shareholders. While the Company recognizes the compensation expense associated with these share-based payment arrangements, the liability has historically been assumed by MMC through a deemed contribution, who then has paid the former shareholders over time. The accounting for the stock options and SARs awards, including MMC's assumption of our repurchase obligations, is discussed below.

*Restricted Common Stock*

Since stock options only allow the grantee the right to acquire shares of unvested restricted common stock at book value, which is determined on an annual basis, the Company accounts for the stock options and the related unvested restricted stock, as a single instrument, with a single service period. The service period begins on the option grant date, and extends through the exercise and subsequent vesting period of the restricted stock. The unvested restricted common stock is accounted for in accordance with ASC 718, *Share-Based Payments*. Increases or decreases in the formula settlement value of unvested restricted stock subsequent to the grant date, are recorded as increases or decreases, respectively, to compensation expense, with decreases limited to the book value of the stock on the date of grant.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)

*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 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.

**MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(dollar amounts in thousands)**

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 June 30, 2013, December 31, 2012 and December 31, 2011, no individual customer accounted for 10% or more of commissions and notes receivable. For the six months ended June 30, 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:

	<u>June 30,</u> <u>2013</u> (unaudited)	<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Commissions due from buyer/seller	\$ 3,941	\$5,205	\$1,936
Due from sales agents	1,123	688	357
Less allowance for doubtful accounts	(129)	(129)	(143)
	<u>\$ 4,935</u>	<u>\$5,764</u>	<u>\$2,150</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)

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

	June 30,	December 31,	
	2013	2012	2011
	(unaudited)		
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	<u>\$ (129)</u>	<u>\$(129)</u>	<u>\$(143)</u>

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.

### 3. Property and Equipment

Property and equipment consist of the following:

	June 30,	December 31,	
	2013	2012	2011
	(unaudited)		
Computer software and hardware equipment	\$ 6,255	\$ 6,211	\$ 4,488
Furniture, fixtures, and equipment	18,463	18,394	16,464
Less accumulated depreciation and amortization	<u>(17,126)</u>	<u>(17,917)</u>	<u>(15,654)</u>
	<u>\$ 7,592</u>	<u>\$ 6,688</u>	<u>\$ 5,298</u>

Depreciation expense for property and equipment for the six months ended June 30, 2013 and 2012 was \$1,514 (unaudited) and \$1,495 (unaudited), respectively. Depreciation expense for the years ended December 31, 2012, 2011 and 2010 was \$2,981, \$2,971 and \$3,333, respectively.

Furniture, fixtures and equipment with a net book value of \$63 (unaudited), \$160 and \$545, are recorded under capital leases as of June 30, 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)

4. Other Assets

Other assets consist of the following:

	June 30, 2013 (unaudited)	December 31,	
		2012	2011
Commission notes receivable	\$ 720	\$ 739	\$ 465
Due from sales agents	405	376	366
Agent recruiting receivable	1,563	1,766	2,859
Security deposits and other	1,048	1,084	961
	<u>\$ 3,736</u>	<u>\$3,965</u>	<u>\$4,651</u>

5. Other Liabilities

Other liabilities consist of the following:

	June 30, 2013 (unaudited)	December 31,	
		2012	2011
Long term deferred rent	\$ 3,142	\$2,703	2,539
Accrued legal	1,351	1,826	3,651
Other	311	—	496
	<u>\$ 4,804</u>	<u>\$4,529</u>	<u>\$6,686</u>

6. Related-Party Transactions

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

	June 30, 2013 (unaudited)	December 31,	
		2012	2011
Cash sweep receivable from Parent	\$ —	\$ 71,905	\$45,141
Advance to Parent	5,576	—	—
Taxes payable to Parent	(8,054)	(11,133)	(4,266)
General and administrative expenses payable to Parent	(436)	(383)	(370)
	<u>\$ (2,914)</u>	<u>\$ 60,389</u>	<u>\$40,505</u>

Prior to June 30, 2013, the majority of the cash generated and used in the Company's operations was held in bank accounts with one financial institution that were included in a sweep arrangement with MMC. Pursuant to a treasury management service agreement with that financial institution, the cash was swept daily into MMC's money market account. The Company collected interest income from MMC at the same interest rate as MMC earned on the money market account. Historically, other than for a 2-week period around MMC's March 31 fiscal year end, the Company had a receivable from MMC for the cash that was swept. When the sweep arrangement was not in effect, during the week before and the week after March 31, the Company's cash balances remained in the Company's bank accounts. As of June 30, 2013, the sweep arrangement with MMC was permanently terminated.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(dollar amounts in thousands)**

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 June 30, 2013 is equal to the amount outstanding of \$48.7 million (unaudited) (\$30.7 million outstanding on the line of credit and \$18.0 million advanced under the term loan component of the line). 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 June 30, 2013 and December 31, 2012, MMC was in compliance with all debt covenants under the terms of the line of credit agreement.

Total dividends declared and paid for the six months ended June 30, 2013 and 2012 were \$24,718 (unaudited) and \$8,097 (unaudited), respectively. Total dividends declared and paid for the years ended December 31, 2012, 2011 and 2010 were \$30,756, \$16,526 and \$2,000, respectively.

Under a shared services arrangement with MMC, MMC provides services to the Company. During the six months ended June 30, 2013 and 2012, the Company paid \$403 (unaudited) and \$348 (unaudited) to MMC under the shared services arrangement. In 2012, 2011 and 2010, the Company paid \$770, \$862 and \$477, respectively, to MMC pursuant to this arrangement.

Amounts representing health insurance premiums incurred by MMC on behalf of the Company for six months ended June 30, 2013 and 2012 were \$1,805 (unaudited) and \$1,571 (unaudited), respectively. 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. Such expenses, paid by MMC on behalf of the Company, are allocated to the affected related companies based on individual employee coverage costs.

During the six months ended June 30, 2013 and 2012, MMC incurred \$389 (unaudited) and \$358 (unaudited), respectively in general and administrative expenses on behalf of the Company. 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. 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 \$74 (unaudited) and \$60 (unaudited) for the six months ended June 30, 2013 and 2012, respectively. The Company earned interest income from MMC of \$162, \$141 and \$687 for the years ended December 31, 2012, 2011 and 2010, respectively.

The Company had \$58 (unaudited), \$51 and \$65 of unpaid shared service amounts at June 30, 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 June 30, 2013, December 31, 2012 and 2011, the aggregate principal amount loaned to employees was \$369 (unaudited), \$1,157 and \$909, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(dollar amounts in thousands)

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. For the six months ended June 30, 2013 and 2012, financing and brokerage service revenue from these transactions with wholly-owned subsidiaries of MMC totaled \$382 (unaudited) and \$619 (unaudited), respectively. For the years ended December 31, 2012, 2011 and 2010, revenue from these transactions with wholly-owned subsidiaries of MMC totaled \$1,116, \$847 and \$1,493, respectively. MMC Commission expense for these transactions totaled \$238 (unaudited) and \$370 (unaudited) for the six months ended June 30, 2013 and 2012, respectively. MMC Commission expense for these transactions totaled \$690, \$526 and \$887 for the years ended December 31, 2012, 2011 and 2010, respectively.

The Company has an operating lease with MMC for an office located in California. The lease expires April 30, 2015. Rent expense totaled \$179 (unaudited) and \$139 (unaudited) for the six months ended June 30, 2013 and 2012, respectively. 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.

**7. Income Taxes**

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

	Six Months Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Unaudited)				
Federal	\$6,516	\$5,734	\$18,866	\$ 9,085	\$5,667
State	912	804	2,641	1,270	793
	<u>\$7,428</u>	<u>\$6,538</u>	<u>\$21,507</u>	<u>\$10,355</u>	<u>\$6,460</u>

The provision for income taxes for the six months ended June 30, 2013 and 2012 and each of 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:

	Six Months Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Unaudited)				
Computed expected tax expense	\$5,976	\$5,260	\$17,305	\$ 8,332	\$5,198
State taxes (net of federal tax effect)	837	736	2,423	1,165	727
Permanent differences	57	8	8	180	47
Adjustment to tax-sharing rate	558	534	1,771	678	488
Provision for income taxes	<u>\$7,428</u>	<u>\$6,538</u>	<u>\$21,507</u>	<u>\$10,355</u>	<u>\$6,460</u>

The tax-sharing agreement with the Parent, as discussed in Note 1, has established a rate of 43.5% for the six months ended June 30, 2013 and 2012, and each of the years ended December 31, 2012, 2011 and 2010 which is utilized to compute the Company's income tax provision and the resulting amount due from (to) the Parent, which are net of deferred tax assets and liabilities.



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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)

**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 six months ended June 30, 2013, 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 cancellations of common stock during the periods ended June 30, 2013 or June 30, 2012 or the year ended December 31, 2012.

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

	Six Months Ended June 30,			
	2013		2012	
	(Unaudited)			
	Shares Under Options	Weighted-Average Exercise Price	Shares Under Options	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	—	\$ —	—	\$ —

	Year Ended December 31,					
	2012		2011		2010	
	Shares Under Options	Weighted-Average Exercise Price	Shares Under Options	Weighted-Average Exercise Price	Shares Under Options	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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)

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

	Six Months Ended June 30,			
	2013	(Unaudited)		2012
	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	<u>28,749</u>	<u>\$ 23.76</u>	<u>27,999</u>	<u>\$ 23.67</u>
Restricted common stock vested at end of period	26,605		22,682	
Restricted common stock unvested at end of period	2,144		5,317	

	Year Ended December 31,					
	2012		2011		2010	
	Restricted Stock	Weighted-Average Grant Date Fair Value	Restricted Stock	Weighted-Average Grant Date Fair Value	Restricted Stock	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	<u>27,999</u>	<u>\$ 23.67</u>	<u>24,499</u>	<u>\$ 23.36</u>	<u>28,447</u>	<u>\$ 20.95</u>
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)

SARs

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

	Period Ended June 30,		Year Ended December 31,		
	2013	2012	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	<u>28,733</u>	<u>27,983</u>	<u>28,733</u>	<u>27,983</u>	<u>31,456</u>
SARs vested at end of period	<u>26,589</u>	<u>22,666</u>	<u>22,666</u>	<u>18,944</u>	<u>24,865</u>

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

	Six Months Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Unaudited)				
Stock	\$ 359	\$ 520	\$447	\$615	\$400
Rights under SARs	\$ 298	\$ 387	\$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 the six months ended June 30, 2013 and 2012, total stock based compensation expense was \$2,626 (unaudited) and \$2,183 (unaudited), respectively. 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.

The total fair value of stock and SARs that vested during the periods ended June 30 and the years ended December 31 was as follows:

	Period Ended June 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(Unaudited)				
Stock	\$88	\$95	\$961	\$471	\$135
Rights under SARs	\$73	\$71	\$818	\$358	\$ 45

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands)**

**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 June 30, 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 \$24,718 (unaudited) and \$8,097 (unaudited) were declared and paid during the six months ended June 30, 2013 and 2012, respectively, for 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 for common stock for the six months ended June 30, 2013 and 2012 and in the years ended December 31, 2012, 2011 and 2010.

**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.

**Voting Rights**

The Series A Preferred stockholders do not have voting rights.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(dollar amounts in thousands)**

**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. Contributions totaled \$194 (unaudited) for the six months ended June 30, 2013; however, no contributions were made for the years ended December 31, 2012, 2011 and 2010. Participants are entitled to retirement benefits at age 59<sup>1/2</sup>.

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 \$3,204 (unaudited), \$2,421 and \$1,932 at June 30, 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 \$7,939 (unaudited) and \$7,562 (unaudited) for the six months ended June 30, 2013 and 2012, respectively. Rental expense was \$14,453, \$15,087 and \$16,493 for the years ended December 31, 2012, 2011 and 2010 respectively. Rental expense is included in selling, general, and administrative expense.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(dollar amounts in thousands)**

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	<u>1,629</u>
	<u>\$36,754</u>

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 June 30, 2013, December 31, 2012 and 2011, the amount of equipment recorded in property and equipment under capital leases was \$63 (unaudited), \$160 and \$545, 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	<u>—</u>
	<u>\$586</u>

**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**

In July 2013, dividends in the amount of \$6,463 (unaudited) were declared and paid for Series A Preferred.

Marcus & Millichap



MISSION  
STATEMENT

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At Marcus & Millichap,  
our commitment is to help our clients  
create and preserve wealth  
by providing them with the best  
real estate investment sales, financing,  
research and advisory services available.

Offices Nationwide

[www.MarcusMillichap.com](http://www.MarcusMillichap.com)

Investment Sales ♦ Financing ♦ Research ♦ Advisory Services

Shares  
**Marcus & Millichap**

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**Common Stock**

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**PROSPECTUS**

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**Citigroup**  
**Goldman, Sachs & Co.**  
**JMP Securities**  
**William Blair**

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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.

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**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.

	<b>Amount to be Paid</b>
SEC registration fee	\$14,117.40
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.

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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, MMREIS has granted to some of its 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 the company, to information about MMREIS.

Prior to completion of this offering, the existing shareholders of MMREIS will contribute their shares to us in exchange for \_\_\_\_\_ shares of our common stock based on an assumed public offering price of \$ \_\_\_\_\_ (the midpoint of the price range set forth on the cover page of the prospectus that is part of this registration statement). Other than MMC, which is the majority shareholder of MMREIS, the MMREIS shareholders are currently directors or managing directors of MMREIS and constitute accredited investors as defined by Rule 501 of Regulation D. We intend to issue such shares of our common stock to existing MMREIS shareholders in reliance on Section 4(2) of the Securities Act.

### **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

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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.

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**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 September 23, 2013.

**MARCUS & MILLICHAP, INC.**

By: /s/ John J. Kerin  
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:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John J. Kerin</u> John J. Kerin	Director, President and Chief Executive Officer (Principal Executive Officer)	September 23, 2013
<u>/s/ Martin E. Louie</u> Martin E. Louie	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 23, 2013
<u>/s/ George M. Marcus</u> George M. Marcus	Director	September 23, 2013
<u>/s/ William A. Millichap</u> William A. Millichap	Director	September 23, 2013

**EXHIBIT INDEX**

<u>Number</u>	<u>Description</u>
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	Form of 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	Form of Debt-for-Equity Exchange Agreement by and among Marcus & Millichap Company, George M. Marcus, William A. Millichap, The Donald and Beverly Lorenz Living Trust, and Lorenz Capital Assets, L.P., and with respect to certain sections therein, Marcus & Millichap, Inc. to be entered into prior to completion of the offering.
10.3	Form of Separation and Distribution Agreement by and between Marcus & Millichap, Inc. and Marcus & Millichap Company to be entered into prior to the completion of the offering.
10.4	Form of Tax Matters Agreement by and between Marcus & Millichap, Inc. and Marcus & Millichap Company to be entered into prior to the completion of the offering.
10.5	Form of Transition Services Agreement by and between Marcus & Millichap, Inc. and Marcus & Millichap Company to be entered into prior to the completion of the offering.
10.6†	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.
10.7†	Form of Indemnification Agreement between Marcus & Millichap, Inc. and each of its Officers and Directors.
10.8†*	Form of 2013 Omnibus Equity Incentive Plan to become effective prior to the completion of the offering.
10.9†	Form of Deferred Stock Unit Award Agreement under 2013 Omnibus Equity Incentive Plan.
10.10†	Form of Stock Option Award Agreement under 2013 Omnibus Equity Incentive Plan.
10.11†	Form of Restricted Stock Unit Award Agreement under 2013 Omnibus Equity Incentive Plan.
10.12†*	Form of 2013 Employee Stock Purchase Plan to become effective prior to the completion of the offering.
10.13†	Form of Amendment, Restatement and Freezing of Stock Appreciation Rights Agreement.
10.14†	Form of Amendment, Restatement and Freezing of Stock Appreciation Rights Agreement (Section 409A grandfathered).
10.15†	Form of Sale Restriction Agreement.
21.1	List of Subsidiaries.

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<u>Number</u>	<u>Description</u>
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).
99.1	Consent of Norma J. Lawrence to be named as a director nominee.
99.2	Consent of George T. Shaheen to be named as a director nominee.
99.3	Consent of Don C. Watters to be named as a director nominee.
99.4	Consent of Nicholas F. McClanahan to be named as a director nominee.
*	To be filed by amendment.
†	Indicates management contract or compensatory plan.

**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

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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



**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
MARCUS & MILLICHAP, INC.**

The undersigned, John Kerin and Robert Kennis, hereby certify that:

1. They are the duly elected and acting President and Secretary, respectively, of Marcus & Millichap, Inc., a Delaware corporation.
2. The Certificate of Incorporation was originally filed with the Secretary of State of the State of Delaware on June 4, 2013.
3. The Certificate of Incorporation of this corporation shall be amended and restated to read in full as follows:

ARTICLE I

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

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

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 Delaware (the "DGCL").

ARTICLE IV

(A) The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is 175,000,000 shares, consisting of 150,000,000 shares of Common Stock, par value \$0.0001 per share, and 25,000,000 shares of Preferred Stock, par value \$0.0001 per share.

(B) The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number

of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

(C) Unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation or the resolution originally fixing the number of shares of any such series, the Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, by filing a certificate pursuant to the applicable law of the State of Delaware. If the number of shares of any series is so decreased, then the shares so specified in the certificate shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

(D) Except as otherwise provided by law, each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; *provided, however*, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Preferred Stock Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Preferred Stock Designation relating to any series of Preferred Stock).

#### ARTICLE V

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation or the Bylaws of the Corporation (the "Bylaws"), the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors of the Corporation shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. For the purposes of this Restated Certificate of Incorporation, "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

#### ARTICLE VI

The Board shall be divided into three (3) classes, Class I, Class II and Class III. The Board is authorized to assign members of the Board already in office to Class I, Class II or Class III. Each director shall serve for a term expiring at the third annual meeting following his or her

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election; *provided, that*, with respect to the directors serving in the inaugural classes of Class I, Class II and Class III, the terms of the directors serving in Class I shall expire at the Corporation's first annual meeting of stockholders held after the effectiveness of the division of the Board into three (3) classes; the terms of the directors serving in Class II shall expire at the Corporation's second annual meeting of stockholders held after such effectiveness; and the terms of the directors serving in Class III shall expire at the Corporation's third annual meeting of stockholders held after such effectiveness. Each director shall serve until his or her successor is duly elected and qualified or until his or her death, resignation or removal.

Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by the stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the shares then entitled to vote at an election of directors, voting together as a single class.

#### ARTICLE VII

In the election of directors, each holder of shares of any class or series of capital stock of the Corporation shall be entitled to one vote for each share held. No stockholder will be permitted to cumulate votes at any election of directors.

#### ARTICLE VIII

Subject to the rights of the holders of any series of Preferred Stock, no action shall be taken by the stockholders of the Corporation other than at an annual or special meeting of the stockholders, upon due notice and in accordance with the provisions of the Bylaws, and no action shall be taken by the stockholders by written consent.

#### ARTICLE IX

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE X

(A) Notwithstanding any other provision of the Bylaws or any provision of law which might otherwise permit a lesser or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, the Bylaws or any Preferred Stock Designation, the Bylaws may be altered, amended or repealed or new Bylaws adopted by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3)% of the voting power of all of the then-outstanding shares of the voting stock of the Corporation entitled to vote, voting together as a single class. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal Bylaws.

(B) The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

(C) Special meetings of the stockholders of the Corporation may be called, at any time by (i) the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board, (ii) the chairman of the Board of Directors, (iii) the chief executive officer of the Corporation, or (iv) the president of the Corporation (in the absence of a chief executive officer), and special meetings may not be called by other person or persons.

(D) Advance notice of stockholder nominations for the election of directors or of business to be brought by the stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

ARTICLE XI

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE XII

(A) To the fullest extent permitted by the DGCL, as the same exists or may be amended from time to time, 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. If the DGCL is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a corporation's directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

(B) Any repeal or modification of the foregoing provisions of this Article XII shall not adversely affect any right or protection of a director of the Corporation with respect to any acts or omissions of such director occurring prior to such repeal or modification.

ARTICLE XIII

The Corporation shall have the power to indemnify and/or advance expenses to any person to the fullest extent permitted by law.

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ARTICLE XIV

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 DGCL or the Corporation's Restated Certificate of Incorporation or Bylaws, or (D) any action or proceeding asserting a claim against the Corporation governed by the internal affairs doctrine.

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IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been duly adopted by this Corporation's Board of Directors and stockholders in accordance with Sections 228, 242 and 245 of the DGCL, and has been executed by its duly authorized officers this            day of            , 2013.

**Marcus & Millichap, Inc.**

By:            John Kerin, President

By:            Robert Kennis, Secretary

**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

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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.

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### **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.

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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.

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### **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

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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



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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

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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.

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**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.

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**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

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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.

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### **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.

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### **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.

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**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.

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**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.

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**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

**AMENDED AND RESTATED BYLAWS**

**OF**

**MARCUS & MILLICHAP, INC.**

(as amended and restated on [ ], 2013 and effective as of the closing of the Corporation's initial public offering)

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**AMENDED AND RESTATED BYLAWS**

**OF**

**MARCUS & MILLICHAP, INC.**

ARTICLE I

CORPORATE OFFICES

1.1 REGISTERED OFFICE.

The registered office of the Corporation shall be fixed in the Corporation's Certificate of Incorporation, as the same may be amended from time to time.

1.2 OTHER OFFICES.

The Board of Directors may at any time establish other offices, and keep the books and records of the Corporation, except as may otherwise be required by law, 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. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, or solely at any place, but may be held by means of remote communication as authorized by the Delaware General Corporation Law (the "DGCL"). In the absence of any such designation, stockholders' meetings shall be held at the registered office of the Corporation.

2.2 ANNUAL MEETING.

(a) The annual meeting of stockholders shall be held each year on a date and at a time designated by resolution of the Board of Directors. The meeting shall be for the election of directors and for the transaction of such business as may properly come before the meeting.

(b) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the Corporation's proxy materials with respect to such meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors or (C) by any stockholder of record (the "Record Stockholder") of the Corporation who is a stockholder of record at the time of giving such notice, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section. For the avoidance of

doubt, the foregoing clause (C) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "Exchange Act")) at an annual meeting of stockholders.

(c) For nominations or other business to be properly brought before an annual meeting by a Record Stockholder pursuant to clause (C) of the foregoing paragraph, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation, such business must be a proper subject for stockholder action, and the Record Stockholder and the beneficial owner, if any, on whose behalf any such proposal or nomination is made, must have acted in accordance with the representations set forth in the Solicitation Statement (as defined below) required by these Bylaws. To be timely, a Record Stockholder's notice shall be received by the secretary at the principal executive offices of the Corporation not less than ninety (90) nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting; *provided, however*, that, subject to the last sentence of this Section 2.2(c), in the event that the annual meeting is convened more than thirty (30) days before or after such anniversary date, notice by the Record Stockholder to be timely must be so received not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the date on which public announcement (as defined below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment, or postponement of an annual meeting for which notice has been given, commence a new time period (or extend any time period) for the giving of a Record Stockholder's notice as described above.

(d) Such Record Stockholder's notice shall set forth:

(A) as to each person whom the Record Stockholder proposes to nominate for election or re-election as a director (1) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in a contested election, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act, (2) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (3) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships between or among such Record Stockholder and beneficial owner, if any, and their respective affiliates and associates or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (4) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation and agreement as required by Section 2.4;

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(B) as to any business that the Record Stockholder proposes to bring before the meeting, (1) a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any interest in such business of the Record Stockholder and the beneficial owner, if any, on whose behalf the proposal is made and (2) a description of all agreements, arrangements, and understandings between such Record Stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such Record Stockholder;

(C) as to the Record Stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made or the business is proposed (each, a “party”):

(1) the name and address of each such party;

(2) (A) the class, series and number of shares of capital stock of the Corporation which are owned, directly or indirectly, beneficially and of record by each such party, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by each such party, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which either party has a right to vote, directly or indirectly, any shares of any security of the Corporation, (D) any short interest in any security of the Corporation held by each such party (for purposes of this Section 2.2, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially directly or indirectly by each such party that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which either party is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) that each such party is directly or indirectly entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of each such party’s immediate family sharing the same household (which information set forth in this paragraph shall be supplemented by such stockholder or such beneficial owner, as the case may be, not later than ten (10) days after the record date for determining the stockholders entitled to notice of the meeting and/or to vote at the meeting to disclose such ownership as of such record date);

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(3) any other information relating to each such party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act; and

(4) a statement whether or not each such party will deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to carry the proposal or, in the case of a nomination or nominations, at least the percentage of voting power of all of the shares of capital stock of the Corporation reasonably believed by the Record Stockholder or beneficial holder, as the case may be, to be sufficient to elect the nominee or nominees proposed to be nominated by the Record Stockholder (such statement, a "Solicitation Statement").

(e) The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation, including information relevant to a determination whether such proposed nominee can be considered an independent director.

(f) Notwithstanding anything in the second sentence of Section 2.2(c) of this Bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(g) Only such persons who are nominated in accordance with the procedures set forth in this Bylaw shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. The chairman of the meeting shall determine whether a nomination or any business proposed to be transacted by the stockholders has been properly brought before the meeting and, if any proposed nomination or business has not been properly brought before the meeting, the chairman shall declare that such proposed business or nomination shall not be presented for stockholder action at the meeting.

(h) Only such persons who are nominated in accordance with the procedures set forth in this Bylaw shall be eligible to serve as directors and only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. The chairman of the meeting shall determine whether a nomination or any business proposed to be transacted by the stockholders has been properly brought before the meeting and, if any proposed nomination or business has not been properly brought before the meeting, the chairman shall declare that such proposed business or nomination shall not be presented for stockholder action at the meeting.

(i) Notwithstanding the foregoing provisions of this Section 2.3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.3. Nothing in this Section 2.3 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) of the Corporation to omit a proposal from the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

### 2.3 SPECIAL MEETING.

(a) A special meeting of the stockholders, other than those required by statute, may be called at any time by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board (for purposes of these Bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships), the chairman of the Board of Directors, the chief executive officer, or the president (in the absence of a chief executive officer), and special meetings may not be called by any other person or persons. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

(b) Only such business shall be conducted at a special meeting of stockholders as shall be stated in the notice of the special meeting. The notice of a special meeting shall include the purpose for which the meeting is called. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (A) by or at the direction of the Board of Directors or (B) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any Record Stockholder who is entitled to vote at the meeting and upon such election and who delivers a written notice to the secretary setting forth the information set forth in Section 2.2(d)(A) and (C). Nominations by Record Stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders only if such Record Stockholder's notice required by the preceding sentence shall be received by the secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such special meeting and later than the close of business on the later of the ninetieth (90th) day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall an adjournment, or postponement of a special meeting for which notice has been given, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board of Directors. The notice of such special meeting shall include the purpose for which the meeting is called.

(d) Notwithstanding the foregoing provisions of this Section 2.3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.3. Nothing in this Section 2.3 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

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#### 2.4 SUBMISSION OF QUESTIONNAIRE, REPRESENTATION AND AGREEMENT.

To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Sections 2.2 and 2.3 of these Bylaws) to the secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the secretary upon written request) and a written representation and agreement (in the form provided by the secretary upon request) that such person (a) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (c) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

#### 2.5 NOTICE OF STOCKHOLDERS' MEETINGS.

Notice of the place, if any, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the DGCL or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another time or place, 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 in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, notice of the place, if any, date, and time

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of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given to each stockholder in conformity herewith. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

#### 2.6 QUORUM.

At any meeting of stockholders, the holders of a majority of the voting power of all issued and outstanding stock entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business, except to the extent that the presence of a larger number may be required by law or the rules of any stock exchange upon which the Corporation's securities are listed. Where a separate vote by a class or classes or series is required, a majority of the outstanding voting power of such class or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. If a quorum is not present or represented at any meeting of stockholders, then the chairman of the meeting or the holders of a majority of the voting power entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time in accordance with Section 2.5.

#### 2.7 ORGANIZATION.

Such person as the Board of Directors may have designated or, in the absence of such a person, the chairman of the Board of Directors or, in his or her absence, the president of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote at any meeting of stockholders, present, in person or represented 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.

#### 2.8 CONDUCT OF BUSINESS.

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 chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the 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.

(a) Except as may be otherwise provided in the Certificate of Incorporation or by law, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

(b) All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law or the rules of any stock exchange upon which the Corporation's securities are listed, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

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## 2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Subject to the rights of the holders of the shares of any series of preferred stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

## 2.11 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL or of the Certificate of Incorporation or these Bylaws to a stockholder, a written waiver thereof, signed by the person entitled to notice, whether before or after the time of the event for which notice is to be given, 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 unless so required by the Certificate of Incorporation or these Bylaws.

## 2.12 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and 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. 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; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders



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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 a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

### 2.13 PROXIES.

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by a proxy, 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 stockholder may authorize such person or persons to act for such stockholder as proxy by written proxy signed by the stockholder and filed with the secretary of the Corporation or such other means deemed valid pursuant to the provisions of Section 212 of the DGCL. 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 DGCL.

## ARTICLE III

### DIRECTORS

#### 3.1 POWERS.

Subject to the provisions of the DGCL 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.

Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board.

#### 3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS.

The Board shall be divided into three (3) classes, Class I, Class II and Class III, effective at the same time that the stockholders appoint and elect directors to the inaugural classes of Class I, Class II and Class III. Each director shall serve for a term expiring at the third annual meeting following his or her election; *provided, that*, with respect to the directors serving in the inaugural classes of Class I, Class II and Class III, the terms of the directors serving in Class I shall expire at the Corporation's first annual meeting of stockholders held after the effectiveness of the division of the Board into three (3) classes; the terms of the directors serving in Class II shall expire at the Corporation's second annual meeting of stockholders held after such effectiveness; and the terms of the directors serving in Class III shall expire at the Corporation's third annual meeting of stockholders held after such effectiveness.

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### 3.4 RESIGNATION AND VACANCIES.

Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by the stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

### 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, at such place which has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, then such meeting shall be held at the principal executive office of the Corporation or such other place determined by the Board of Directors. 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 similar 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 of Directors.

### 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 of Directors, the president, any vice president, the secretary or any two directors.

Notice of the time and place of special meetings shall be (i) delivered personally by courier or telephone to each director, (ii) sent by first-class mail, postage prepaid, (iii) sent by facsimile, or (iv) by electronic mail, directed to each director at that director's address, telephone number, facsimile number or electronic mail 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 four (4) days before the time of the holding of the meeting. If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered at least twenty-four (24) hours before the time of the holding of the meeting, or on such

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shorter notice as the person or persons calling such meeting may deem necessary and appropriate in the circumstances. 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. Notice of any meeting need not be given to any director who shall, either before or after the meeting, submit a waiver of such notice or who shall attend such meeting except attendance for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened. The notice need not specify the purpose of the meeting, and unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

### 3.8 QUORUM AND VOTING.

At all meetings of the Board of Directors, a majority of the Whole Board shall constitute a quorum for the transaction of business and the vote 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 law or by the Certificate of Incorporation. If a quorum is not present at any meeting of the Board of Directors, then the majority of directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

### 3.9 WAIVER OF NOTICE.

Whenever notice is required to be given under any provision of the DGCL or of the Certificate of Incorporation or these Bylaws to a director, a written waiver thereof, signed by the person entitled to notice, whether before or after the time of the event for which notice is to be given, 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 of Directors 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 of Directors 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.

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 REMOVAL OF DIRECTORS.

Unless otherwise restricted by law, by the Certificate of Incorporation or by these Bylaws, any director or the entire Board of Directors may be removed, but only for cause, by the holders of a majority of the shares then entitled to vote at an election 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.

3.13 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.

3.14 EMERGENCY BYLAWS.

To the fullest extent permitted by law, in the event of any emergency, disaster or catastrophe, as referred to in Section 110 of the DGCL, or other similar emergency condition, the Board of Directors may adopt emergency bylaws.

ARTICLE IV

COMMITTEES

4.1 COMMITTEES OF DIRECTORS.

The Board of Directors may, by resolution passed by a majority of the Whole Board, designate one or more committees, with each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one 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 thereof 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 the Bylaws of the Corporation, 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 that may require it; but no such committee shall have the power or authority to (a) approve or adopt or recommend any action or matter (other than election or removal of directors) expressly required by the DGCL to be submitted to stockholders or (b) amend the Bylaws of the Corporation.

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#### 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.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such 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.

### ARTICLE V

#### OFFICERS

##### 5.1 OFFICERS.

The officers of the Corporation shall be a chief executive officer, a president, a secretary, and a chief financial officer. The Corporation may also have, at the discretion of the Board of Directors, 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.

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#### 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 or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the attention of the secretary of 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 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. He or she shall preside at all meetings of the stockholders and, in the absence or nonexistence of a chairman of the board, at all meetings of the Board of Directors 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 or delegated by the Board of Directors or these Bylaws.

#### 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 or delegated by the Board of Directors or these Bylaws.

#### 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 or delegated to them respectively by the Board of Directors, these Bylaws, the president or the chairman of the board.

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#### 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 evidencing such shares, and the number and date of cancellation of every certificate 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 keep the seal of the Corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed or delegated 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 director.

The chief financial officer shall deposit 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, shall render to the president, the chief executive officer, or the directors, upon request, an account of all his or her transactions as chief financial officer and of the financial condition of the Corporation, and shall have other powers and perform such other duties as may be prescribed or delegated by the Board of Directors or the Bylaws.

#### 5.11 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 held

by 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.

5.12 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 or delegated from time to time by the Board of Directors.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

6.1 RIGHT TO INDEMNIFICATION.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or an officer of the Corporation or is or was serving (during such person's tenure as director or officer) at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 6.3 of this Article VI with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

6.2 POWER TO ADVANCE EXPENSES.

The Corporation shall have the power to advance expenses to any person to the fullest extent permitted by law.



### 6.3 RIGHT OF INDEMNITEE TO BRING SUIT.

If a claim under Section 6.1 of this Article VI is not paid in full by the Corporation within ninety (90) days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the fullest extent permitted by law, if successful in whole or in part in any such suit, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the indemnitee to enforce a right to indemnification hereunder it shall be a defense that the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification hereunder, the burden of proving that the indemnitee is not entitled to be indemnified, under this Article VI or otherwise shall be on the Corporation.

### 6.4 NON-EXCLUSIVITY OF RIGHTS.

The rights to indemnification conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any law, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or directors or otherwise.

### 6.5 INSURANCE.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

### 6.6 INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE CORPORATION.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent permitted by law.

### 6.7 NATURE OF RIGHTS.

(a) The rights conferred upon indemnitees in this Article VI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

## ARTICLE VII

### RECORDS AND REPORTS

#### 7.1 MAINTENANCE OF RECORDS: STOCKLIST

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.

The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided, however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal place of business. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such 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.

## 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.

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## 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

The shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Each holder of stock represented by certificates shall be entitled to a certificate signed by, or in the name of the Corporation by, the chairman or vice chairman of the Board of Directors, or the president or a vice president, and by the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile 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. Notwithstanding any other provision in these Bylaws, the Corporation may adopt a system of issuance, recordation and transfer of shares of the Corporation by electronic or other means not involving any issuance of certificates, including provisions for notice to purchasers in substitution for any required statements on certificates, and as may be required by applicable corporate securities laws, which system has been approved by the Securities and Exchange Commission. Any system so adopted shall not become effective as to issued and outstanding certificated securities until the certificates therefor have been surrendered to the Corporation.

## 8.4 LOST, STOLEN OR DESTROYED CERTIFICATES

Except as provided in this Section 8.4, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and canceled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares 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.

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#### 8.5 CONSTRUCTION; DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these Bylaws. Without limiting the generality of this provision, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

#### 8.6 DIVIDENDS.

The directors of the Corporation, subject to any restrictions contained in (a) the DGCL 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.

#### 8.7 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.

#### 8.8 SEAL.

The Corporation may adopt a corporate seal, which may be altered at pleasure, and may use the same by causing it or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

#### 8.9 TRANSFER OF STOCK.

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, if one has been issued, 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 to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

#### 8.10 REGISTERED STOCKHOLDERS.

The Corporation shall be entitled to recognize the exclusive right of a person registered 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 registered 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.

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8.11 TIME PERIODS.

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the date of the event shall be included.

ARTICLE IX

NOTICE BY ELECTRONIC TRANSMISSION

9.1 NOTICE BY ELECTRONIC TRANSMISSION.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice shall be effective if given by a form of electronic transmission in the manner provided in Section 232 of the DGCL.

ARTICLE X

AMENDMENTS

10.1 POWER OF STOCKHOLDERS.

New Bylaws may be adopted or these Bylaws may be amended or repealed by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66<sup>2</sup>/<sub>3</sub>)% of the voting power entitled to vote generally in the election of directors, except as otherwise provided by law or by the Certificate of Incorporation.

10.2 POWER OF DIRECTORS.

Subject to the right of stockholders as provided in Section 10.1 to adopt, amend or repeal Bylaws, any Bylaw may be adopted, amended or repealed by the Board of Directors. A Bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board of Directors.

NUMBER <b>MM</b>	<h1>Marcus &amp; Millichap</h1>	SHARES  
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE		CUSIP 566324 10 9 <small>SEE REVERSE FOR CERTAIN DEFINITIONS</small>
<p><b>This certifies that</b></p> <div style="border: 1px solid black; height: 100px; width: 100%; background-color: #e0e0e0;"></div> <p><b>is the record holder of</b></p> <p style="text-align: center;"><b>FULLY PAID AND NONASSESSABLE SHARES OF COMMON STOCK, \$0.0001 PAR VALUE, OF</b>  <b>MARCUS &amp; MILLICHAP, INC.</b></p> <p>transferable on the books of the corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.          WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.</p> <p>Dated:</p>		
 CO-CHAIRMAN		 TREASURER
		BY _____ <small>COUNTERSIGNED AND REGISTERED:          AMERICAN STOCK TRANSFER &amp; TRUST COMPANY, LLC          (NEW YORK, NY)          TRANSFER AGENT          AND REGISTRAR</small>
		<small>AUTHORIZED SIGNATURE</small>
		<small>HERITAGE BANK OF</small>

The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT -	_____ Custodian _____
TEN ENT	- as tenants by the entireties		(Cust) _____ (Minor)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minors Act _____
			(State)
COM PROP	- as community property	UNIF TRF MIN ACT -	_____ Custodian (until age _____)
			(Cust) _____
			under Uniform Transfers to Minors Act _____
			(Minor) _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ shares of the capital stock represented by within Certificate, and do hereby irrevocably constitute and appoint

\_\_\_\_\_ attorney-in-fact to transfer the said stock on the books of the within named Corporation with full power of the substitution in the premises.

Dated \_\_\_\_\_

X \_\_\_\_\_

X \_\_\_\_\_

Signature(s) Guaranteed:

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

By \_\_\_\_\_

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE. SIGNATURE GUARANTEES MUST NOT BE DATED.

**FORM OF  
CONTRIBUTION AGREEMENT**

This Contribution Agreement (this "Agreement") is made and entered into as of [            ], 2013, by and among Marcus & Millichap, Inc., a Delaware corporation (the "Company"), Marcus & Millichap Company, a California corporation ("MMC"), and the shareholders listed on Schedule 1 hereto (together with MMC, the "Contributors").

RECITALS

WHEREAS, the Contributors are the record and beneficial owners of the shares of common and preferred stock of Marcus & Millichap Real Estate Investment Services, Inc., a California corporation ("REIS"), set forth on Schedule 1 hereto, representing all of the issued and outstanding shares of capital stock of REIS;

WHEREAS, the parties hereto have agreed that it is in their respective best interests to consummate the transactions provided for herein pursuant to which the Contributors will contribute all of the issued and outstanding shares of capital stock of REIS (the "REIS Shares") to the Company in exchange for shares of the Company's common stock (the "Company Shares");

WHEREAS, immediately prior to the completion of the initial public offering of the Company pursuant to a registration statement on Form S-1, MMC intends to distribute the Company Shares to its shareholders (the "Distribution");

WHEREAS, MMC has received a private letter ruling from the U.S. Internal Revenue Service substantially to the effect that, among other things, the contribution of REIS Shares by MMC (the "MMC Contribution") and the Distribution, if effected, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, for U.S. federal income tax purposes, the MMC Contribution and Distribution, if effected, taken together, are intended to qualify as a tax-free spin-off under Section 355 and Section 368(a)(1)(D) of the Code;

WHEREAS, the parties hereto desire to set forth the terms and conditions pursuant to which the Contributors will contribute the REIS Shares to the Company and the Company will issue the Company Shares to the Contributors.

NOW THEREFORE, in consideration of the representations and promises contained in this Agreement the parties agree as follows.

1. Contribution of Stock. Each Contributor hereby contributes to the Company, and the Company hereby accepts, the number of shares of capital stock of REIS set forth opposite each such Contributor's name on Schedule 1, representing all of the issued and outstanding shares of capital stock of REIS held by such Contributor. In consideration of such contribution, the Company is issuing to each Contributor the number of Company Shares set forth opposite each such Contributor's name on Schedule 1.



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2. Deliveries. Concurrently with the execution hereof, each Contributor is delivering to the Company the REIS Shares, duly endorsed in blank or accompanied by duly executed stock powers, and the Company is delivering to each Contributor certificates representing the Company Shares.

3. Distribution by of Company Shares MMC. MMC shall, in its sole and absolute discretion, determine (i) whether to proceed with the Distribution and (ii) all terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution. In addition, in the event that MMC determines to proceed with the Distribution, MMC may at any time and from time to time until the completion of the Distribution abandon, modify or change any or all of the terms of the Distribution including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution.

4. Representations and Warranties of the Contributors. Each Contributor represents and warrants that:

(a) If such Contributor is a natural person, such Contributor has the legal capacity and authority to execute, deliver and perform his or her obligations under this Agreement, and no person has any community property rights, by virtue of marriage or otherwise, with respect to such Contributor's REIS Shares. If such Contributor is a person other than a natural person, such Contributor has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder; the execution, delivery and performance of the Agreement have been duly and validly authorized; and the Agreement represents a legal, valid and binding obligation of such Contributor, enforceable against such Contributor in accordance with its terms.

(b) Such Contributor owns the REIS Shares free and clear of any liens, claims or encumbrances, and is not a party to any voting trust, proxy or other agreement with respect to the voting of any of the REIS Shares.

(c) Each Contributor is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") (i.e., (a) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds \$1,000,000 (excluding the value of such person's primary residence), (b) a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those two years and has a reasonable expectation of reaching the same income level in the current year, (c) a corporation, limited liability company or partnership having total assets in excess of \$5,000,000 that was not formed for the purpose of investing in the Company pursuant to this Agreement or (d) otherwise meets the requirements for an "accredited investor" under Regulation D promulgated by the Securities and Exchange Commission under the Securities Act).

(d) This Agreement is made with each Contributor in reliance upon each Contributor's representation to the Company, which by such Contributor's execution of this Agreement, each Contributor hereby confirms, that the Company Shares to be received by each

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Contributor will be acquired for investment for such Contributor's own account, not as a nominee or agent, and, except for MMC with respect to the Distribution, not with a view to the resale or distribution of any part thereof, and that each Contributor has no present intention of selling, granting any participation in, or otherwise distributing the same. Except for MMC with respect to the Distribution, by executing this Agreement, each Contributor further represents that such Contributor does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Company Shares.

5. Representations and Warranties of the Company. The Company represents and warrants that:

(a) The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder, that the execution, delivery and performance of the Agreement have been duly and validly authorized and that the Agreement represents a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(b) The Company Shares received by the Contributors concurrently with the execution of this Agreement are duly authorized, validly issued, fully paid and nonassessable.

6. Miscellaneous.

(a) Counterparts. This Agreement may be executed in counterparts, each of which for all purposes shall be deemed to be an original.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware without regard to such state's conflicts of laws principles.

*[Signature page follows]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first written.

MARCUS & MILLICHAP, INC.

By: \_\_\_\_\_  
Name:  
Title:

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

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MARCUS & MILLICHAP COMPANY

By: \_\_\_\_\_

Name:

Title:

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

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CONTRIBUTOR

By: \_\_\_\_\_

Name:

Title:

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

**Schedule 1**

**Contributors**

<u>Contributor</u>	<u>Shares of REIS Preferred Stock Contributed</u>	<u>Shares of REIS Common Stock Contributed</u>	<u>Shares of Company Common Stock Received</u>
<b>Total</b>			

**FORM OF  
DEBT-FOR-EQUITY EXCHANGE AGREEMENT**

This DEBT-FOR-EQUITY EXCHANGE AGREEMENT dated as of [•], 2013 (this "Agreement"), is made among MARCUS & MILLICHAP COMPANY, a California corporation ("MMC"), GEORGE M. MARCUS, WILLIAM A. MILLICHAP, THE DONALD AND BEVERLY LORENZ LIVING TRUST, DONALD A. LORENZ 2012 DYNASTY TRUST, BEVERLY J. LORENZ 2012 DYNASTY TRUST, and LORENZ CAPITAL ASSETS, L.P., a California limited partnership (collectively, the "Debt Holders"), and, solely with respect to Sections 4(b) and 5 through 12 hereof, MARCUS & MILLICHAP, INC., a Delaware corporation ("MMI").

WHEREAS, each Debt Holder holds the amount of debt obligations of MMC set forth opposite each Debt Holder's name on Schedule I hereto (the "MMC Debt Obligations");

WHEREAS, MMC desires to transfer certain shares of common stock, par value \$0.0001 per share, of MMI ("Common Stock") to each of the Debt Holders in exchange for the MMC Debt Obligations;

WHEREAS, each Debt Holder desires to transfer the MMC Debt Obligations held by it to MMC in exchange for shares of Common Stock; and

WHEREAS, immediately following the execution of this Agreement, Citigroup Global Markets Inc. and Goldman, Sachs & Co., in their capacity as representatives of the several underwriters (collectively, the "Underwriters"), the Debt Holders, MMI and MMC intend to enter into an underwriting agreement substantially in the form attached hereto as Exhibit A (the "Underwriting Agreement") in connection with the initial public offering of Common Stock.

NOW, THEREFORE, in consideration of the representations, warranties and agreements contained in this Agreement, the parties agree as follows:

1. Definitions. For purposes of this Agreement:

"Closing Date" shall mean the date on which the Closing (as defined below) occurs.

Capitalized terms used but not defined herein shall have the meanings set forth in the Underwriting Agreement.

2. Debt-for-Equity Exchange. (a) Subject to the terms and conditions and in reliance upon the representations and warranties in this Agreement, at the Closing (as defined below), (i) MMC shall transfer to each Debt Holder the number of shares of Common Stock set forth opposite each Debt Holder's name on Schedule II hereto (collectively, the "Shares"), and each Debt Holder shall accept such Shares, and, in exchange, (ii) each Debt Holder shall transfer to MMC the principal amount of MMC Debt Obligations set forth opposite each Debt Holder's name on Schedule III hereto, and MMC shall accept and retire such MMC Debt Obligations (the transactions described in clauses (i) and (ii), collectively, the "Exchange"). The number of

shares to be received by each Debt Holder as set forth on Schedule II was determined by dividing (i) the principal amount of MMC Debt Obligations set forth opposite each Debt Holder's name on Schedule III hereto by (ii) the initial public offering price per share less the underwriting discount as set forth in the Underwriting Agreement.

(b) The closing of the Exchange (the "Closing") shall occur at the offices of Orrick, Herrington & Sutcliffe LLP, The Orrick Building, 405 Howard Street, San Francisco, California 94105, at immediately prior to [•] [A.M./P.M.], on the "First Time/Delivery" as defined in and pursuant to the Underwriting Agreement (or at such other place or time as may be agreed upon by MMC and the Debt Holders), subject to satisfaction (or waiver) of the conditions set forth in Section 5 of this Agreement. At the Closing, (i) MMC shall transfer to each Debt Holder the specified number of Shares set forth on Schedule II hereto, and each Debt Holder shall accept the Shares, in certificated form or as otherwise agreed by MMC and such Debt Holders and (ii) each Debt Holder shall transfer to MMC the specified principal amount of MMC Debt Obligations set forth on Schedule III hereto, and MMC shall accept and retire such MMC Debt Obligations.

3. Assignment of Rights by MMC and the Debt Holders. Effective as of the Closing, (i) MMC hereby assigns to each Debt Holder all its rights arising out of or in respect of the specified number of Shares set forth opposite each Debt Holder's name on Schedule II hereto, and each Debt Holder hereby consents to such assignment and (ii) each Debt Holder hereby assigns to MMC all its rights arising out of or in respect of the specified principal amount of MMC Debt Obligations set forth opposite each Debt Holder's name on Schedule III hereto, and MMC hereby consents to each such assignment.

4. Representations and Warranties. (a) MMC hereby represents and warrants to each of the Debt Holders that:

(i) all consents, approvals, authorizations and orders necessary for the execution and delivery by MMC of this Agreement and for the transactions contemplated hereunder, have been obtained; and MMC has the full right, power and authority to enter into this Agreement and to perform the transactions hereunder, except for such consents, approvals, authorizations, orders, licenses, registrations or qualifications the failure of which to obtain would not, individually or in the aggregate, have a material adverse effect on MMC or MMC's ability to perform its obligations hereunder;

(ii) the execution, delivery and performance by MMC of this Agreement and the consummation by MMC of the transactions contemplated herein will not (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of MMC pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which MMC is a party or by which MMC is bound or to which any of the property or assets of MMC is subject, (B) result in any violation of the provisions of the charter or by-laws of MMC or (C) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over MMC, except, in the case of clauses (A) and (C) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, have a material adverse effect on MMC or MMC's ability to perform its obligations hereunder;



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(iii) this Agreement has been duly authorized, and when executed and delivered by MMC and, assuming due authorization, execution and delivery by each of the other parties thereto, constitutes a valid and legally binding agreement of MMC enforceable against MMC in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability; and

(iv) MMC has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, is duly qualified to do business and is in good standing in each jurisdiction in which its ownership or lease of property or the conduct of its business requires such qualification, and has all power and authority necessary to own or hold its properties and to conduct the business in which it is engaged, except where the failure to be so qualified or in good standing (to the extent such concept exists) or have such power or authority would not, individually or in the aggregate, have a material adverse effect on MMC or on the performance by MMC of its obligations under this Agreement.

(b) MMI hereby represents and warrants to each of the Debt Holders that:

(i) no consent, approval, authorization, order, license, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by MMI of this Agreement, except for such consents, approvals, authorizations, orders, licenses, registrations or qualifications the failure of which to obtain would not, individually or in the aggregate, have a material adverse effect on MMI or on MMI's ability to perform its obligations hereunder;

(ii) this Agreement has been duly authorized, and when executed and delivered by MMI and, assuming due authorization, execution and delivery by each of the other parties thereto, constitutes a valid and legally binding agreement of MMI enforceable against MMI in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability;

(iii) MMI has been duly organized and is validly existing and in good standing under the laws of Delaware, is duly qualified to do business and is in good standing in each jurisdiction in which its ownership or lease of property or the conduct of its business requires such qualification, and has all power and authority necessary to own or hold its properties and to conduct the business in which it is engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on MMI or on the performance by MMI of its obligations under this Agreement; and

(iv) when the Shares are transferred to the Debt Holders at the Closing in exchange for MMC Debt Obligations, the Shares will have been duly and validly authorized and issued, and fully paid and non-assessable.

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(c) Each Debt Holder hereby, severally and not jointly, represents and warrants to MMC that:

(i) all consents, approvals, authorizations and orders necessary for the execution and delivery by such Debt Holder of this Agreement and for the transactions contemplated hereunder, have been obtained; and such Debt Holder has full right, power and authority to enter into this Agreement and to perform the transactions contemplated by such Debt Holder hereunder; this Agreement has been duly authorized by, and when executed and delivered by, such Debt Holder and, assuming due authorization, execution and delivery by each of the other parties hereto, constitutes a valid and legally binding agreement of such Debt Holder enforceable against such Debt Holder in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability;

(ii) the execution, delivery and performance by such Debt Holder of this Agreement and the consummation by such Debt Holder of the transactions contemplated herein will not (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of such Debt Holder pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Debt Holder is a party or by which such Debt Holder is bound or to which any of the property or assets of such Debt Holder is subject that, individually or in the aggregate, would have a material adverse effect on such Debt Holder's ability to perform its obligations under this Agreement, or (B) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory agency that, individually or in the aggregate, would have a material adverse effect on such Debt Holder's ability to perform its obligations under this Agreement;

(iii) on the date hereof and immediately prior to the Exchange, such Debt Holder will have good, valid, unencumbered and marketable title to the MMC Debt Obligations owned by it, free and clear of any Liens. Upon the Exchange done in accordance with Section 2, good, valid, unencumbered and marketable title to the applicable MMC Debt Obligations to be thereby exchanged by such Debt Holder shall pass to MMC, free and clear of any Liens, other than those arising from acts of MMC; and

(iv) other than this Agreement, such Debt Holder has not entered into any agreements or other arrangements with respect to the MMC Debt Obligations.

5. Conditions. (a) The obligations of the Debt Holders to exchange MMC Debt Obligations for Shares at the Closing shall be subject to the satisfaction (or waiver) of the following conditions:

(i) the Private Letter Ruling (as defined in the Form of Separation and Distribution Agreement filed as Exhibit 10.3 to the Registration Statement) shall remain in full force and effect and shall not have been revoked in whole or in part as of the applicable Closing Date;

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(ii) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, or other legal restraint or prohibition shall be in effect preventing the transactions contemplated to occur at the Closing;

(iii) (A) the representations and warranties of MMC in this Agreement shall be true and correct in all respects on and as of the Closing Date, with the same effect as if made on the applicable Closing Date, and (B) MMC shall have complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the applicable Closing Date;

(iv) (A) the representations and warranties of MMI in this Agreement shall be true and correct in all respects on and as of the applicable Closing Date, with the same effect as if made on the applicable Closing Date, and (B) MMI shall have complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the applicable Closing Date;

(v) the Underwriting Agreement shall have been duly executed and delivered and shall remain in full force and effect and the conditions to the obligations of the Underwriters to purchase and pay for the applicable Shares as set forth in the Underwriting Agreement shall have been satisfied or waived (other than those conditions that by their nature cannot be satisfied prior to the applicable closing pursuant to the Underwriting Agreement); and

(vi) MMC shall have furnished to each Debt Holder a properly completed and executed certification of non-foreign status substantially in the form set forth in Treasury Regulations Section 1.1445-2(b)(2)(iv).

In the event that any of the conditions set forth in this clause (a) shall not have been fulfilled (or waived by the Debt Holders) on the Closing Date, this Agreement may be terminated by the Debt Holders by delivering a written notice of termination to MMC and MMI.

(b) The obligations of MMC to exchange Shares for MMC Debt Obligations at the Closing shall be subject to the satisfaction (or waiver) of the following conditions:

(i) (A) the representations and warranties of each Debt Holder in this Agreement shall be true and correct in all respects on and as of the applicable Closing Date, with the same effect as if made on the applicable Closing Date, and (B) each Debt Holder shall have complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the applicable Closing Date;

(ii) the Private Letter Ruling shall remain in full force and effect and shall not have been revoked in whole or in part as of the applicable Closing Date;

(iii) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, or other legal restraint or prohibition shall be in effect preventing the transactions contemplated to occur at the Closing; and

(iv) the Underwriting Agreement shall have been duly executed and delivered and shall remain in full force and effect and the conditions to the obligations of the Underwriters to purchase and pay for the applicable Shares as set forth in the Underwriting Agreement shall have been satisfied or waived (other than those conditions that by their nature cannot be satisfied prior to the applicable closing pursuant to the Underwriting Agreement).

In the event that any of the conditions set forth in this clause (b) shall not have been fulfilled (or waived by MMC) on the Closing Date, this Agreement may be terminated by MMC by delivering a written notice of termination to the Debt Holders and MMI.

6. Termination of Agreement. This Agreement will be terminated if: (a) the Underwriting Agreement, substantially in the form attached hereto as Exhibit A, is not executed and delivered by the parties thereto by [•], 2013 or (b) after the execution and delivery of the Underwriting Agreement, the Underwriting Agreement is terminated in accordance with Section 11 thereof or by mutual written agreement parties thereto prior to the Closing Date.

7. Survival of Provisions. The respective agreements, representations, warranties and other statements of MMC or their respective officers, each Debt Holder or its officers and MMI or its officers, in each case set forth in or made pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation made by or on behalf of each Debt Holder, MMC or MMI, and shall survive the Closing.

8. Notices. All communications hereunder shall be in writing and addressed to the applicable party at its address set forth below or to such other address as such party may specify in writing:

(a) if to the Debt Holders, to them at:

George M. Marcus,  
c/o Marcus and Millichap Company  
777 California Avenue  
Palo Alto, California 94304  
Facsimile No.: (650) 842-2273

William A. Millichap  
c/o Marcus and Millichap Company  
777 California Avenue  
Palo Alto, California 94304  
Facsimile No.: (650) 842-2273

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The Donald and Beverly Lorenz Living Trust;  
Donald A. Lorenz 2012 Dynasty Trust;  
Beverly J. Lorenz 2012 Dynasty Trust; or  
Lorenz Capital Assets, L.P.  
c/o Marcus and Millichap Company  
777 California Avenue  
Palo Alto, California 94304  
Attention: Donald A. Lorenz  
Facsimile No.: (650) 842-2273

(b) if to MMC, to it at:

Marcus & Millichap Company  
777 California Avenue  
Palo Alto, California 94304  
Attention: Chief Investment Officer  
Facsimile No.: 650-842-2273

with a copy to (which shall not constitute notice):

Orrick, Herrington & Sutcliffe LLP  
The Orrick Building  
405 Howard Street  
San Francisco, California 94105  
Attention: Brett Cooper  
Facsimile No.: (415) 773-5700

(c) if to MMI, to it at:

Marcus & Millichap, Inc.  
23975 Park Sorrento, Suite 400  
Calabasas, California 91302  
Attention: Chief Financial Officer  
Facsimile No.: (646) 563-9671

with a copy to (which shall not constitute notice):

Orrick, Herrington & Sutcliffe LLP  
The Orrick Building  
405 Howard Street  
San Francisco, California 94105  
Attention: Brett Cooper  
Facsimile No.: (415) 773-5700

All communications hereunder shall be effective upon receipt and any such communication shall be deemed received (i) in the case of delivery by U.S. mail, on the date that such communication shall have been delivered to the recipient thereof, (ii) in the case of delivery by receipted delivery service, on the date and at the time that such communication shall have been delivered to the

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recipient thereof, as evidenced by the delivery service receipt therefor or (iii) in the case of delivery by a facsimile transmission, on the date and at the time that such communication shall have been delivered to the recipient thereof and confirmed by any standard form of telecommunications.

9. Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and no other person shall have any right or obligation hereunder.

10. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware.

11. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

12. Counterparts; Third-Party Beneficiaries. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement. No provision of this Agreement shall confer upon any person other than the parties hereto any rights or remedies hereunder.

*[This space intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

MARCUS & MILLICHAP COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GEORGE M. MARCUS

\_\_\_\_\_

WILLIAM A. MILLICHAP

\_\_\_\_\_

As to Sections 4(b) and 5 through 12 only:  
MARCUS & MILLICHAP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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THE DONALD AND BEVERLY LORENZ LIVING TRUST

By: \_\_\_\_\_  
Donald A. Lorenz, Trustee

By: \_\_\_\_\_  
Beverly J. Lorenz, Trustee

DONALD A. LORENZ 2012 DYNASTY TRUST

By: \_\_\_\_\_  
Donald A. Lorenz, Trustee

BEVERLY J. LORENZ 2012 DYNASTY TRUST

By: \_\_\_\_\_  
Beverly J. Lorenz, Trustee

LORENZ CAPITAL ASSETS, L.P.,  
A CALIFORNIA LIMITED PARTNERSHIP

By: Donald & Beverly Lorenz  
Enterprises, LLC, General Partner

By: \_\_\_\_\_  
Donald Lorenz, Manager



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**Schedule I**

**Debt Holders**

George M. Marcus  
William A. Millichap  
The Donald and Beverly Lorenz Living Trust  
Donald A. Lorenz 2012 Dynasty Trust;  
Beverly J. Lorenz 2012 Dynasty Trust;  
Lorenz Capital Assets, L.P.

**MMC Debt Obligations**  
**(Principal Amount)**

**Maturity Date of MMC Debt**  
**Obligations**

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**Schedule II**

**Debt Holders**

George M. Marcus  
William A. Millichap  
The Donald and Beverly Lorenz Living Trust  
Donald A. Lorenz 2012 Dynasty Trust  
Beverly J. Lorenz 2012 Dynasty Trust  
Lorenz Capital Assets, L.P.

**Shares**

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**Schedule III**

Debt Holders

George M. Marcus

William A. Millichap

The Donald and Beverly Lorenz Living Trust

Donald A. Lorenz 2012 Dynasty Trust

Beverly J. Lorenz 2012 Dynasty Trust

Lorenz Capital Assets, L.P.

MMC Debt Obligations  
(Principal Amount)

[Form of Underwriting Agreement]

FORM OF  
SEPARATION AND DISTRIBUTION AGREEMENT  
BETWEEN  
MARCUS & MILLICHAP COMPANY  
AND  
MARCUS & MILLICHAP, INC.

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**FORM OF  
SEPARATION AND DISTRIBUTION AGREEMENT**

THIS SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [ ], 2013, is by and between MARCUS & MILLICHAP COMPANY, a California corporation (“MMC”) and MARCUS & MILLICHAP, INC., a Delaware corporation (the “Company”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article 1 hereof.

**RECITALS**

WHEREAS, the Board of Directors of MMC (the “MMC Board”) has determined that it is in the best interests of MMC and its stockholders to separate the business of Marcus & Millichap Real Estate Investment Services, Inc. (the “MMREIS”) from the other businesses conducted by MMC and its Subsidiaries;

WHEREAS, in furtherance of the foregoing, on [ ], 2013 (the “Contribution Date”), MMC and the other stockholders of MMREIS transferred the capital stock and equity interests of MMREIS to the Company and, in exchange therefor, the Company issued to MMC and other stockholders of MMREIS shares of Company Common Stock;

WHEREAS, MMC will transfer shares of Company Common Stock to certain Persons (the “Debt-for-Equity Exchange Parties”) in exchange for certain debt obligations of MMC held by the Debt-for-Equity Exchange Parties as principals for their own account (the “Debt-for-Equity Exchange”) and the Debt-for-Equity Exchange Parties will make an offer and sale to the public of shares of Company Common Stock transferred in the Debt-for-Equity Exchange and the Company will offer, issue and sell shares of Company Common Stock, which will take place pursuant to a registration statement on Form S-1 (the “IPO”);

WHEREAS, prior to the IPO, MMC will transfer shares of Company Common Stock to holders of shares of MMC capital stock by means of a distribution by MMC to holders of MMC capital stock of shares of Company Common Stock (the “Distribution”);

WHEREAS, MMC has received a private letter ruling from the U.S. Internal Revenue Service substantially to the effect that, among other things, the Contribution (as defined below) and the Distribution, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Section 355 and 368(a)(1)(D) and related sections of the Code (the “Private Letter Ruling”);

WHEREAS, for U.S. federal income tax purposes, the Contribution and Distribution, if effected, taken together, are intended to qualify as a tax-free spin-off under Section 355 and Section 368(a)(1)(D) of the Code;

WHEREAS, this Agreement is intended to be a “plan of reorganization” within the meaning of Treas. Reg. Section 1.368-2(g); and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Contribution, the Debt-for-Equity Exchange, the Distribution and the IPO, and certain other agreements that will govern certain matters relating thereto (collectively, the “Transactions”), and the relationship of MMC, the Company and their respective Subsidiaries following the IPO.



NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties, intending to be legally bound, hereby agree as follows:

**ARTICLE I**  
**DEFINITIONS**

Section 1.01. Certain Definitions. For the purpose of this Agreement the following terms shall have the following meanings:

“Action” means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise. It is expressly agreed that, from and after the Effective Date, solely for purposes of this Agreement (1) no member of the Company Group shall be deemed to be an Affiliate of any member of the MMC Group and (2) no member of the MMC Group shall be deemed to be an Affiliate of any member of the Company Group.

“Agreement” means this Separation and Distribution Agreement.

“Ancillary Agreements” means the Transition Services Agreement, the Tax Matters Agreement and other agreements related thereto.

“Assets” means assets, properties, claims and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission.

“Company” has the meaning set forth in the preamble hereto.

“Company Accounts” has the meaning set forth in Section 2.07(a).

“Company Board” means the Board of Directors of the Company.

“Company Books and Records” means originals or true and complete copies thereof, including electronic copies (if available), of (a) all minute books, corporate charters and bylaws or comparable constitutive documents, records of share issuances and related corporate records of each member of the Company Group, (b) all books and records exclusively relating to (i) the purchase of materials, supplies and services for the MMREIS Business and (ii) dealings with customers of the MMREIS Business and (c) all files relating exclusively to any Action with respect to which is an MMREIS Liability.

“Company Common Stock” shall mean the Common Stock, \$0.0001 par value per share, of the Company.

“Company Group” means the Company, MMREIS and Marcus & Millichap Capital Corporation (“MMCC”), and each other Person that either (x) is controlled directly or indirectly by the Company immediately after the Effective Date or (y) becomes controlled by the Company following the Effective Date.

“Company Indemnitees” has the meaning set forth in Section 4.03.

“Contract” means any written or oral commitment, contract, subcontract, agreement, lease, sublease, license, understanding, sales order, purchase order, instrument, indenture, note or other commitment that is binding on any Person or any part of its property under applicable Law.

“Contribution” has the meaning set forth in Section 2.01(a).

“Contribution Agreement” means the Contribution Agreement, dated as of [ ], 2013, by and between the stockholders of MMREIS and the Company.

“Contribution Date” has the meaning set forth in the recitals.

“Coverage End Date” has the meaning set forth in Section 2.09(a).

“Covered Claims” has the meaning set forth in Section 2.09(b).

“Debt-for-Equity Exchange” has the meaning set forth in the recitals.

“Debt-for-Equity Exchange Agreement” means the exchange agreement to be entered into among MMC, the Debt-for-Equity Exchange Parties and the Company with respect to the Debt-for-Equity Exchange.

“Debt-for-Equity Exchange Parties” has the meaning set forth in the recitals.

“Disclosing Party” has the meaning set forth in Section 6.09(a).

“Disclosure Documents” shall mean any form, statement, schedule or other material filed with or furnished to the Commission or any other Governmental Authority by or on behalf of any party or any of its controlled Affiliates, and also any information statement, prospectus, offering memorandum, offering circular or similar disclosure document (including in connection with the IPO) and any schedule thereto or document incorporated therein by reference, whether or not filed with or furnished to the Commission or any other Governmental Authority.

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“Distribution” has the meaning set forth in the recitals.

“Distribution Date” the date upon which MMC distributes its shares of Company Common Stock pursuant to the Distribution.

“Effective Date” means the date of the closing of the IPO.

“Equity Underwriters” means the underwriters for the IPO.

“Equity Underwriting Agreement” means the underwriting agreement to be entered into among the Debt-for-Equity Exchange Parties, the other selling stockholders party thereto, the Equity Underwriters, the Company and MMC with respect to the IPO.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Excluded Liabilities” shall mean: (i) any and all Liabilities that are (A) expressly contemplated by this Agreement or any Ancillary Agreement (or any other schedule hereto or thereto) as Liabilities to be retained or assumed by MMC or any other Person in the MMC Group, and all agreements and obligations of any Person in the MMC Group under this Agreement or any of the Ancillary Agreements or (B) listed or described on Schedule 1.01(a).

“Governmental Authority” means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

“Group” means either the Company Group or the MMC Group, as the context requires.

“Indebtedness” of any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, or other encumbrance on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all guarantees by such Person of indebtedness of others, (h) all capital lease obligations of such Person and (i) all securities or other similar instruments convertible or exchangeable into any of the foregoing, but excluding daily cash overdrafts associated with routine cash operations.

“Indemnifying Party” has the meaning set forth in Section 4.04(a).

“Indemnitee” has the meaning set forth in Section 4.04(a).

“Indemnity Payment” has the meaning set forth in Section 4.04(a).

“Information” means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data but excluding the Company Books and Records and the MMC Books and Records.

“Insurance Proceeds” means those monies:

- (a) received by an insured from a third party insurance carrier;
- (b) paid by a third party insurance carrier on behalf of the insured; or
- (c) received (including by way of setoff) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability;

in each such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof and excluding, for the avoidance of doubt, proceeds from any self-insurance, captive insurance or similar program.

“Intercompany Accounts” has the meaning set forth in Section 2.06(a).

“IPO” has the meaning set forth in the recitals.

“IPO Registration Statement” means the registration statement on Form S-1 (File No. 333- ) filed under the Securities Act, pursuant to which the Company Common Stock to be issued in the IPO will be registered, together with all amendments thereto (including post-effective amendments and registration statements filed pursuant to Rule 462(b) under the Securities Act).

“Law” means any United States or non-United States federal, national, supranational, state, provincial, local or similar law (including common law), statute, ordinance, regulation, rule, code, order, treaty, license, permit, authorization, registration, approval, consent, decree, injunction, judgment, notice of liability, request for information, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued, entered or otherwise put into effect by a Governmental Authority.

“Liabilities” means any and all indebtedness, claims, debts, Taxes, liabilities, demands, causes of actions, Actions and obligations, whether accrued, fixed or contingent, mature or inchoate, known or unknown, reflected on a balance sheet or otherwise, including, without limitation, those arising under any Law, Action or any judgment of any court of any kind or any award of any arbitrator of any kind, and those arising under any Contract, commitment or undertaking.

“Lien” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“Losses” means any and all damages, losses, deficiencies, Liabilities, Taxes, obligations, penalties, judgments, settlements, claims, payments, fines, charges, interest, costs and expenses, whether or not resulting from third party claims, including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys’, accountants’, consultants’ and other professionals’ fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder.

“MMC” has the meaning set forth in the preamble hereto.

“MMC Accounts” has the meaning set forth in Section 2.05(a).

“MMC Board” has the meaning set forth in the recitals.

“MMC Books and Records” means originals or true and complete copies thereof, including electronic copies (if available) of (a) minute books, corporate charters and bylaws or comparable constitutive documents, records of share issuances and related corporate records, of the MMC Group; (b) all books and records relating to (i) MMC Employees, (ii) the purchase of materials, supplies and services for the MMC Business and (iii) dealings with customers of the MMC Business; and (c) all files relating to any Action with respect to which the Liability is a Retained Liability.

“MMC Business” means any business or operations of the MMC Group (whether conducted independently or in association with one or more third parties through a partnership, joint venture or other mutual enterprise) other than MMREIS Business.

“MMC Class A Common Stock” means the Class A Voting Common Stock, no par value, of MMC.

“MMC Class B Common Stock” means the Class B non-voting common stock, no par value, of MMC.

“MMC Group” means MMC, each other Subsidiary of MMC involved in the Transactions and each other Person that either (x) is controlled directly or indirectly by MMC immediately after the Effective Date or (y) becomes controlled by MMC following the Effective Date; provided, however, that neither the Company nor any other member of the Company Group shall be members of the MMC Group.

“MMC Indemnitees” has the meaning set forth in Section 4.02.

“MMREIS Business” means the commercial real estate brokerage business of MMREIS, including Marcus & Millichap Capital Corporation and any other direct or indirect Subsidiaries, as conducted as of the Effective Date.

“MMREIS Common Stock” shall mean the Common Stock, \$1.00 par value per share, of MMREIS.

“MMREIS Liabilities” shall mean: (i) any and all Liabilities that are (A) expressly contemplated by this Agreement or any Ancillary Agreement (or any other schedules hereto or thereto) as Liabilities to be retained, assumed or retired by the Company or any Person in the Company Group, and all agreements, obligations and Liabilities of any Person in the Company Group under this Agreement, or any of the Ancillary Agreements or (B) listed or described on Schedule 1.01(b); and (ii) any and all Liabilities to the extent relating to, arising out of or resulting from the MMREIS Business.

“MMREIS Preferred Stock” shall mean the Series A Redeemable Preferred Stock, \$10.00 par value per share, of MMREIS.

“Person” means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

“Policies” or “Policy” shall mean insurance policies and insurance contracts of any kind, including primary, excess and umbrella, comprehensive general liability, directors and officers, automobile, products, workers’ compensation, employee dishonesty, property and crime insurance policies and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

“Private Letter Ruling” has the meaning set forth in the recitals.

“Privilege” has the meaning set forth in Section 6.11(a).

“Receiving Party” has the meaning set forth in Section 6.09(a).

“Retained Names” means the Trademarks set forth on Schedule 1.01(c), and any trademarks related thereto or containing or comprising the foregoing, including any trademarks derivative thereof or confusingly similar thereto.

“Record Date” means [—], 2013, or such other date as is designated by MMC’s Board of Directors as the record date for determining the shareholders of MMC entitled to receive the Distribution.

“Securities Act” means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Services” has the meaning set forth in the Transition Services Agreement.

“Shared Policies” shall mean Policies in existence prior to the Effective Date where both the MMREIS Business and the MMC Business are eligible for coverage and/or where the employees, directors or agents of both the MMREIS Business and the MMC Business are eligible for coverage.

“Subsidiary” means, when used with respect to any Person, (a) a corporation in which such Person or one or more Subsidiaries of such Person, directly or indirectly, owns capital stock having a majority of the total voting power in the election of directors of all outstanding shares of all classes and series of capital stock of such corporation entitled generally to vote in such election; and (b) any other Person (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, has (i) a majority ownership interest or (ii) the power to elect or direct the election of a majority of the members of the governing body of such first-named Person.

“Tax Matters Agreement” means the Tax Matters Agreement, dated as of the Effective Date, by and between MMC and the Company.

“Tax Records” has the meaning set forth in the Tax Matters Agreement.

“Taxes” has the meaning set forth in the Tax Matters Agreement.

“Third Party Claim” has the meaning set forth in Section 4.05(a).

“Transactions” has the meaning set forth in the recitals.

“Transition Services Agreement” means the Transition Services Agreement, dated as of the Effective Date, by and between MMC and the Company.

## ARTICLE II

### THE SEPARATION AND DISTRIBUTION

Section 2.01. Transfer of Equity Interests in MMREIS. Pursuant to the Contribution Agreement, on the Contribution Date, MMC transferred 1,000 shares of MMREIS Preferred Stock and 205,740 shares of MMREIS Common Stock and the other stockholders of MMREIS transferred 28,749 shares of MMREIS Common Stock (the “Contribution”). The shares so transferred represented all of the issued and outstanding shares of MMREIS Common Stock. In exchange for the Contribution, the Company issued to the former shareholders of MMREIS [ ] shares of Company Common Stock.

Section 2.02. Cooperation Prior to the Distribution. Prior to the Distribution,

(a) MMC and the Company shall take all such action as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States in connection with the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) MMC and the Company shall take all actions which may be required to elect or otherwise appoint as directors of the Company, on or prior to the Distribution Date, the persons named in the IPO Registration Statement to constitute the Board of Directors of the Company on the Distribution Date.

(c) MMC and the Company shall take all actions as may be necessary to approve the stock-based employee benefit plans of the Company in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and any requirements of the NYSE.

**Section 2.03. MMC Board Action; Conditions Precedent to the Distribution.** MMC's Board of Directors shall, in its sole discretion, establish the Record Date and the Distribution Date and any appropriate procedures in connection with the Distribution; *provided, however*, in no event shall the Distribution occur unless the following conditions shall have been satisfied or shall have been waived by MMC's Board of Directors in its sole discretion:

(a) all material regulatory approvals necessary to consummate the Distribution shall have been received and be in full force and effect;

(b) the IPO Registration Statement shall have become effective under the Securities Act, and no stop order or similar Commission proceeding shall be in effect with respect to such IPO Registration Statement;

(c) a private letter ruling from the Internal Revenue Service that, among other things, the Contribution and the Distribution, taken together, will not be taxable to the shareholders of MMC pursuant to Section 355 of the Code, shall continue in effect, and such ruling shall be in form and substance satisfactory to MMC in its sole discretion;

(d) no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution shall be in effect and no other event shall have occurred or failed to occur that prevents consummation of the Distribution; and

(e) MMC's Board of Directors shall have formally approved the Distribution,

*provided, however*, that satisfaction of such conditions shall not create any obligation on the part of MMC, the Company or any other person to effect or seek to effect the Distribution or in any way limit MMC's right to terminate this Agreement as set forth in Section 8.01 or alter the consequences of any such termination from those set forth in Section 8.02.

**Section 2.04. The Distribution.** On or before the Distribution Date, subject to satisfaction or waiver of the conditions set forth in this Agreement, MMC shall deliver certificates representing all of the then outstanding shares of Company Common Stock held by MMC other than the shares of Company Common Stock to be delivered to the Debt-for-Equity Exchange Parties, endorsed in blank, and shall instruct the Distribution Agent to distribute, or make book-entry credits for, [ ] shares of Company Common Stock in respect of every one share of MMC Class A Common Stock or MMC Class B Common Stock held by holders of record of



MMC Class A Common Stock and MMC Class B Common Stock on the Record Date. The Company agrees to provide all certificates for shares of Company Common Stock and any information relating to the Company that the Distribution Agent shall require in order to effect the Distribution.

Section 2.05. Transfers Not Effected on or Prior to the Contribution Date; Transfers Deemed Effective as of the Effective Date To the extent that any transfers of Assets (including the capital stock or equity interests of any transferred entity) or assumptions of Liabilities contemplated by this Article II shall not have been consummated on, at or prior to the Contribution Date because a condition precedent to any such transfer had not been satisfied or any relevant fact related thereto had not been realized, the parties shall cooperate to effect such transfers or assumptions, as the case may be, as promptly following the Effective Date as shall be practicable. In the event that any transfer of Assets or assumption of Liabilities contemplated by this Agreement has not been consummated at or prior to the Contribution Date, then from and after the Contribution Date (i) the party (or relevant member in its Group) retaining such Asset shall thereafter hold (or shall cause such member in its Group to hold) such Asset for the use and benefit of the party (or relevant member in its Group) entitled thereto (at the expense of the Person entitled thereto) and (ii) the party intended to assume such Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the party (or the relevant member of its Group) retaining such Liability for all amounts paid or incurred in connection with the retention of such Liability. In addition, the party retaining such Asset or Liability (or relevant member of its Group) shall (or shall cause such member in its Group to) treat, insofar as reasonably possible and to the extent permitted by applicable Law, such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the party to which such Asset or Liability is to be transferred or assumed in order to place such party, insofar as reasonably possible, in the same position as if such Asset or Liability had been transferred or assumed on or prior to the Contribution Date as contemplated hereby and so that all the benefits and burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset or Liability, are to inure from and after the Contribution Date to the relevant member of the MMC Group or the Company Group, as the case may be, entitled to the receipt of such Asset or Liability. In furtherance of the foregoing, the parties agree that, as of the Effective Date, each party shall be deemed to have acquired complete and sole beneficial ownership over all of the Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such party is entitled to acquire or required to assume pursuant to the terms of this Agreement or, as applicable, an Ancillary Agreement.

Section 2.06. Termination of Agreements.

(a) Except as set forth in Section 2.06(b), in furtherance of the releases and other provisions of Section 4.01 hereof, the Company and each Person in the Company Group, on the one hand, and MMC and each Person in the MMC Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings (including all intercompany accounts payable or accounts receivable between a member of the MMC Group, on the one hand, and a member of the Company Group, on the other hand ("Intercompany Accounts")) accrued as of the Effective Date, other than ordinary course accounts payable and accounts receivable, which shall not be terminated), whether or not in writing, between or among the

Company and any Person in the Company Group, on the one hand, and MMC and any Person in the MMC Group, on the other hand, effective as of the Effective Date. No such terminated agreement, arrangement, commitment, understanding or Intercompany Account (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Date. Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.06(a) shall not apply to any of the following agreements, arrangements, commitments, understandings or Intercompany Accounts (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the parties hereto or any Person in their respective Groups); (ii) any agreements, arrangements, commitments or understandings set forth or described on Schedule 2.06(b); (iii) any agreements, arrangements, commitments or understandings to which any Person other than the parties hereto and their respective Affiliates is a party; and (iv) any other agreements, arrangements, commitments, understandings or Intercompany Accounts that this Agreement or any Ancillary Agreement expressly contemplates will survive the Effective Date.

Section 2.07. Bank Accounts; Cash Balances.

(a) To the extent not completed prior to the Effective Date, MMC and the Company each agrees to take, or cause the respective members of their respective Groups to take, at or prior to the Effective Date, all actions necessary to amend all Contracts governing each bank and brokerage account owned by the Company or any other member of the Company Group (collectively, the "Company Accounts") so that such Company Accounts, if linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any bank or brokerage account owned by MMC or any other member of the MMC Group (collectively, the "MMC Accounts") are de-linked from the MMC Accounts.

(b) It is intended that, following consummation of the actions contemplated by Section 2.07(a), the Company and MMC will maintain separate bank accounts and separate cash management processes.

(c) With respect to any outstanding checks issued by MMC, the Company, or any of their respective Subsidiaries prior to the Effective Date, such outstanding checks shall be honored following the Effective Date by the Person or Group owning the account on which the check is drawn.

(d) Except as provided in Section 2.09, as between MMC and the Company (and the members of their respective Groups), all payments made and reimbursements received after the Effective Date by either party (or member of its Group) that relate to a business, Asset or Liability of the other party (or member of its Group), shall be held by such party in trust for the use and benefit of the party entitled thereto and, promptly upon receipt by such party of any such payment or reimbursement, such party shall pay over, or shall cause the applicable member of its Group to pay over to the other party the amount of such payment or reimbursement without right of set-off.

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Section 2.08. Other Ancillary Agreements. Each of MMC and the Company will execute and deliver, and cause each of their applicable Subsidiaries to execute and deliver, as applicable, all Ancillary Agreements to which it is a party.

Section 2.09. Insurance Policies.

(a) On or before the Effective Date, the directors and officers of the Company and its Affiliates shall become insureds under a separate directors' and officers' insurance program to be established by the Company at its expense. Effective from and after the date at which the Company is no longer eligible to be covered under the policies of MMC and its affiliates (the "Coverage End Date"), the Company shall arrange for its own insurance policies with respect to the MMREIS Business, except as set forth in the Transition Service Agreement.

(b) Where Shared Policies with an unaffiliated third party insurer (and excluding, for the avoidance of doubt, any self-insurance, captive insurance or similar program) cover MMREIS Liabilities reported after the Effective Date and before the Coverage End Date, with respect to an occurrence prior to the Coverage End Date, under an occurrence-based or claims-made policy (collectively, "Covered Claims"), then the members of the Company Group may claim coverage for such Covered Claims under such Shared Policies, control the prosecution and defense of such Covered Claims and receive any insurance recoverables with respect thereto, without any prejudice or limitation to MMC seeking insurance under the Shared Policies for its own claims. After the Effective Date, MMC shall procure and administer the Shared Policies, provided that such administration shall in no way limit, inhibit or preclude the right of the members of the Company Group to insurance coverage thereunder in accordance with this Section 2.09(b), in each case, with respect to Covered Claims. The Company shall promptly notify MMC of any Covered Claims, and MMC agrees to reasonably cooperate with the Company concerning the pursuit by the Company of any such Covered Claim, in each case at the expense of the Company (to the extent such expenses are not covered by the applicable Shared Policies).

(c) The Company shall be responsible for complying with terms of the Shared Policies to obtain coverage for such Covered Claims, including if the Shared Policy requires any payments to be made in connection therewith (including self-insured retentions or deductibles), and the Company shall make any such required payments and maintain any required or appropriate accruals or reserves for such Covered Claims. Any proceeds received by MMC from any insurance carrier that relate to Covered Claims shall be paid promptly to the Company. In the event that Covered Claims relate to the same occurrence for which MMC is seeking coverage under such Shared Policies and for which the parties have a shared defense, the Company and MMC shall jointly defend any such claim and waive any conflict of interest necessary to conduct a joint defense, and shall bear any expenses in connection therewith equally (to the extent such expenses are not covered by the applicable Shared Policies), including self-insured retentions or deductibles. In the event that policy limits under an applicable Shared Policy are not sufficient to fund all claims of MMC and members of the MMC Group and the Company and members of the Company Group, amounts due under such Shared Policy shall be paid on a first come first served basis, and any amounts simultaneously due shall be paid to the respective entities in proportion to the assessed value of each respective entity's claim or claims.

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**ARTICLE III**

**THE IPO AND ACTIONS PENDING THE IPO; OTHER TRANSACTIONS**

Section 3.01. The Debt-for-Equity Exchange. The Company shall cooperate with, and take all actions reasonably requested by, MMC and the Debt-for-Equity Exchange Parties in connection with the Debt-for-Equity Exchange. In furtherance thereof, to the extent not undertaken and completed prior to the execution of this Agreement, the Company shall enter into the Debt-for-Equity Exchange Agreement, in form and substance reasonably satisfactory to MMC and shall comply with its obligations thereunder.

Section 3.02. The IPO. The Company shall cooperate with, and take all actions reasonably requested by, MMC in connection with the IPO. In furtherance thereof, to the extent not undertaken and completed prior to the execution of this Agreement:

(a) The Company shall file the IPO Registration Statement, and such amendments or supplements thereto, as may be necessary in order to cause the same to become and remain effective as required by the Equity Underwriting Agreement, the Commission and applicable Law, including federal, state or foreign securities Laws. The Company shall also cooperate in preparing, filing with the Commission and causing to become effective a registration statement registering the Common Stock under the Exchange Act, and any registration statements or amendments thereof that are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the IPO or the other transactions contemplated by this Agreement and the Ancillary Agreements.

(b) The Company and MMC shall enter into the Equity Underwriting Agreement, in form and substance reasonably satisfactory to MMC and shall comply with their respective obligations thereunder.

(c) The Company shall use its commercially reasonable efforts to take all such action as may be necessary or appropriate under state securities and blue sky laws of the United States (and any comparable Laws under any foreign jurisdictions) in connection with the IPO.

(d) The Company will cooperate in all respects with MMC, the Debt-for-Equity Exchange Parties and the Equity Underwriters in connection with the pricing of the Common Stock to be issued in the IPO and the timing of the IPO and will, at any such party's request, promptly take any and all actions necessary or desirable to consummate the IPO as contemplated by the IPO Registration Statement and the Equity Underwriting Agreement.

(e) The Company shall prepare, file and use its commercially reasonable efforts to seek to make effective an application for listing of the Common Stock issued in the IPO on the New York Stock Exchange.

Section 3.03. Charter; By-laws. Prior to the effectiveness of the IPO Registration Statement, MMC and the Company will each take all actions that may be required to provide for the adoption by the Company of the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated By-laws of the Company, each substantially in the form filed as an exhibit to the IPO Registration Statement.

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**ARTICLE IV**  
**MUTUAL RELEASES; INDEMNIFICATION**

Section 4.01. Release of Pre-Closing Claims

(a) Except as provided in Section 4.01(c) and Section 4.03, effective as of the Effective Date, the Company does hereby, for itself and for each member of the Company Group as of the Effective Date and their respective successors and assigns and all Persons who at any time prior to the Effective Date, have been directors, officers, agents or employees of any member of the Company Group (in each case, in their respective capacities as such), release and forever discharge MMC and each member of the MMC Group, and all Persons who at any time prior to the Effective Date have been stockholders, directors, officers, managers, members, agents or employees of any Person in the MMC Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any rights of contribution or recovery), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed in each case on or before the Effective Date, including in connection with the transactions and all other activities to implement the Transactions and any of the other transactions contemplated hereunder and under any of the Ancillary Agreements.

(b) Except as provided in Section 4.01(c) and Section 4.02, effective as of the Effective Date, MMC does hereby, for itself and for each member of the MMC Group as of the Effective Date and their respective successors and assigns and all Persons who at any time prior to the Effective Date, have been directors, officers, agents or employees of any member of the MMC Group (in each case, in their respective capacities as such), remise, release and forever discharge the Company and each member of the Company Group as of the Effective Date, and all Persons who at any time prior to the Effective Date have been stockholders, directors, officers, managers, members, agents or employees of any Person in the Company Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any rights of contribution or recovery), whether arising under any Contract, by operation of Law or otherwise, including for fraud, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed in each case on or before the Effective Date, including in connection with the transactions and all other activities to implement the Transactions and any of the other transactions contemplated hereunder and under any of the Ancillary Agreements.

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(c) Nothing contained in Section 4.01(a) or (b) shall (x) impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any Contracts that are specified in Section 2.07(b) or the applicable schedules thereto not to terminate as of the Effective Date, in each case in accordance with its terms or (y) release any Person from:

(i) any Liability provided in or resulting from any Contract among any Persons in the MMC Group or the Company Group that is specified in Section 2.06(b) or the applicable schedules thereto as not to terminate as of the Effective Date, or any other Liability specified in such Section 2.06(b) as not to terminate as of the Effective Date;

(ii) any Liability assumed or retained by, or transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any Person in any Group under, this Agreement, or any Ancillary Agreement, including with respect to the Company, any MMREIS Liability;

(iii) any Liability provided in or resulting from any Contract or understanding that is entered into after the Effective Date between a member of the MMC Group, on the one hand, and a member of the Company Group, on the other hand;

(iv) any Liability that the parties may have with respect to claim for indemnification, recovery or contribution brought pursuant to this Agreement or any Ancillary Agreement, which Liability shall be governed by the provisions of this Article IV or, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.01.

In addition, nothing contained in Section 4.01(a) shall release MMC from indemnifying any director, officer or employee of the Company or MMREIS who was a director, officer or employee of MMC or any of its Affiliates on or prior to the Effective Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to obligations existing prior to the Effective Date, it being understood that if the underlying obligation giving rise to such Action is an MMREIS Liability, the Company shall indemnify MMC for such Liability (including MMC's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) The Company shall not, and shall not permit any Person in the Company Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution, recovery or any indemnification, against MMC or any Person in the MMC Group, or any other Person released pursuant to Section 4.01(a), with respect to any Liabilities released pursuant to Section 4.01(a). MMC shall not, and shall not permit any Person in the MMC Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution, recovery or any indemnification against the Company or any Person in the Company Group, or any other Person released pursuant to Section 4.01(b), with respect to any Liabilities released pursuant to Section 4.01(b).

(e) It is the intent of each of MMC and the Company, by virtue of the provisions of this Section 4.01, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed in each case on or before the Effective Date, between or among the Company or any Person in the

Company Group, on the one hand, and MMC or any Person in the MMC Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such Persons on or before the Effective Date), except as expressly set forth in Section 4.01(c). At any time, at the request of any other party, each party shall cause each Person in its respective Group and to the extent practicable each other Person to execute and deliver releases reflecting the provisions hereof.

(f) If any Person associated with either MMC or the Company (including any of their respective directors, officers, agents or employees) initiates an Action with respect to claims released by this Section 4.01, the party with which such Person is associated shall indemnify the other party against such Action in accordance with the provisions set forth in this Article IV.

Section 4.02. Indemnification by the Company. Except as provided in Section 4.04, the Company shall indemnify, defend and hold harmless each member of the MMC Group and each of their Affiliates and each member of the MMC Group's and their respective Affiliates' directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "MMC Indemnitees"), from and against any and all Losses of the MMC Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any such Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien):

(i) all MMREIS Liabilities;

(ii) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in any Disclosure Document with respect to the IPO other than any such statement or omission in the Disclosure Document furnished by MMC solely in respect of MMC expressly for use in the Disclosure Document; and

(iii) any breach by the Company or any Person in the Company Group of this Agreement or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case, any such indemnification claims may be made thereunder.

Notwithstanding anything to the contrary herein, in no event will any MMC Indemnitee have the right to seek indemnification from any Person in the Company Group with respect to any claim or demand against any Person in the MMC Group for the satisfaction of the Excluded Liabilities.

Section 4.03. Indemnification by MMC. Except as provided in Section 4.04, MMC shall indemnify, defend and hold harmless each member of the Company Group and each of their Affiliates and each member of the Company Group's and their respective Affiliates' respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Company Indemnitees"), from and against any and all Losses of the Company Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien):

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(i) all Excluded Liabilities; and

(ii) any breach by MMC or any Person in the MMC Group of this Agreement or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case, any such indemnification claims may be made thereunder.

Notwithstanding anything to the contrary herein, in no event will any Company Indemnitee have the right to seek indemnification from any Person in the MMC Group with respect to any claim or demand against any Person in the Company Group for the satisfaction of the MMREIS Liabilities.

Section 4.04. Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article IV will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "wind-fall" (i.e., a benefit such insurer or other third party would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement or any Ancillary Agreement shall obligate any Person in any Group to seek to collect or recover any Insurance Proceeds.

(c) Any Indemnity Payment made by the Company shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each MMC Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed. Any Indemnity Payment made by MMC shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Company Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed.



(d) If an indemnification claim is covered by the indemnification provisions of an Ancillary Agreement, the claim shall be made under the Ancillary Agreement to the extent applicable and the provisions thereof shall govern such claim. In no event shall any party be entitled to double recovery from the indemnification provisions of this Agreement and any Ancillary Agreement.

#### Section 4.05. Procedures for Indemnification of Third Party Claims

(a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a Person in the MMC Group or the Company Group of any claim or of the commencement by any such Person of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.02 or Section 4.03, or any other Section of this Agreement (collectively, a "Third Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and in any event within forty-five (45) days) after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 4.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent, and only to the extent, that such Indemnifying Party is materially prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect (but shall not be required) to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (which counsel shall be reasonably satisfactory to the Indemnitee), any Third Party Claim; provided that the Indemnifying Party shall not be entitled to defend and shall pay the reasonable fees and expenses of one separate counsel for all Indemnitees if the claim for indemnification relates to or arises in connection with any criminal action, indictment or allegation. Within forty-five (45) days after the receipt of notice from an Indemnitee in accordance with Section 4.05(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions to its defense. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee; provided, however, in the event that (i) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice or (ii) the Third Party Claim involves injunctive or equitable relief, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.05(b), such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. Any legal fees and expenses incurred by the Indemnitee in connection with defending such claim shall be paid by the Indemnifying Party at the then applicable regular rates charged by counsel, without regard to any flat fee or special fee arrangement otherwise in effect between such counsel and the Indemnitee.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. If an Indemnifying Party has failed to assume the defense of the Third Party Claim within the time period specified in clause (b) above, it shall not be a defense to any obligation to pay any amount in respect of such Third Party Claim that the Indemnifying Party was not consulted in the defense thereof, that such Indemnifying Party's views or opinions as to the conduct of such defense were not accepted or adopted, that such Indemnifying Party does not approve of the quality or manner of the defense thereof or that such Third Party Claim was incurred by reason of a settlement rather than by a judgment or other determination of liability.

(e) In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is (i) to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee or (ii) to ascribe any fault on any Indemnitee in connection with such defense.

(f) Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all Liability in respect of such Third Party Claim.

Section 4.06. Additional Matters.

(a) Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant or otherwise hold the Indemnifying Party as party thereto, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement with respect to such Third Party Claim.

Section 4.07. Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VI, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 4.08. Survival of Indemnities. The indemnity and contribution agreements contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder. The rights and obligations of each of MMC and the Company and their respective Indemnitees under this Article IV shall survive the merger or consolidation of any party, the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities, or the change of form or change of control of any party.

Section 4.09. Special Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY OR ANY OF ITS GROUP MEMBERS BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNIFIED PARTY, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER OR THEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNIFIED PARTY IS REQUIRED TO PAY ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS TO A PERSON WHO IS NOT A MEMBER OF EITHER GROUP IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS SECTION 4.09.

## **ARTICLE V**

### **CERTAIN BUSINESS MATTERS**

Section 5.01. No Restriction on Competition. It is the explicit intent of each of the parties hereto that the provisions of this Agreement shall not include any non-competition or other similar restrictive arrangements with respect to the range of business activities which may be conducted by the parties hereto. Accordingly, each of the parties hereto acknowledges and

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agrees that nothing set forth in this Agreement shall be construed to create any explicit or implied restriction or other limitation on (i) the ability of any party hereto to engage in any business or other activity which competes with the business of any other party hereto or (ii) the ability of any party to engage in any specific line of business or engage in any business activity in any specific geographic area.

Section 5.02. No Use of Certain Names: Transitional Licenses Following the Effective Date, MMC Group shall, as soon as practicable, but in no event later than two years following the Effective Date, (i) cease to use any Retained Names and hold themselves out as having any affiliation with the Company Group, and (ii) strike over, or otherwise obliterate all Retained Names from the materials owned by the MMC Group, including any sales and product literature, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email, computer software and other materials and systems; provided that, for a period of no more than three (3) years following the Effective Date, with respect to any inventory of products in the MMC Group's possession as of the Effective Date, the MMC Group shall be permitted to use such Retained Names until such inventory is depleted. Any use by the MMC Group of any of the Retained Names as permitted in this Section 5.02 is subject to their use of the Retained Names in the same form and manner, and with standards of quality, of that in effect for the Retained Names as of the Effective Date. The MMC Group shall not use the Retained Names in a manner that may reflect negatively on such name and marks or on the Company or any of its Affiliates. Without limitation to any other remedies, the Company shall have the right to terminate the foregoing license, effective immediately, if any of the MMC Group fails to comply with the foregoing terms and conditions or otherwise fails to comply with any reasonable direction of the Company or any of its Affiliates in relation to the use of the Retained Names.

**ARTICLE VI**

**EXCHANGE OF INFORMATION; CONFIDENTIALITY**

Section 6.01. Provision of Corporate Records. As soon as practicable after the Effective Date, subject to the provisions of this Section 6.01, MMC and the Company shall discuss and negotiate in good faith to agree to a plan to transition (i) to the Company all Company Books and Records in the possession of MMC or any member of the MMC Group, and (ii) to MMC all MMC Books and Records in the possession of the Company or any member of the Company Group. The foregoing shall be limited by the following:

(a) The transition of books and records shall require only deliveries of (i) specific and discrete books and records or a reasonably limited class of items requested by the other party and (ii) specific and discrete books and records identified by either party in the ordinary course of business and determined by such party to be material to the other's business. Without limiting any express delivery requirements under any other provision of this Agreement or any Ancillary Agreement, neither party shall be required to conduct any general search or investigation of its files.

(b) Each party may retain copies of books and records delivered to the other, subject to holding in confidence in accordance with Section 6.09 information contained in such books and records.

(c) Each party may in good faith refuse to furnish any books and records under this Section 6.01 if it reasonably believes in good faith that doing so could materially adversely affect its ability to successfully assert a claim of Privilege.

(d) Neither party shall be required to deliver to the other books and records or portions thereof which are subject to any Law or confidentiality agreements which would by their terms prohibit such delivery; provided, however, that if requested by the other party, such party shall use reasonable best efforts to seek a waiver of or other relief from such confidentiality restriction.

(e) Nothing in this Section 6.01 shall affect the rights and obligations of any party with respect to the sharing of information under the Tax Matters Agreement.

Section 6.02. Agreement for Exchange of Information; Archives.

(a) Each of MMC and the Company, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Effective Date, as soon as reasonably practicable after written request therefor, access to any Information in the possession or under the control of such respective Group that can be retrieved without unreasonable disruption to its business which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing, record retention or other requirements imposed on the requesting party (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, regulatory, litigation, environmental, tax or other similar requirements, in each case other than claims or allegations that one party to this Agreement or any member of its Group has against the other party or any member of its Group, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement.

(b) After the Effective Date, each of the MMC Group on the one hand, and the Company Group on the other hand, shall provide to such other Group access during regular business hours (as in effect from time to time) to Information that relates to the business and operations of such Group that are located in archives retained or maintained by such other Group (or, if such Information does not exclusively relate to a party's business, to the portions of such Information that so exclusively relate), subject to appropriate restrictions for proprietary, privileged or confidential information and to the requirements of an applicable state and/or federal regulation such as a Code of Conduct, to the personnel, properties and information of such party and its Subsidiaries, and only insofar as such access is reasonably required by the other party for legitimate business reasons, and only for the duration such access is required, and relates to such other party or the conduct of the business prior to the Effective Date. The Company or MMC, as applicable, may obtain copies (but not originals) at their own expense of such Information for bona fide business purposes. The Company or MMC, as applicable, shall pay the applicable fee or rate per hour for archives research services (subject to increase from time to time to reflect rates then in effect) for the providing party generally. Nothing herein shall be deemed to restrict the access of the providing party to any Information or to impose any liability on the providing party if any such Information is not maintained or preserved by such party.

(c) Nothing in this Section 6.02 shall affect the rights and obligations of any party with respect to the sharing of information under the Tax Matters Agreement.

(d) In the event any party reasonably determines that any such provision of Information could be commercially detrimental, violate any Law or Contract, or result in the waiver any Privilege, the parties shall take all commercially reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

Section 6.03. Ownership of Information. Any Information owned by one Group that is provided to a requesting party pursuant to Section 6.01 shall be deemed to remain the property of the providing party. Unless expressly set forth in this Agreement, nothing contained in this Agreement shall be construed as granting or conferring any right, title or interest (whether by license or otherwise) in, to or under any such Information.

Section 6.04. Compensation for Providing Information. The party requesting access to Information agrees to reimburse the other party for the reasonable costs, if any, of providing such access, including costs of salaries and benefits of employees who are involved in providing access to the Information or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as providing the access to Information and the costs incurred in creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party.

Section 6.05. Record Retention. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement after the Effective Date, the parties agree to use their commercially reasonable efforts to retain all Information in their respective possession or control on the Effective Date in accordance with the policies of MMC as in effect from time to time or such other policies as may be reasonably adopted by the appropriate party after the Effective Date. For the avoidance of doubt, such policies shall be deemed to apply to any Information in a party's possession or control on the Effective Date relating to the other party or members of its Group. Notwithstanding the foregoing, to the extent such Information relates to Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Nothing in this Section 6.05 shall affect the rights and obligations of any party to the Tax Matters Agreement with respect to Tax Records.

Section 6.06. Limitations of Liability. Except as otherwise provided in this Article VI, no party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement is found to be inaccurate or the requested Information is not provided, in the absence of willful misconduct by the party requested to provide such Information. No party shall have any liability to any other party if any Information is destroyed after commercially reasonable efforts by such party to comply with the provisions of Section 6.05.

Section 6.07. Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention, rights to use, or confidential treatment of Information set forth in any Ancillary Agreement.

Section 6.08. Production of Witnesses; Records; Cooperation

(a) After the Effective Date, except in the case of any Action involving or relating to a conflict or dispute between any member of the MMC Group, on the one hand, and any member of the Company Group, on the other hand, each party hereto will use its commercially reasonable efforts to make available to each other party, upon written request, the then current directors, officers, employees, other personnel and agents of the Person in its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which indemnification is or may reasonably be expected to be sought that the requesting party may from time to time be involved. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party or Indemnitee chooses to defend or to seek to compromise or settle any Third Party Claim, the other party shall make available to such Indemnifying Party or Indemnitee, as applicable, upon written request then current directors, officers, employees, other personnel and agents of the Persons in its respective Group as witnesses and any Information within its control or possession, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel

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and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise reasonably cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions in which indemnification is or may reasonably be expected to be sought.

(d) The obligation of the parties to provide witnesses pursuant to this Section 6.08 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses employees and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.08(a)).

(e) In connection with any matter contemplated by this Section 6.08 the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any Person in any Group.

Section 6.09. Confidentiality.

(a) Subject to Section 6.10, each of MMC and the Company (each, a "Receiving Party"), on behalf of itself and each Person in its respective Group, agree to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold in strict confidence, with at least the same degree of care that applies to the confidential and proprietary information of MMC pursuant to policies in effect as of the Effective Date, all Information with respect to MMC, solely concerning the MMREIS Business (for which the Company shall be the "Disclosing Party") and with respect to the Company, concerning the MMC Business (for which MMC shall be the "Disclosing Party") that is accessible to it, in its possession (including Information in its possession prior to the Effective Date) or furnished by the Disclosing Party or any Person in its respective Group, or accessible to, in the possession of, or furnished to the Company's respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement or otherwise, except, in each case, to the extent that such Information (i) is or becomes part of the public domain through no breach of this Agreement by the Receiving Party or any of its Group, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) information that was independently developed following the Effective Date by employees or agents of the Receiving Party or any Person in its respective Group, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who have not accessed or otherwise received the applicable Information; provided that such independent development can be demonstrated by competent, contemporaneous written records of the Receiving Party or any Person in its respective Group, or (iii) becomes available to the Receiving Party or any Person in its respective Group following the Effective Date on a non-confidential basis from a third party who is not bound directly or indirectly by a duty of confidentiality to the Disclosing Party.



(b) Each party acknowledges that it and the other members of its Group may have in their possession confidential or proprietary Information of third parties that was received under confidentiality or non-disclosure agreements with such third party prior to the Effective Date. Such party will hold, and will cause the other members of its Group and their respective representatives to hold, in strict confidence the confidential and proprietary information of third parties to which they or any other member of their respective Groups has access, in accordance with the terms of any agreements entered into prior to the Effective Date between one or more members of such party's Group (whether acting through, on behalf of, or connection with, the separated businesses) and such third parties.

(c) Upon the written request of a party, the other party shall promptly destroy any copies of such confidential or proprietary Information (including any extracts therefrom) specifically identified by the requesting party to be destroyed. Upon the written request of such requesting party, the other party shall cause one of its duly authorized officers to certify in writing to such requesting party that the requirements of the preceding sentence have been satisfied in full.

(d) Notwithstanding anything to the contrary in this Article VI, (i) to the extent that an Ancillary Agreement or other Contract pursuant to which a party hereto or a Person in its respective Group is bound or its confidential Information is subject provides that certain Information shall be maintained confidential on a basis that is more protective of such Information or for a longer period of time than provided for herein, then the applicable provisions contained in such Ancillary Agreement or other Contract shall control with respect thereto and (ii) a Party and the Persons in its respective Group shall have no right to use any Information of the Disclosing Party unless otherwise provided for in this Agreement, an Ancillary Agreement or Contract between the Parties or a Person in its respective Group.

Section 6.10. Protective Arrangements. In the event that the Receiving Party or any Person in its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable Law (including the rules and regulations of the Commission or any national securities exchange) or receives any request or demand from any Governmental Authority to disclose or provide Information of the Disclosing Party (or any Person in the Disclosing Party's Group) that is subject to the confidentiality provisions hereof, such party shall notify the other party prior to disclosing or providing such Information and shall cooperate at the expense of such other party in seeking any reasonable protective arrangements (including by seeking confidential treatment of such Information) requested by such other party. Subject to the foregoing, the Person that received such a request or determined that it is required to disclose Information may thereafter disclose or provide Information to the extent required by such Law (as so advised by counsel) or requested or required by such Governmental Authority; provided, however, that such Person provides the other party, to the extent legally permissible, upon request with a copy of the Information so disclosed.

Section 6.11. Preservation of Legal Privileges.

(a) MMC and the Company recognize that the members of their respective groups possess and will possess information and advice that has been previously developed but is legally protected from disclosure under legal privileges, such as the attorney-client privilege or work

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product exemption and other concepts of legal protection (“Privilege”). Each party recognizes that they shall be jointly entitled to the Privilege with respect to such privileged information and that each shall be entitled to maintain, preserve and assert for its own benefit all such information and advice, but both parties shall ensure that such information is maintained so as to protect the Privileges with respect to the other party’s interest. To that end, neither party will knowingly waive or compromise any Privilege associated with such information and advice without the prior written consent of the other party. In the event that privileged information is required to be disclosed to any arbitrator or mediator in connection with a dispute between the parties, such disclosure shall not be deemed a waiver of Privilege with respect to such information, and any party receiving it in connection with a proceeding shall be informed of its nature and shall be required to safeguard and protect it.

(b) The rights and obligations created by this Section 6.11 shall apply to all information relating to the MMREIS Business as to which, but for the Contribution and Distribution, either party would have been entitled to assert or did assert the protection of a Privilege, including (i) any and all information generated prior to the Effective Date but which, after the Contribution, is in the possession of either party and (ii) all information generated, received or arising after the Effective Date that refers to or relates to information described in the preceding clause (i).

(c) Upon receipt by either party of any subpoena, discovery or other request that may call for the production or disclosure of information that is the subject of a Privilege, or if a party obtains knowledge that any current or former employee of a party has received any subpoena, discovery or other request that may call for the production or disclosure of such information, such party shall provide the other party a reasonable opportunity to review the information and to assert any rights it may have under this Section 6.11 or otherwise to prevent the production or disclosure of such information. Absent receipt of written consent from the other party to the production or disclosure of information that may be covered by a Privilege, each party agrees that it will not produce or disclose any information that may be covered by a Privilege unless a court of competent jurisdiction has entered a final, nonappealable order finding that the information is not entitled to protection under any applicable Privilege.

(d) MMC’s transfer of Company Books and Records and other Information to the Company, MMC’s agreement to permit the Company to obtain Information existing prior to the Effective Date, the Company’s transfer of MMC Books and Records and other Information and the Company’s agreement to permit MMC to obtain Information existing prior to the Effective Date are made in reliance on MMC’s and the Company’s respective agreements, as set forth in Section 6.09, Section 6.10 and this Section 6.11, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by MMC or the Company, as the case may be. The access to Information being granted pursuant to Section 6.02 hereof, the agreement to provide witnesses and individuals pursuant to Section 6.08 hereof and the disclosure to MMC and the Company of Privileged Information relating to the MMREIS Business or MMC Business pursuant to this Agreement in connection with the Contribution shall not be asserted by MMC or the Company to constitute, or otherwise deemed, a waiver of any Privilege that has been or may be asserted under this Section 6.11 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to MMC and the Company in, or the obligations imposed upon the parties by, this Section 6.11.

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**ARTICLE VII**  
**FURTHER ASSURANCES**

Section 7.01. Further Assurances. In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto will cooperate with each other and shall use its (and will cause their respective Subsidiaries and Affiliates to use) commercially reasonable efforts, prior to, on and after the Effective Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

**ARTICLE VIII**  
**TERMINATION**

Section 8.01. Termination. This Agreement may be terminated at any time after the consummation of the IPO by mutual consent of MMC and the Company.

Section 8.02. Effect of Termination. In the event of any termination of this Agreement, no party to this Agreement (or any of its directors, officers, members or managers) shall have any Liability or further obligation to any other party.

**ARTICLE IX**  
**MISCELLANEOUS**

Section 9.01. Counterparts; Entire Agreement; Conflicting Agreements.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

(b) This Agreement, the Ancillary Agreements, the exhibits, the schedules and appendices hereto and thereto contain the entire agreement between the parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties with respect to such subject matter other than those set forth or referred to herein or therein.

(c) In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. Subject to Section 4.04(d), in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, the Ancillary Agreement shall control with respect to the subject matter thereof, and this Agreement shall control with respect to all other matters.

Section 9.02. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of California, without regard to the conflict of laws principles thereof that would result in the application of any Law other than the Laws of the State of California.

Section 9.03. Assignability. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that no party hereto may assign its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other party or parties hereto.

Section 9.04. Third Party Beneficiaries. Except for the indemnification rights under this Agreement of any MMC Indemnitee or Company Indemnitee in their respective capacities as such (a) the provisions of this Agreement are solely for the benefit of the parties and are not intended to confer upon any Person (including employees of the parties hereto) except the parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the parties hereto) with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 9.05. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to MMC, to:

Marcus & Millichap Company  
777 California Avenue  
Palo Alto, CA 94304  
Attention: Chief Financial Officer

If to the Company to:

Marcus & Millichap, Inc.  
23975 Park Sorrento, Suite 400  
Calabasas, CA 91302  
Attention: Chief Financial Officer

Any party may, by notice to the other party, change the address to which such notices are to be given.

Section 9.06. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 9.07. Expenses. Except as otherwise specified in this Agreement or the Ancillary Agreements or as otherwise agreed in writing between MMC and the Company, MMC and the Company shall each be responsible for its own fees, costs and expenses paid or incurred in connection with the IPO, the Contribution and the Distribution.

Section 9.08. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.09. Survival of Covenants. The covenants contained in this Agreement, indemnification obligations and liability for the breach of any obligations contained herein, shall survive the Effective Date and the other transactions contemplated by this Agreement shall remain in full force and effect.

Section 9.10. Waivers of Default. Waiver by any party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

Section 9.11. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

Section 9.12. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.13. Disputes.

(a) Resolution of any and all disputes arising from or in connection with this Agreement, whether based on contract, tort, statute or otherwise, including, but not limited to, disputes in connection with claims by third parties (collectively, "Disputes"), shall be subject to the provisions of this Section 9.13; *provided, however*, that nothing contained herein shall preclude either party from seeking or obtaining (i) injunctive relief or (ii) equitable or other judicial relief to enforce the provisions hereof or to preserve the status quo pending resolution of Disputes hereunder.

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(b) Either party may give the other party written notice of any Dispute not resolved in the normal course of business. The parties shall attempt in good faith to resolve any Dispute promptly by negotiation between executives of the parties who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Within 30 days after delivery of the notice, the foregoing executives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary for a period not to exceed 15 days, to attempt to resolve the Dispute. All reasonable requests for information made by one party to the other will be honored. If the parties do not resolve the Dispute within such 45 day period (the "Initial Mediation Period"), the parties shall attempt in good faith to resolve the Dispute by negotiation between (a) in the case of MMC, the Chief Financial Officer or the General Counsel and (b) in the case of the Company, the Chief Financial Officer (collectively, the "Designated Officers"). Such officers shall meet at a mutually acceptable time and place (but in any event no later than 15 days following the expiration of the Initial Mediation Period) and thereafter as often as they reasonably deem necessary for a period not to exceed 15 days, to attempt to resolve the Dispute.

(c) If the Dispute has not been resolved by negotiation within 75 days of the first party's notice, or if the parties failed to meet within 30 days of the first party's notice, or if the Designated Officers failed to meet within 60 days of the first party's notice, either party may commence any litigation or other procedure allowed by law.

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IN WITNESS WHEREOF, the parties have caused this Separation and distribution Agreement to be executed by their duly authorized representatives.

MARCUS & MILLICHAP COMPANY

By: \_\_\_\_\_  
Name:  
Title:

MARCUS & MILLICHAP, INC.

By: \_\_\_\_\_  
Name:  
Title:

## TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this “**Agreement**”) is entered into as of [\_\_\_\_], 2013, by and among Marcus & Millichap Company, a California corporation (“**MMC**”), and Marcus & Millichap, Inc., a Delaware corporation and a wholly owned subsidiary of MMC (“**MMREIS**”) (MMC and MMREIS are sometimes collectively referred to herein as the “**Companies**” and, as the context requires, individually referred to herein as the “**Company**”).

## RECITALS

WHEREAS, the Board of Directors of MMC has determined that it would be appropriate and desirable to separate completely the MMREIS brokerage business from MMC;

WHEREAS, as of the date hereof, MMC is the common parent of an affiliated group of corporations, including MMREIS, which has elected to file consolidated Federal income tax returns;

WHEREAS, pursuant to the Contribution Agreement (as defined below), MMC has undertaken to contribute all of its stock of Marcus & Millichap Real Estate Investment Services, Inc. to MMREIS;

WHEREAS, MMC has agreed to effect the Debt-for-Equity Exchange and the Distribution;

WHEREAS, the parties desire to provide for and agree upon the allocation between the parties of liabilities for Taxes arising prior to, at the time of, and subsequent to the Distribution (as defined below), and to provide for and agree upon other matters relating to Taxes;

NOW THEREFORE, in consideration of the mutual agreements contained herein, the parties hereby agree as follows:

**Section 1. Definition of Terms.** For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings:

“**Active Trade or Business**” means (i) with respect to MMREIS, the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) of the MMREIS brokerage business as conducted immediately prior to the IPO and (ii) with respect to MMC, the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) of MMC’s business as conducted immediately prior to the IPO other than the MMREIS brokerage business.

“**Adjustment Request**” means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (i) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (ii) any claim for equitable recoupment or other offset, and (iii) any claim for refund or credit of Taxes previously paid.

“**Affiliate**” means, with respect to any Person, a Person that, directly or indirectly, controls, is controlled by or is under common control with, the Person specified. “**Control**” means beneficial ownership of more than fifty percent (50%) of the stock of an entity by voting power or value.

“**Agreement**” means this Tax Matters Agreement.



“**Business Day**” means any day other than Saturday, Sunday or any other day on which banks located in San Francisco, California, are required or authorized by law to remain closed.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Companies**” and “**Company**” have the meaning provided in the first sentence of this Agreement.

“**Contribution**” means the contribution of the stock of Marcus & Millichap Real Estate Investment Services, Inc. to MMREIS pursuant to the Contribution Agreement.

“**Contribution Agreement**” means the Contribution Agreement by and among MMREIS and the shareholders of Marcus & Millichap Real Estate Investment Services, Inc., including MMC.

“**Controlling Party**” has the meaning set forth in Section 9.02(c) of this Agreement.

“**Debt-for-Equity Exchange**” means an exchange by MMC of MMREIS Common Stock for debt owed by MMC in connection with the Distribution.

“**Deconsolidation Date**” means the last date on which MMREIS qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which MMC is the common parent.

“**Dispute**” has the meaning set forth in Section 13.01 of this Agreement.

“**Distribution**” means the distribution of the stock of MMREIS by MMC to its shareholders.

“**Distribution Date**” means the date or dates on which the Distribution occurs.

“**Employment Tax**” means any income, withholding or payroll Taxes payable by the Companies or their subsidiaries in respect of wages or other amounts payable to employees (including FICA and FUTA Taxes) and any interest, penalties and additions to tax in respect of any such Tax.

“**Fifty Percent or Greater Interest**” has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

“**Filing Date**” has the meaning set forth in Section 6.04(d) of this Agreement.

“**Final Determination**” means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a taxable period, (i) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a State, local, or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such taxable period (as the case may be); (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a State, local, or foreign taxing jurisdiction; (iv) by any allowance of a refund or credit in respect of an overpayment of any Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (v) by a final settlement resulting from a treaty-based competent authority determination; or (vi) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

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“**Group**” means the MMC Group or the MMREIS Group, or both, as the context requires.

“**Income Tax**” means any United States federal income Tax, state income Tax or foreign income Tax (including any such Taxes imposed by means of withholding and including any interest, penalties or additions to tax in respect thereto); provided that Income Tax shall not include Employment Taxes.

“**Indemnitee**” has the meaning set forth in Section 12.02 of this Agreement.

“**Indemnitor**” has the meaning set forth in Section 12.02 of this Agreement.

“**IPO**” means the initial public offering of MMREIS.

“**IRS**” means the United States Internal Revenue Service.

“**Joint Return**” means any Tax Return relating to Income Tax that actually includes, by election or otherwise, one or more members of the MMC Group together with one or more members of the MMREIS Group.

“**MMC**” has the meaning provided in the first sentence of this Agreement.

“**MMC Entity**” means an entity that is a member of the MMC Group immediately after the Distribution or thereafter becomes a member of the MMC Group.

“**MMC Group**” means the affiliated group (as that term is defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which MMC is the common parent, as determined immediately after the Distribution.

“**MMC Separate Return**” means any Tax Return relating to Income Taxes of or including any member of the MMC Group (including any consolidated, combined or unitary return) that does not include any member of the MMREIS Group.

“**MMREIS**” has the meaning provided in the first sentence of this Agreement.

“**MMREIS Carryback**” means any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the MMREIS Group which may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

“**MMREIS Common Stock**” means common stock of MMREIS.

“**MMREIS Entity**” means an entity that is a member of the MMREIS Group immediately after the Distribution or thereafter becomes a member of the MMREIS Group.

“**MMREIS Group**” means the affiliated group (as that term is defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which MMREIS is the common parent, as determined immediately after the Distribution.

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“**MMREIS Separate Return**” means any Tax Return relating to Income Taxes of or including any member of the MMREIS Group (including any consolidated, combined or unitary return) that does not include any member of the MMC Group.

“**Non-Controlling Party**” has the meaning set forth in Section 9.02(c) of this Agreement.

“**Notified Action**” has the meaning set forth in Section 6.03(a) of this Agreement.

“**Payment Date**” means (i) with respect to any MMC federal consolidated income Tax Return, (A) the due date for any required installment of estimated taxes determined under Section 6655 of the Code, (B) the due date (determined without regard to extensions) for filing the return determined under Section 6072 of the Code, or if earlier (C) the date the return is filed, as the case may be, and (ii) with respect to any other Tax Return, the corresponding dates determined under the applicable Tax Law.

“**Payor**” has the meaning set forth in Section 4.03 of this Agreement.

“**Person**” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal income tax purposes.

“**Post-Deconsolidation Period**” means any Tax Period beginning after the Deconsolidation Date.

“**Pre-Deconsolidation Period**” means any Tax Period ending on or before the Deconsolidation Date.

“**Preliminary Tax Advisor**” has the meaning set forth in Section 13.03 of this Agreement.

“**Prime Rate**” means the base rate on corporate loans charged by Citibank, N.A. from time to time, compounded daily on the basis of a year of 365 or 366 (as applicable) days and actual days elapsed.

“**Privilege**” means any privilege that may be asserted under applicable law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“**Representation Letters**” means the statements of facts and representations, officer’s certificates, representation letters and any other materials (including, without limitation, a Ruling Request and any related supplemental submissions to the IRS or other Tax Authority) delivered or deliverable by MMC, MMREIS, their Affiliates or representatives thereof in connection with the rendering by Tax Advisors, and/or the issuance by the IRS or other Tax Authority, of the Tax Opinions/Rulings.

“**Required Party**” has the meaning set forth in Section 4.03 of this Agreement.

“**Responsible Company**” means, with respect to any Tax Return, the Company having responsibility for preparing and filing such Tax Return under this Agreement.

“**Retention Date**” has the meaning set forth in Section 8.01 of this Agreement.

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“**Ruling**” means a private letter ruling issued by the IRS to MMC in connection with the Contribution and Distribution.

“**Ruling Request**” means any letter filed by MMC with the IRS or other Tax Authority requesting a ruling regarding certain tax consequences of the Separation Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

“**Separate Return**” means an MMC Separate Return or an MMREIS Separate Return, as the case may be.

“**Separation Transactions**” means the Contribution, the Debt-for-Equity Exchange and the Distribution.

“**Straddle Period**” means any Tax Period that begins before or on the Deconsolidation Date and ends after the Deconsolidation Date.

“**Tax**” or “**Taxes**” means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, value added, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax), imposed by any governmental entity or political subdivision thereof, and any interest, penalty, additions to tax, or additional amounts in respect of the foregoing.

“**Tax Advisor**” means a tax counsel or accountant of recognized national standing.

“**Tax Attribute**” means a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit, research and development credit or any other Tax Item that could reduce a Tax or create a Tax Benefit.

“**Tax Authority**” means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

“**Tax Benefit**” means any refund, credit, or other reduction in otherwise required liability for Taxes.

“**Tax Contest**” means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

“**Tax-Free Status**” means the qualification of the Contribution, the Debt-for-Equity Exchange and the Distribution, taken together, (i) as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code, (ii) as a transaction in which the stock distributed thereby is “qualified property” for purposes of Sections 355(d), 355(e) and 361(c) of the Code, and (iii) as a transaction in which MMC, MMREIS and the shareholders of MMC recognize no income or gain for U.S. federal income tax purposes pursuant to Sections 355, 361 and 1032 of the Code, other than, in the case of MMC and MMREIS, intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code, and in the case of the shareholders of MMC, any income from distributions of cash to them.

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“**Tax Item**” means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

“**Tax Law**” means the law of any governmental entity or political subdivision thereof relating to any Tax.

“**Tax Opinions/Rulings**” means the opinions of Tax Advisors and/or the rulings by the IRS or other Tax Authorities deliverable to MMC in connection with the Contribution, the Debt-for-Equity Exchange, the Distribution, the IPO or otherwise with respect to the Separation Transactions.

“**Tax Period**” means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“**Tax Records**” means any (i) Tax Returns, (ii) Tax Return workpapers, (iii) documentation relating to any Tax Contests, and (iv) any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority, in each case filed with respect to or otherwise relating to Taxes that are the subject of this Agreement.

“**Tax-Related Losses**” means (i) all Taxes (including interest and penalties thereon) imposed pursuant to any settlement, Final Determination, judgment or otherwise; (ii) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes; and (iii) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by MMC (or any MMC Affiliate) or MMREIS (or any MMREIS Affiliate) in respect of the liability to shareholders, in each case resulting from the failure of the Contribution, the Debt-for-Equity Exchange and/or the Distribution to have Tax-Free Status.

“**Tax Return**” or “**Return**” means any report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document required to be filed under the Code or other Tax Law with respect to Taxes, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

“**Transfer Pricing Adjustment**” means any proposed or actual allocation by a Tax Authority of any Tax Item between or among any MMC Entity and any MMREIS Entity with respect to any Tax Period ending prior to or including the final Distribution Date.

“**Treasury Regulations**” means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

“**Unqualified Tax Opinion**” means an unqualified “will” opinion of a Tax Advisor, which Tax Advisor is acceptable to MMC (under Section 6.01(c)) or MMREIS (under Section 6.02(c)) on which MMC or MMREIS, as the case may be, may rely to the effect that a transaction will not affect the Tax-Free Status. Any such opinion must assume that the Contribution, the Debt-for-Equity Exchange and the Distribution would have qualified for Tax-Free Status if the transaction in question did not occur.

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**Section 2. Allocation of Tax Liabilities.**

Section 2.01. General Rule.

(a) MMC Liability. MMC shall be liable for, and shall indemnify and hold harmless the MMREIS Group from and against any liability for, Taxes which are allocated to MMC under this Section 2.

(b) MMREIS Liability. MMREIS shall be liable for, and shall indemnify and hold harmless the MMC Group from and against any liability for, Taxes which are allocated to MMREIS under this Section 2.

Section 2.02. Allocation of Income Taxes. Except as provided in Section 2.03, Section 2.04 or Section 2.05, Income Taxes shall be allocated as follows:

(a) Pre-Deconsolidation Allocation. MMC shall be responsible for any and all Income Taxes of the MMC Entities and the MMREIS Entities due with respect to any income Tax Return (including any increase in such Tax as a result of a Final Determination) for all Pre-Deconsolidation Periods and to that portion of a Straddle Period that ends on the Deconsolidation Date.

(b) Post-Deconsolidation Allocation to MMREIS. MMREIS shall be responsible for any and all Income Taxes due with respect to any income Tax Return of any MMREIS Entity (including any increase in such Tax as a result of a Final Determination) for all Post-Deconsolidation Periods and to that portion of a Straddle Period that begins after the Deconsolidation Date.

(c) Allocations With Respect to Straddle Periods. For purposes of this Section 2.02, with respect to a Straddle Period, the Companies shall determine the Tax attributable to the portion of the Straddle Period that ends on the Deconsolidation Date by an interim closing of the books of the Companies and the members of their respective Groups as of the Deconsolidation Date. For this purpose, such portion of the Straddle Period shall be deemed to end at the end of the day on the Deconsolidation Date.

Section 2.03. Other Taxes. Employment Taxes, sales and use Taxes, ad valorem and property Taxes and all other Taxes other than Income Taxes shall be borne by the entity(ies) on which such taxes are imposed under pertinent Tax Law.

Section 2.04. MMREIS Liability. MMREIS shall be liable for, and shall indemnify and hold harmless the MMC Group from and against, any liability for:

- (a) any Tax allocated to MMREIS or any other MMREIS Entity pursuant to Sections 2.01 through 2.03;
- (b) any Tax or other damages resulting from a breach by MMREIS of any covenant in this Agreement; and
- (c) any Tax-Related Losses for which MMREIS is responsible pursuant to Section 6.04 of this Agreement.

Section 2.05. MMC Liability. MMC shall be liable for, and shall indemnify and hold harmless the MMREIS Group from and against, any liability for:

- (a) any Income Taxes imposed as a result of the triggering of an excess loss account occurring by reason of the Distribution or income attributable to a deferred intercompany transaction occurring on or prior to the Deconsolidation Date pursuant to the Treasury Regulations promulgated under Section 1502 of the Code (or comparable provisions of any state law);
- (b) any Tax allocated to MMC or any other MMC Entity pursuant to Sections 2.01 through 2.03;
- (c) any Tax or other damages resulting from a breach by MMC of any covenant in this Agreement; and
- (d) any Tax-Related Losses for which MMC is responsible pursuant to Section 6.04 of this Agreement.

### **Section 3. Preparation and Filing of Tax Returns**

Section 3.01. MMC's Responsibility. MMC has the exclusive obligation and right to prepare and file, or to cause to be prepared and filed:

- (a) all Joint Returns;
- (b) all MMC Separate Returns;
- (c) all MMREIS Separate Returns for Pre-Deconsolidation Periods and Straddle Periods; and
- (d) all Tax Returns for members of the MMC Group.

Section 3.02. MMREIS's Responsibility. Except as provided in Section 3.01, the members of the MMREIS Group shall prepare and file, or shall cause to be prepared and filed, their own Tax Returns.

Section 3.03. Tax Reporting Practices.

(a) MMC General Rule. Except as provided in Section 3.03(c), MMC shall prepare any Tax Return which it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.01, in accordance with reasonable Tax accounting practices selected by MMC.

(b) MMREIS General Rule. Except as provided in Section 3.03(c), MMREIS shall prepare any Tax Return which it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.02, in accordance with reasonable tax accounting practices selected by MMREIS.

(c) Reporting of Separation Transactions. The Companies agree to report, and to cause the members of their respective Groups to report, the Tax treatment of the Separation Transactions on any Tax Return in a manner consistent with the Ruling Request and the Tax Opinions/Rulings, taking into account the jurisdiction in which such Tax Returns are filed.

Section 3.04. Consolidated or Combined Tax Returns. MMREIS will elect and join, and will cause its respective Affiliates to elect and join, in filing any Joint Returns that MMC determines are required to be filed or that MMC chooses to file pursuant to Section 3.01(a).

Section 3.05. Right to Review Tax Returns The Responsible Company with respect to any material Tax Return shall make the portion of such Tax Return and related workpapers which are relevant to the determination of the other Company's rights or obligations under this Agreement available for review by the other Company to the extent (i) such Tax Return relates to Taxes for which the requesting party or its Affiliates would reasonably be expected to be liable either under this Agreement or pertinent Tax Law, (ii) such Tax Return relates to Taxes for which the requesting party would reasonably be expected to have a claim for Tax Benefits under this Agreement, or (iii) the requesting party reasonably determines that it must inspect such Tax Return to confirm compliance with the terms of this Agreement. The Responsible Company shall make such portion of such Tax Return available for review by the other Company at least thirty (30) days prior to the scheduled filing date of such Tax Return (which shall be no later than the extended due date of such Tax Return). Such other Company shall provide to the Responsible Company any comments it may have with respect to such Tax Return within twenty (20) days after receipt of such Tax Return. The Companies shall attempt in good faith to resolve any issues arising out of the review of such Tax Return.

Section 3.06. MMREIS Carrybacks and Claims for Refund MMREIS hereby agrees that, unless MMC consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed, and (ii) any available elections to waive the right to claim in any Pre-Deconsolidation Period with respect to any Joint Return any MMREIS Carryback arising in a Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such MMREIS Carryback.

Section 3.07. Apportionment of Tax Attributes MMC and MMREIS shall cooperate in good faith to determine the amount of any Tax Attributes that should be allocated or apportioned to the MMC Group and the MMREIS Group, respectively, under applicable law. If the Companies are not able to resolve any such issues regarding the allocation of such Tax Attributes, then the matter shall be resolved in the manner set forth in Section 13. The Companies shall prepare all Tax Returns in accordance with the determinations made pursuant to this Section 3.07.

#### **Section 4. Tax Payments.**

Section 4.01. Payment of Taxes With Respect to Certain Joint Returns In the case of any Joint Return, at least three Business Days prior to any Payment Date in respect of any such Joint Return, MMC shall compute the amount of Tax required to be paid to the applicable Tax Authority (taking into account the requirements of Section 3.03 relating to reasonable accounting practices) with respect to such Joint Return on such Payment Date. MMC shall pay such amount to such Tax Authority on or before such Payment Date (and provide notice and proof of payment to MMREIS).

#### **Section 4.02. Indemnification Payments.**

(a) If any Company (the "**Payor**") is required under applicable Tax Law to pay to a Tax Authority a Tax that another Company (the "**Required Party**") is liable for under this Agreement, the Required Party shall reimburse the Payor within 20 Business Days of delivery by the Payor to the Required Party of an invoice for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. The reimbursement shall include interest on the Tax payment computed at the Prime Rate based on the number of days from the date of the payment to the Tax Authority to the date of reimbursement under this Section 4.03.

(b) All indemnification payments under this Agreement shall be made by MMC directly to MMREIS and by MMREIS directly to MMC; *provided, however*, that if the Companies mutually agree with respect to any such indemnification payment, any member of the MMC Group, on the one hand, may make such indemnification payment to any member of the MMREIS Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Section 12.01.



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**Section 5. Tax Refunds.**

Section 5.01. Tax Refunds. MMC (or the applicable MMC Entity) shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Taxes for which MMC (or any other MMC Entity) is liable hereunder. MMREIS (or the applicable MMREIS Entity) shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Taxes for which MMREIS (or any other MMREIS Entity) is liable hereunder. A Company receiving a refund to which the other Company is entitled hereunder shall pay over such refund to such other Company within twenty (20) Business Days after such refund is received (together with interest computed at the Prime Rate based on the number of days from the date the refund was received to the date the refund was paid over).

**Section 6. Tax-Free Status.**Section 6.01. Restrictions on MMREIS.

(a) MMREIS agrees that it will not take or fail to take, or permit any MMREIS Affiliate, as the case may be, to take or fail to take, any action (i) where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Ruling Request, Representation Letters or Tax Opinions/Rulings or (ii) which adversely affects or could reasonably be expected to adversely affect the Tax-Free Status of the Contribution, the Debt-for-Equity Exchange or the Distribution.

(b) MMREIS agrees that, from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, it will (i) maintain its status as a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, (ii) not engage in any transaction that would result in it ceasing to be a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, (iii) cause each MMREIS Entity whose Active Trade or Business is relied upon in the Tax Opinions/Rulings for purposes of qualifying a transaction as tax-free pursuant to Section 355 of the Code or other Tax Law to maintain its status as a company engaged in such Active Trade or Business for purposes of Section 355(b)(2) of the Code and any such other applicable Tax Law and (iv) not engage in any transaction or permit an MMREIS Entity to engage in any transaction that would result in an MMREIS Entity described in clause (iii) hereof ceasing to be a company engaged in the relevant Active Trade or Business for purposes of Section 355(b)(2) or such other applicable Tax Law, taking into account Section 355(b)(3) of the Code for purposes of clauses (i) through (iv) hereof.

(c) MMREIS agrees that, from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, it will not and will not permit any MMREIS Entity described in clause (iii) of Section 6.01(b) to take any action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in any Ruling Request, Representation Letters or the Tax Opinions/Rulings) which in the aggregate would be reasonably likely to have the effect of causing or permitting one or more persons (whether or not acting in concert) to acquire directly or indirectly stock representing a Fifty Percent or Greater Interest in MMREIS or otherwise jeopardize the Tax-Free Status, unless prior to taking any such action, (A) MMREIS shall have requested that MMC obtain a Ruling in accordance with Sections 6.03(b) and (d) of this Agreement to the effect that such transaction will not affect the Tax-Free Status and MMC shall

have received such a Ruling in form and substance satisfactory to MMC, (B) MMREIS shall provide MMC with an Unqualified Tax Opinion in form and substance satisfactory to MMC, or (C) MMC shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

Section 6.02. Restrictions on MMC.

(a) MMC agrees that it will not take or fail to take, or permit any MMC Affiliate, as the case may be, to take or fail to take, any action (i) where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Ruling Request, Representation Letters or Tax Opinions/ Rulings, or (ii) which adversely affects or could reasonably be expected to adversely affect the Tax-Free Status of the Contribution, the Debt-for-Equity Exchange or the Distribution; *provided, however*, that this Section 6.02 shall not be construed as obligating MMC to consummate the Contribution, the Debt-for-Equity Exchange or the Distribution.

(b) MMC agrees that, from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, it will (i) maintain its status as a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, (ii) not engage in any transaction that would result in it ceasing to be a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, (iii) cause each MMC Entity whose Active Trade or Business is relied upon in the Tax Opinions/Rulings for purposes of qualifying a transaction as tax-free pursuant to Section 355 of the Code or other Tax Law to maintain its status as a company engaged in such Active Trade or Business for purposes of Section 355(b)(2) of the Code and any such other applicable Tax Law and (iv) not engage in any transaction or permit an MMC Entity to engage in any transaction that would result in an MMC Entity described in clause (iii) hereof ceasing to be a company engaged in the relevant Active Trade or Business for purposes of Section 355(b)(2) or such other applicable Tax Law, taking into account Section 355(b)(3) of the Code for purposes of clauses (i) through (iv) hereof.

(c) MMC agrees that, from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, it will not and will not permit any MMC Entity described in clause (iii) of Section 6.02(b) to take any action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in any Ruling Request, Representation Letters or the Tax Opinions/Rulings) which would be reasonably likely to jeopardize the Tax-Free Status, unless prior to taking any such action, (A) MMC shall have obtained a Ruling in accordance with Section 6.03(c) of this Agreement to the effect that such transaction will not affect the Tax-Free Status, MMC shall have provided a copy of such Ruling to MMREIS, and such Ruling shall be in form and substance satisfactory to MMREIS, (B) MMC shall provide MMREIS with an Unqualified Tax Opinion in form and substance satisfactory to MMREIS, or (C) MMREIS shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

Section 6.03. Procedures Regarding Opinions and Rulings.

(a) If MMREIS notifies MMC that it desires to take one of the actions described in Section 6.01(c) (a **Notified Action**), MMC and MMREIS shall reasonably cooperate to attempt to obtain the Ruling (if potentially available) or Unqualified Tax Opinion referred to in Section 6.01(c), unless MMC shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(b) MMC agrees that at the reasonable request of MMREIS pursuant to Section 6.01(c), MMC shall cooperate with MMREIS and use commercially reasonable efforts to seek to obtain, as expeditiously as possible, a Ruling (if potentially available) or an Unqualified Tax Opinion for the purpose of permitting MMREIS to take the Notified Action. In no event shall MMC be required to file

any Ruling Request under this Section 6.03(b) unless MMREIS represents that (A) it has read the Ruling Request, and (B) all information and representations, if any, relating to any member of the MMREIS Group, contained in the Ruling Request documents are (subject to any qualifications therein) true, correct and complete. MMREIS shall reimburse MMC for all reasonable costs and expenses, including expenses relating to the utilization of MMC Group personnel, incurred by the MMC Group in obtaining a Ruling or Unqualified Tax Opinion requested by MMREIS within ten Business Days after receiving an invoice from MMC therefor.

(c) MMC shall have the right to obtain a Ruling or an Unqualified Tax Opinion at any time in its discretion in order to enable MMC or any other MMC Entity to take any actions described in Section 6.02(c). If MMC determines to obtain a Ruling or an Unqualified Tax Opinion, MMREIS shall (and shall cause each Affiliate of MMREIS to) cooperate with MMC and use commercially reasonable efforts to take any and all actions reasonably requested by MMC in connection with obtaining the Ruling or Unqualified Tax Opinion (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS or Tax Advisor; provided that MMREIS shall not be required to make (or cause any Affiliate of MMREIS to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control); provided further that MMREIS shall not be required to make any representation or covenant with respect to a Ruling Request unless MMC represents that (A) it has read the Ruling Request, and (B) all information and representations, if any, relating to any member of the MMC Group, contained in the Ruling Request documents are (subject to any qualifications therein) true, correct and complete. MMC shall reimburse MMREIS for all reasonable costs and expenses, including expenses relating to the utilization of MMREIS Group personnel, incurred by the MMREIS Group in connection with such cooperation within ten Business Days after receiving an invoice from MMREIS therefor.

(d) MMREIS hereby agrees that MMC shall have sole and exclusive control over the process of obtaining any Ruling, and that only MMC shall apply for a Ruling. In connection with obtaining a Ruling pursuant to Section 6.03(b), (A) MMC shall keep MMREIS informed in a timely manner of all material actions taken or proposed to be taken by MMC in connection therewith; (B) MMC shall (1) reasonably in advance of the submission of any Ruling Request documents provide MMREIS with a draft copy thereof, (2) reasonably consider MMREIS's comments on such draft copy, and (3) provide MMREIS with a final copy; and (C) MMC shall provide MMREIS with notice reasonably in advance of, and MMREIS shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such Ruling. Neither MMREIS nor any MMREIS Affiliate shall independently seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Contribution, the Debt-for-Equity Exchange or the Distribution (including the impact of any other transaction on the Contribution, the Debt-for-Equity Exchange or the Distribution).

#### Section 6.04. Liability for Tax-Related Losses.

(a) Notwithstanding anything in this Agreement to the contrary (and in each case regardless of whether Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.01(c) may have been provided), subject to Section 6.04(c), MMREIS shall be responsible for, and shall indemnify and hold harmless MMC and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any Tax-Related Losses that are attributable to or result from any one or more of the following: (A) the acquisition (other than pursuant to the Contribution, the Debt-for-Equity Exchange, the IPO, or the Distribution) of all or a portion of MMREIS's stock, the stock of its subsidiaries and/or its or its subsidiaries' assets by any means whatsoever by any Person, (B) any negotiations, understandings, agreements or arrangements by MMREIS with respect to transactions or events (including, without limitation, stock issuances pursuant

to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of MMREIS representing a Fifty Percent or Greater Interest therein, (C) any act or failure to act by MMREIS or any MMREIS Affiliate described in Section 6.01 (regardless of whether such act or failure to act may be covered by a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.01(c)) or (D) any breach by MMREIS of its agreement and representations set forth in Section 6.01.

(b) Notwithstanding anything in this Agreement to the contrary (and in each case regardless of whether a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.02(c) may have been provided), subject to Section 6.04(c), MMC shall be responsible for, and shall indemnify and hold harmless MMREIS and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any Tax-Related Losses that are attributable to, or result from any one or more of the following: (A) the acquisition (other than pursuant to the Contribution, the Debt-for-Equity Exchange, the IPO, or the Distribution) of all or a portion of MMC's stock, the stock of its subsidiaries and/or its assets by any means whatsoever by any Person, (B) any negotiations, understandings, agreements or arrangements by MMC with respect to transactions or events (including, without limitation, stock issuances pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of MMC representing a Fifty Percent or Greater Interest therein, (C) any act or failure to act by MMC or a member of the MMC Group described in Section 6.02 (regardless of whether such act or failure to act may be covered by a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.02(c)) or (D) any breach by MMC of its agreement and representations set forth in Section 6.02.

(c) (i) To the extent that any Tax-Related Loss is subject to indemnity under both Sections 6.04(a) and (b), responsibility for such Tax-Related Loss shall be shared by MMC and MMREIS according to relative fault.

(ii) Notwithstanding anything in Section 6.04(b) or (c)(i) or any other provision of this Agreement to the contrary, with respect to (I) any Tax-Related Loss resulting from Section 355(e) of the Code (other than as a result of an acquisition of a Fifty Percent or Greater Interest in MMC) and (II) any other Tax-Related Loss resulting (for the absence of doubt, in whole or in part) from (i) an acquisition after the Distribution of any stock or assets of MMREIS (or any other MMREIS Entity) by any means whatsoever by any Person or (ii) any action or failure to act by MMREIS affecting the voting rights of MMREIS stock, MMREIS shall be responsible for, and shall indemnify and hold harmless MMC and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of such Tax-Related Loss.

(iii) Notwithstanding anything in Section 6.04(a) or (c)(i) or any other provision of this Agreement to the contrary, with respect to (I) any Tax-Related Loss resulting from Section 355(e) of the Code (other than as a result of an acquisition of a Fifty Percent or Greater Interest in MMREIS) and (II) any other Tax-Related Loss resulting (for the absence of doubt, in whole or in part) from (i) an acquisition after the Distribution of any stock or assets of MMC (or any other MMC Entity) by any means whatsoever by any Person or (ii) any action or failure to act by MMC affecting the voting rights of MMC stock, MMC shall be responsible for, and shall indemnify and hold harmless MMREIS and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of such Tax-Related Loss.

(d) MMREIS shall pay the MMC the amount of any Tax-Related Losses described in clause (i) of the definition of Tax-Related Losses for which MMREIS is responsible under this Section 6.04 no later than two Business Days prior to the date MMC files, or causes to be filed the applicable Tax Return for the year of the Contribution or Distribution, as applicable (the “**Filing Date**”) (provided that if such Tax-Related Losses arise pursuant to a Final Determination described in clause (i), (ii) or (iii) of the definition of “Final Determination,” then such payment shall be made no later than two Business Days after the date of such Final Determination with interest calculated at the Prime Rate plus two percent, compounded semiannually, from the date that is two Business Days prior to the Filing Date through the date of such Final Determination). MMREIS shall pay MMC the amount of any Tax-Related Losses described in clause (ii) or (iii) of the definition of Tax-Related Losses for which MMREIS is responsible under this Section 6.04 no later than two Business Days after the date MMC pays such Tax-Related Losses. MMC shall pay MMREIS the amount of any Tax-Related Losses described in clause (ii) or (iii) of the definition of Tax-Related Loss for which MMC is responsible under this Section 6.04 no later than two Business Days after the date MMREIS pays such Tax-Related Losses.

## **Section 7. Assistance and Cooperation.**

### Section 7.01. Assistance and Cooperation.

(a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other’s agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies and the members of their respective Groups, including (i) the preparation and filing of Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making all information and documents in their possession relating to the other Company and the members of its Group and pertinent to the matters described in the preceding sentence available to such other Company as provided in Section 8. Each of the Companies shall also make available to the other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes covered by this Agreement, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to such Taxes. In the event that a member of the MMC Group, on the one hand, or a member of the MMREIS Group, on the other hand, suffers a Tax detriment as a result of a Transfer Pricing Adjustment, the Companies shall cooperate pursuant to this Section 7 to seek any competent authority relief that may be available with respect to such Transfer Pricing Adjustment. MMREIS shall cooperate with MMC and take any and all actions reasonably requested by MMC in connection with obtaining the Tax Opinions/Rulings (including, without limitation, by making any new representation or covenant, confirming any previously made representation or covenant or providing any materials or information requested by any Tax Advisor or Tax Authority; provided that, MMREIS shall not be required to make or confirm any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control).

(b) Any information or documents provided under this Section 7 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision of this Agreement or any other agreement, (i) neither MMC nor any MMC Affiliate shall be required to provide MMREIS or any MMREIS Affiliate or any other Person access to or copies of any information (including the

proceedings of any Tax Contest) other than information that relates to MMREIS, the business or assets of MMREIS or any MMREIS Affiliate, or MMREIS's rights and obligations under this Agreement and (ii) in no event shall MMC or any MMC Affiliate be required to provide MMREIS, any MMREIS Affiliate or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that MMC determines that the provision of any information to MMREIS or any MMREIS Affiliate could be commercially detrimental, violate any law or agreement or waive any Privilege, the parties shall use reasonable best efforts to permit compliance with its obligations under this Section 7 in a manner that avoids any such harm or consequence. Notwithstanding any other provision of this Agreement or any other agreement, (i) neither MMREIS nor any MMREIS Affiliate shall be required to provide MMC or any MMC Affiliate or any other Person access to or copies of any information (including the proceedings of any Tax Contest) other than information that relates to MMC, the business or assets of MMC or any MMC Affiliate or MMC's rights and obligations under this Agreement and (ii) in no event shall MMREIS or any MMREIS Affiliate be required to provide MMC, any MMC Affiliate or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that MMREIS determines that the provision of any information to MMC or any MMC Affiliate could be commercially detrimental, violate any law or agreement or waive any Privilege, the parties shall use reasonable best efforts to permit compliance with its obligations under this Section 7 in a manner that avoids any such harm or consequence.

Section 7.02. Income Tax Return Information. MMREIS and MMC acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by MMC or MMREIS pursuant to Section 7.01 or this Section 7.02. MMREIS and MMC acknowledge that failure to conform to the reasonable deadlines set by MMC or MMREIS could cause irreparable harm. Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns, including, but not limited to, any pro forma returns required by the Responsible Company for purposes of preparing such Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and at or prior to the time reasonably specified by the Responsible Company so as to enable the Responsible Company to file such Tax Returns on a timely basis.

Section 7.03. Reliance by MMC. If any member of the MMREIS Group supplies information to a member of the MMC Group in connection with a Tax liability and an officer of a member of the MMC Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the MMC Group identifying the information being so relied upon, the chief financial officer of MMREIS (or any officer of MMREIS as designated by the chief financial officer of MMREIS) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

Section 7.04. Reliance by MMREIS. If any member of the MMC Group supplies information to a member of the MMREIS Group in connection with a Tax liability and an officer of a member of the MMREIS Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the MMREIS Group identifying the information being so relied upon, the chief financial officer of MMC (or any officer of MMC as designated by the chief financial officer of MMC) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

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**Section 8. Tax Records.**

Section 8.01. Retention of Tax Records. Each Company shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for Pre-Deconsolidation Periods, and MMC shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-Deconsolidation Tax Periods, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (i) the expiration of any applicable statutes of limitations, or (ii) seven years after the Deconsolidation Date (such later date, the "**Retention Date**"). After the Retention Date, each Company may dispose of such Tax Records upon 60 Business Days' prior written notice to the other Company. If, prior to the Retention Date, (a) a Company reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Section 8 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Company agrees, then such first Company may dispose of such Tax Records upon 60 Business Days' prior notice to the other Company. Any notice of an intent to dispose given pursuant to this Section 8.01 shall include a list of the Tax Records to be disposed of describing in reasonable detail each file, book, or other record being disposed. The notified Company shall have the opportunity, at its cost and expense, to copy or remove, within such 60 Business Day period, all or any part of such Tax Records. If, at any time prior to the Retention Date, one of the Companies determines to decommission or otherwise discontinue any computer program or information technology system used to access or store any Tax Records, then such Company may decommission or discontinue such program or system upon 90 days' prior notice to the other Company and the other Company shall have the opportunity, at its cost and expense, to copy, within such 60 Business Day period, all or any part of the underlying data relating to the Tax Records accessed by or stored on such program or system.

Section 8.02. Access to Tax Records. Each Company shall, and shall cause the members of its Group to, make available to the other Company for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and each Company shall permit the other Company and its Affiliates, authorized agents and representatives and any representative of a Taxing Authority or other Tax auditor direct access, at the cost and expense of such other Company, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Company in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation, or the resolution of items under this Agreement.

Section 8.03. Preservation of Privilege. Notwithstanding anything to the contrary herein, no member of either Company's Group shall provide access to, copies of, or otherwise disclose to any Person any documentation relating to Taxes existing as of the date hereof to which Privilege may reasonably be asserted without the prior written consent of the other Company, such consent not to be unreasonably withheld.

**Section 9. Tax Contests.**

Section 9.01. Notice. Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware related to Taxes for Tax Periods for which it is indemnified by the other Company hereunder or for which it may be required to indemnify the other Company hereunder. Such notice shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known)

describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted Tax liability and the indemnifying party is entitled under this Agreement to contest the asserted Tax liability, then (i) if the indemnifying party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying party shall have no obligation to indemnify the indemnified party for any Taxes arising out of such asserted Tax liability, and (ii) if the indemnifying party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice results in a material monetary detriment to the indemnifying party, then any amount which the indemnifying party is otherwise required to pay the indemnified party pursuant to this Agreement shall be reduced by the amount of such detriment.

Section 9.02. Control of Tax Contests.

(a) Separate Returns. The Company having the liability for any Tax pursuant to Section 2 hereof shall have exclusive control over the Tax Contest in respect of such Tax liability, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.02(c) and (d) below.

(b) Joint Returns. For purposes of clarity, in the case of any Tax Contest with respect to any Joint Return, MMC shall have exclusive control over the Tax Contest in respect of such Joint Return, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.02(c) and (d) below.

(c) Settlement Rights. The Controlling Party shall have the sole right to contest, litigate, compromise and settle any Tax Contest without obtaining the prior consent of the Non-Controlling Party. Unless waived by the parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Party shall timely provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (iii) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; (iv) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest; and (v) the Controlling Party shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement in respect of such Tax Contest except to the extent that the Non-Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party. If the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement as a result of a Tax Contest, then the Non-Controlling party shall have the right, at its sole cost and expense, to participate in such Tax Contest and the Controlling Party shall not settle or otherwise resolve such Tax Contest without the Non-Controlling Party's consent, with such consent not to be unreasonably withheld. In the case of any Tax Contest described in Section 9.02(a) or (b), "**Controlling Party**" means the Company entitled to control the Tax Contest under such Section and "**Non-Controlling Party**" means the other Company.



(d) Power of Attorney. Each member of the MMREIS Group shall execute and deliver to MMC (or such member of the MMC Group as MMC shall designate) any power of attorney or other similar document reasonably requested by MMC (or such designee) in connection with any Tax Contest (as to which MMC is the Controlling Party) described in this Section 9. Each member of the MMC Group shall execute and deliver to MMREIS (or such member of the MMREIS Group as MMREIS shall designate) any power of attorney or other similar document requested by MMREIS (or such designee) in connection with any Tax Contest (as to which MMREIS is the Controlling Party) described in this Section 9.

**Section 10. Effective Date.** This Agreement shall be effective as of the date hereof.

**Section 11. Survival of Obligations.** The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

**Section 12. Treatment of Payments.**

Section 12.01. Treatment of Tax Indemnity Payments. In the absence of any change in Tax treatment under the Code or except as otherwise required by other applicable Tax Law, any Tax indemnity payments made by a Company under this Agreement shall be reported for Tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, occurring immediately before the Deconsolidation (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the regulations thereunder or Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)) or as payments of an assumed or retained liability. Except to the extent provided in Section 12.02, any Tax indemnity payment made by a Company under this Agreement shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such indemnity payment, the recipient Company receives an amount equal to the sum it would have received had no such Taxes been imposed.

Section 12.02. Interest Under This Agreement. Anything herein to the contrary notwithstanding, to the extent one Company (“**Indemnitor**”) makes a payment of interest to another Company (“**Indemnitee**”) under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the amount of such payment shall not be adjusted to take into account any associated Tax Benefit to the Indemnitor or increase in Tax to the Indemnitee resulting from the interest payment being treated as interest expense to the Indemnitor (and deductible to the extent provided by law) and as interest income by the Indemnitee (and includible in income to the extent provided by law).

**Section 13. Disagreements.**

Section 13.01. Discussion. The Companies mutually desire that friendly collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in an amicable manner all disagreements and misunderstandings connected with their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a “**Dispute**”) between any member of the MMC Group and any member of the MMREIS Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Companies shall negotiate in good faith to resolve the Dispute.

Section 13.02. Escalation. If such good faith negotiations do not resolve the Dispute, then the matter, upon written request of either Company, will be referred for resolution to representatives of the parties at a senior level of management of the parties.

Section 13.03. Referral to Tax Advisor. If the parties are not able to resolve the Dispute through the escalation process referred to above, then the matter will be referred to a Tax Advisor acceptable to each of the Companies to act as an arbitrator in order to resolve the Dispute. In the event that the Companies are unable to agree upon a Tax Advisor within 15 Business Days following the completion of the escalation process, the Companies shall each separately retain an independent, nationally recognized law or accounting firm (each, a "**Preliminary Tax Advisor**"), which Preliminary Tax Advisors shall jointly select a Tax Advisor on behalf of the Companies to act as an arbitrator in order to resolve the Dispute. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall furnish written notice to the Companies of its resolution of any such Dispute as soon as practical, but in any event no later than 30 Business Days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor will be conclusive and binding on the Companies. Following receipt of the Tax Advisor's written notice to the Companies of its resolution of the Dispute, the Companies shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. Each Company shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Tax Advisor (and the Preliminary Tax Advisors, if any). All fees and expenses of the Tax Advisor (and the Preliminary Tax Advisors, if any) in connection with such referral shall be shared equally by the Companies.

Section 13.04. Injunctive Relief. Nothing in this Section 13 will prevent either Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Dispute through the process set forth above could result in serious and irreparable injury to either Company. Notwithstanding anything to the contrary in this Agreement, MMC and MMREIS are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of MMC and MMREIS will cause its respective Group members not to commence any dispute resolution procedure other than through such party as provided in this Section 13.

**Section 14. Late Payments.** Any amount owed by one party to another party under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percent, compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Section 14 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Section 14 or the interest rate provided under such other provision.

**Section 15. Expenses.** Except as otherwise provided in this Agreement, each party and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

#### **Section 16. General Provisions.**

Section 16.01. Addresses and Notices. Each party giving any notice required or permitted under this Agreement will give the notice in writing and use one of the following methods of delivery to the party to be notified, at the address set forth below or another address of which the sending party has

been notified in accordance with this Section 16.01: (a) personal delivery; (b) facsimile or telecopy transmission with a reasonable method of confirming transmission; (c) commercial overnight courier with a reasonable method of confirming delivery; or (d) pre-paid, United States of America certified or registered mail, return receipt requested. Notice to a party is effective for purposes of this Agreement only if given as provided in this Section 16.01 and shall be deemed given on the date that the intended addressee actually receives the notice.

If to MMC:

Marcus & Millichap Company  
777 South California Avenue  
Palo Alto, CA 94304

If to MMREIS:

Marcus & Millichap, Inc.  
23975 Park Sorrento, Suite 400  
Calabasas, CA 91302

A party may change the address for receiving notices under this Agreement by providing written notice of the change of address to the other parties.

Section 16.02. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

Section 16.03. Waiver. The parties may waive a provision of this Agreement only by a writing signed by the party intended to be bound by the waiver. A party is not prevented from enforcing any right, remedy or condition in the party's favor because of any failure or delay in exercising any right or remedy or in requiring satisfaction of any condition, except to the extent that the party specifically waives the same in writing. A written waiver given for one matter or occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver for any other matter or occasion. Any enumeration of a party's rights and remedies in this Agreement is not intended to be exclusive, and a party's rights and remedies are intended to be cumulative to the extent permitted by law and include any rights and remedies authorized in law or in equity.

Section 16.04. Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding and enforceable.

Section 16.05. Authority. Each of the parties represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 16.06. Further Action. The parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Section 9.

Section 16.07. Integration. This Agreement, together with each of the exhibits and schedules appended hereto, contains the entire agreement between the Companies with respect to the subject matter hereof and supersedes all other agreements, whether or not written, in respect of any Tax matters covered by this Agreement between or among any member or members of the MMC Group, on the one hand, and any member or members of the MMREIS Group, on the other hand. All such other agreements, including prior tax allocation or tax sharing agreements between members of the MMC Group and/or members of the MMREIS Group, shall be of no further effect between the Companies, and the Companies and their Affiliates shall have no remaining rights or obligations existing thereunder. In the event of any inconsistency between this Agreement or any other agreements relating to the transactions contemplated by the Separation Transactions, with respect to the subject matter hereof, the provisions of this Agreement shall control. Each of the Companies is executing this Agreement on behalf of the members of its Group, intending such members to be bound by the terms hereof.

Section 16.08. Construction. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any party. The captions, titles and headings included in this Agreement are for convenience only, and do not affect this Agreement's construction or interpretation. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

Section 16.09. No Double Recovery. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or equity. Unless expressly required in this Agreement, a party shall not be required to exhaust all remedies available under other agreements or at law or equity before recovering under the remedies provided in this Agreement.

Section 16.10. Counterparts. The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other party. The signatures of the parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending party's signature is as effective as signing and delivering the counterpart in person.

Section 16.11. Governing Law. The internal laws of the State of California (without reference to its principles of conflicts of law) govern the construction, interpretation and other matters arising out of or in connection with this Agreement and each of the exhibits and schedules hereto and thereto (whether arising in contract, tort, equity or otherwise).

Section 16.12. Jurisdiction. If any dispute arises out of or in connection with this Agreement, except as expressly contemplated by another provision of this Agreement, the parties irrevocably (and the parties will cause each other member of their respective Group to irrevocably) (a) consent and submit to the exclusive jurisdiction of federal and state courts located in California, (b) waive any objection to that choice of forum based on venue or to the effect that the forum is not convenient, and (c) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO TRIAL OR ADJUDICATION BY JURY.

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Section 16.13. Amendment. The parties may amend this Agreement only by a written agreement signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

Section 16.14. Subsidiaries. If, at any time, a Company acquires or creates one or more subsidiaries that are includable in such Company's Group, they shall be subject to this Agreement and all references to such Company's Group herein shall thereafter include a reference to such subsidiaries.

Section 16.15. Injunctions. The parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement, including Section 6.01, were not performed in accordance with its specific terms or were otherwise breached. The parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement, including Sections 6.01 and 6.02, and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which they may be entitled at law or in equity.

**[Signature page follows]**

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

**Marcus & Millichap Company**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Marcus & Millichap, Inc.**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to Tax Matters Agreement]

**FORM OF  
TRANSITION SERVICES AGREEMENT**

THIS TRANSITION SERVICES AGREEMENT (this "Agreement") is made and entered into as of this [\_\_]th day of [\_\_\_\_], 2013 between Marcus & Millichap, Inc., a Delaware corporation ("MMI"), and Marcus & Millichap Company, a California corporation, and its subsidiary M&M Corporate Services, Inc., a California corporation (together referred to herein as "MMC") (collectively, the "parties" or individually a "party").

WHEREAS, MMI and MMC have entered into a Separation and Distribution Agreement dated as of [\_\_\_\_], 2013 (the "Separation Agreement") which, among other matters, contemplates that one or more parties thereto will provide, or cause one or more of its Subsidiaries to provide, to the other parties and their respective Subsidiaries, certain transitional, administrative and support services on the terms set forth in this Agreement. Each party when providing a service under this Agreement (together with any Subsidiaries or Affiliates providing services) is referred to as "Provider" and each party when receiving a service under this Agreement (together with any Subsidiaries or Affiliates receiving services) is referred to as "Recipient."

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

ARTICLE I  
SERVICES PROVIDED

1.1 Transition Services.

(a) Upon the terms and subject to the conditions of this Agreement, the relevant Provider shall provide to the relevant Recipient the services indicated on the Schedules hereto (each, a "Transition Service" and, collectively, the "Transition Services") during the time period for such Transition Service set forth in the applicable Schedule (each, a "Time Period").

(b) Subject to the other provisions of this Agreement, the Transition Services set forth on such Schedules may be amended from time to time, as the relevant parties shall agree in writing to add, omit or redefine any of the Transition Services, the term for which such Transition Services are to be rendered and/or the compensation therefor.

1.2 Personnel.

(a) Each party in its capacity as Provider shall make a sufficient number of competent employees (and/or third party contractors to the extent that third party services are routinely utilized to provide similar services to other businesses of such Provider or are reasonably necessary for the efficient performance of any Transition Service) to render the Transition Services to be provided under this Agreement when required, for so long as Provider provides said services to itself. Except to the extent specific individuals are designated on a

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Schedule, a Provider of a Transition Service shall determine both the staffing required and the particular personnel assigned to perform the Transition Service, including but not limited to, clerical staff, technicians, professionals or others. The personnel assigned by a Provider under this Agreement to perform Transition Services for a Recipient shall not be deemed to be in the employ of the Recipient.

(b) Each Recipient shall not, without the Provider's prior written consent, solicit any employees of a Provider assigned by the Provider to the Recipient for the performance of such services while such employee is employed by Provider or within the six-month period after the date any employee ceases to provide Transition Services.

### 1.3 Representatives.

(a) Each of MMI and MMC shall designate a representative to act as its primary contact person for the provision of all Transition Services (each, a "Primary Coordinator"). The initial Primary Coordinators shall be designated in writing by notice to the others in accordance with paragraph (b) on or before the Distribution Date. The initial coordinators for each specific Transition Service shall be the individuals named in the Schedule relating to such Transition Service (each, a "Service Coordinator"). Each party may treat an act of another party's Primary Coordinator or Service Coordinator as authorized by such other party without inquiring behind such act or ascertaining whether such Primary Coordinator or Service Coordinator had actual authority so to act; provided, however, that neither the Primary Coordinator nor the Service Coordinator shall have authority to amend or modify the Agreement. All communications relating to the provision of the Transition Services shall be directed to the Primary Coordinators.

(b) Each of the relevant Provider and the relevant Recipient of a Transition Service shall notify the other in writing of any change in its Primary Coordinator and/or its Service Coordinator for each Transition Service. Any such notice shall (i) set forth the name of the Primary Coordinator or Service Coordinator to be replaced and the name of the replacement, and (ii) certify that the replacement Primary Coordinator is authorized to act for such party in all matters relating to this Agreement or that the replacement Service Coordinator is authorized to act for such party in all matters relating to the relevant Transition Service, as applicable, as provided in Section 1.3 (a) above.

### 1.4 Level of Transition Services.

(a) Each party, in its capacity as Provider, shall exercise the same degree of care when performing Transition Services as it exercises in performing the same or similar services for its own account, with priority equal to that provided to its own businesses. Nothing in this Agreement shall require any party in its capacity as Provider to favor the businesses of a Recipient over its own businesses. Provider shall perform its obligations hereunder in good faith and in accordance with principles of fair dealing.

(b) Transition Services provided by third parties shall be subject to the terms and conditions of this Agreement and any agreements between the Provider of such Transition Services and such third parties.



1.5 Corrective Efforts/Limitation of Liability. Notwithstanding anything to the contrary contained in this Agreement, if a Provider incorrectly (whether or not through negligence, inadvertence or poor judgment) performs or fails to perform any Transition Service, the Provider, at the Recipient's request, shall use commercially reasonable efforts to correct or re-perform the Transition Service at no additional cost to the Recipient, but shall have no other obligation to attempt to correct, correct or remediate the subject Transition Service. In the event Recipient does not request such correction of the Transition Service or Provider either does not correct the performance or is unable for any reason to attempt to correct the performance, any damages recoverable by Recipient shall be strictly limited to the amount paid by Recipient to Provider for the item of Service in respect of which a claim is made. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES, OR LOSS OF PROFITS OR OPPORTUNITIES, FINES, PENALTIES, OR ANY EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF ANY BREACH OF THIS AGREEMENT OR ANY OTHER THEORY OF LIABILITY, REGARDLESS OF THE CIRCUMSTANCES FROM WHICH SUCH DAMAGES OR LOSSES AROSE.

1.6 Force Majeure. Any failure or omission by a party in the performance of any obligation under this Agreement shall not be deemed a breach of this Agreement or create any liability, if the failure or omission arises from any cause or causes beyond the control of the party, including, but not limited to, the following, which for purposes of this Agreement shall be regarded as beyond the control of each of the parties hereto: acts of God, fire, storm, flood, earthquake, governmental regulation or direction, acts of the public enemy, war, rebellion, insurrection, riot, invasion, strike or lockout; provided, however, that the party shall resume the performance whenever such causes are removed. Notwithstanding the foregoing, if a party cannot perform under this Agreement for a period of 45 days due to such cause or causes, the affected party may terminate this Agreement with the defaulting party by providing written notice thereto.

1.7 Modification of Procedures. Each party, in its capacity as Provider, may make changes from time to time in its standards and procedures for performing any of the Transition Services for which it is responsible; provided, however, that, except as provided in Section 1.1(b) or required by Law, no party in its capacity as Provider shall implement any substantial changes affecting a Recipient of a Transition Service unless:

(a) Provider has furnished Recipient notice (which shall be the same notice such Provider shall provide its own businesses) thereof;

(b) Provider changes the procedures for its own businesses at the same time; and

(c) Provider gives Recipient a reasonable period of time for Recipient (i) to adapt its operations to accommodate the changes or (ii) to reject the proposed changes. In the event Recipient fails to accept or reject a proposed change on or before a date specified in the notice of change, Recipient shall be deemed to have accepted the change. Subject to Section 1.8, in the event Recipient rejects a proposed change but does not terminate the provision of the Transition Service, Recipient shall pay any charges resulting from Provider's need to maintain different versions of the same systems, procedures, technologies, or services or resulting from requirements of third party vendors or suppliers.

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1.8 No Obligation to Continue to Use Services. Except as provided in the Schedules, no Recipient shall have any obligation to continue to use any of the Transition Services and a Recipient may delete any or all Transition Services from the Transition Services that a Provider is providing to the Recipient by giving the Provider written notice thereof in accordance with the notice provisions of this Agreement and the applicable Schedules.

1.9 Provider Access. Recipient shall provide the personnel of a Provider with access to its equipment, office space, telecommunications and computer equipment and systems, and any other areas and equipment to the extent reasonably required for personnel of a Provider to perform any Transition Service, subject to the Confidentiality provisions in Article III below.

## ARTICLE II COMPENSATION

2.1 Consideration. As consideration for the Transition Services, each party in its capacity as Recipient shall pay to each Provider the aggregate amount specified in the Schedules relating to the Transition Services provided by Provider to Recipient. Provider acknowledges that it has not "marked up" the charges for its services.

2.2 Invoices. The monthly fixed charges or fees for Transition Services set forth on the Schedules shall be paid on the first day of each month in which the Transition Services are to be performed. Any fees not payable as fixed amounts shall be invoiced monthly by the Provider to the Recipient no later than the 30th day of the calendar month next following the calendar month in which the Transition Services were performed. All invoices shall be sent by the Provider to the Recipient at the following address or to such other address as the Recipient shall have specified by notice in writing to the Provider of the Transition Services:

To MMI:

Marcus & Millichap, Inc.  
23975 Park Sorrento, Suite 400  
Calabasas, California 91302  
Attention: Chief Financial Officer

To MMC:

Marcus & Millichap Company  
777 California Avenue  
Palo Alto, California 94304  
Attention: Chief Financial Officer

2.3 Payment of Amounts Due. Payment of all amounts due for Transition Services shall be made by check or electronic funds transmission in U.S. Dollars, without any offset or deduction of any nature whatsoever, within 30 days of the invoice date or as specified in the applicable Schedules. All payments shall be made in accordance with the terms of the applicable Schedules, the instructions set forth on or accompanying the invoice or as otherwise agreed to in writing between the relevant Provider and the relevant Recipient. Books and Records of a Provider pertaining to the Transition Services provided and all reimbursed costs shall be available for inspection and audit by the Recipient during normal business hours for three months following the delivery of the invoice for the period for which the Transition Services were provided.

2.4 Provider's Rights on Failure to Pay. If any fixed fee or invoice is not paid when due, the Provider shall have the right, in its sole and absolute discretion, without any liability to the Recipient that has not paid such fixed fee or invoice or anyone claiming by or through the Recipient, to immediately cease providing any or all of the Transition Services provided by the Provider to the Recipient until such payment is received.

### ARTICLE III CONFIDENTIALITY

#### 3.1 Obligation.

(a) All information with respect to any Recipient obtained by a party in its capacity as Provider shall be held and used by Provider only in accordance with Section 6.09 of the Separation Agreement.

(b) All information with respect to any Provider obtained by a party in its capacity as Recipient shall be held and used by the Recipient only in accordance with Section 6.09 of the Separation Agreement.

### ARTICLE IV TERM AND TERMINATION

4.1 Term. This Agreement shall become effective on the Contribution Date and shall remain in force with respect to a party until the expiration of the longest Time Period specified in any Schedule affecting such party as either Provider or Recipient, including any extension thereof, unless all of the Transition Services to be performed or received by such party are deleted or this Agreement is earlier terminated with respect to such party, in each case, in accordance with the terms of this Agreement.

4.2 Extension. The Time Period for which a Transition Service shall be provided may be extended by written agreement among the Recipient and the Provider of the Transition Service.

4.3 Termination. Recipient may terminate this Agreement or any of the Transition Services set out in the schedules attached hereto for any reason upon 60 days written notice to the Provider. Further, if any party (the "Defaulting Party") shall fail to perform or default in the performance of any of its obligations under this Agreement (other than a payment default subject to Section 2.4), the party entitled to the benefit of the performance (the "Non-Defaulting Party") may give written notice to the Defaulting Party specifying the nature of the failure or default and stating that the Non-Defaulting Party intends to terminate this Agreement with respect to the Defaulting Party if the failure or default is not cured within 15 days of the written notice. If any failure or default so specified is not cured within the 15-day period, the Non-Defaulting Party may elect immediately to terminate this Agreement with respect to the Defaulting Party; provided, however, that if the failure or default relates to a dispute contested in good faith by the Defaulting Party, the Non-Defaulting Party may not terminate this Agreement pending resolution of the dispute in accordance with Article V hereof. Such termination shall be effective upon giving a written notice of termination from the Non-Defaulting Party to the Defaulting Party and shall be without prejudice to any other remedy which may be available to the Non-Defaulting Party against the Defaulting Party.

4.4 Termination of Obligations. All obligations of each Provider to provide each Transition Service for which the Provider is responsible shall immediately cease upon the expiration of the Time Period (and any extension thereof in accordance with Section 4.2) for the Transition Service, and each Provider's obligations to provide all of the Transition Services for which the Provider is responsible shall immediately cease upon the termination of this Agreement with respect to the Provider and all relevant Recipients. Upon the cessation of a Provider's obligation to provide any Transition Service, the Recipient of the Transition Service shall immediately cease using, directly or indirectly, the Transition Service (including, without limitation, any and all software of Provider or third party software provided through Provider, telecommunications services or equipment, or computer systems or equipment).

4.5 Survival of Certain Obligations. Without prejudice to the survival of the other agreements of the parties, the following obligations shall survive the termination of this Agreement: (a) the obligations of each party under Articles III, IV and VI; and (b) each Provider's right to receive the compensation for the Transition Services provided in Section 2.1 accruing prior to the effective date of termination.

## ARTICLE V DISPUTE RESOLUTION

5.1 Contribution to Control. Any and all controversies, disputes or claims arising out of, relating to, in connection with or resulting from this Agreement (or any amendment thereto or any transaction contemplated hereby or thereby), including as to its existence, interpretation, performance, non-performance, validity, breach or termination, including any claim based on contract, tort, statute or constitution and any claim raising questions of law, whether arising before or after termination of this Agreement, shall be deemed an Agreement Dispute as defined in Section 9.13 of the Separation Agreement and shall be resolved exclusively by, in accordance with, and subject to the limitations set forth in Article IX of the Separation Agreement.

ARTICLE VI  
INDEMNIFICATION

6.1 Recipients' Indemnity for Transition Services Each party in its capacity as Recipient shall indemnify, defend and hold harmless each Provider, and the Provider's directors, officers, employees and agents, against any and all Liabilities incurred by any of them in connection with Transition Services provided under this Agreement except to the extent of Provider's gross negligence or intentional misconduct.

6.2 Providers' Indemnity for Transition Services Each party in its capacity as Provider shall indemnify, defend and hold harmless each Recipient, and the Recipient's directors, officers, employees and agents, against all Liabilities incurred by any of them in connection with Transition Services provided under this Agreement except to the extent of Provider's gross negligence or intentional misconduct; provided, however, that any Liabilities claimed by Recipient and the Recipient's directors, officers, employees and agents shall be limited to the amount of the charges paid to Provider for such item of Transition Service in respect of which a claim is made; and provided, further, that Provider will defend, indemnify and hold harmless each Recipient of Transition Services from such Provider, and such Recipient's directors, officers, employees and agents, against all Liabilities incurred by any of them in connection with the Provider's operation, maintenance or use of a motor vehicle in the course of providing Transition Services to the Recipient.

ARTICLE VII  
MISCELLANEOUS

7.1 Complete Agreement: Construction. This Agreement, including the Schedules hereto, and the Separation Agreement shall constitute the entire agreement among the parties with respect to the subject matter hereof and shall supersede all prior agreements, negotiations, commitments and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event of any inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail except for inconsistencies with respect to Sections 6.09 and 9.13 and Article IX of the Separation Agreement, which sections shall prevail over any inconsistent provision of this Agreement.

7.2 Other Agreements. This Agreement is not intended to address, and should not be interpreted to address, the matters expressly covered by the Separation Agreement.

7.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement.

7.4 Notices. All Notices required or permitted under this Agreement shall be in writing and shall be sufficiently given or made (a) if hand delivered or sent by telecopy (with delivery confirmed by voice or otherwise), (b) if sent by nationally recognized overnight courier or (c) if sent by registered or certified U.S. mail, postage prepaid, return receipt requested, and in each case addressed as follows:

If to MMI:

Marcus & Millichap, Inc.  
23975 Park Sorrento, Suite 400  
Calabasas, California 91302  
Attention: Chief Financial Officer

If to MMC:

Marcus & Millichap Company  
777 California Avenue  
Palo Alto, California 94304  
Attention: Chief Financial Officer

or at such other address as shall be furnished by any of the parties in a Notice. Any Notice shall be deemed to have been duly given or made when the Notice is received.

7.5 Waivers. The failure of any party to require strict performance by any other party of any provision in or rights and remedies with respect to this Agreement will not waive or diminish that party's right to demand strict performance thereafter of that or any other provision hereof or right or remedy.

7.6 Amendments. After the execution of this Agreement by all parties, and solely to the extent that a change is desired by and restricted to any two parties without affecting the rights of the third party hereto, such two parties may separately amend in writing any provision of this Agreement which governs the rights exchanged between them without notifying the third party hereto. Except as expressly provided herein, this Agreement may be amended or supplemented or its provisions waived only by an agreement in writing signed by each of the parties.

#### 7.7 Assignment

(a) No party to this Agreement shall (i) consolidate with or merge into any Person or permit any Person to consolidate with or merge into such party (other than a merger or consolidation in which the party is the surviving or continuing corporation), or (ii) sell, assign, transfer, lease or otherwise dispose of, in one transaction or a series of related transactions, all or substantially all of its Assets, unless the resulting, surviving or transferee Person expressly assumes, by instrument in form and substance reasonably satisfactory to the other parties, all of the obligations of the party under this Agreement.

(b) Except as expressly provided in paragraph (a), neither this Agreement nor any of the rights, interests or obligations hereunder shall be assignable, directly or indirectly, by any party without the prior written consent of the other parties, and any attempt to so assign without such consent shall be void.

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7.8 Successors and Assigns. Subject to Section 7.7, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the successors and permitted assigns of the parties.

7.9 Third Party Beneficiaries. This Agreement is solely for the benefit of the parties and the members of their respective Groups and Affiliates and their respective successors and assigns and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

7.10 Schedules. The Schedules shall be construed with and as an integral part of this Agreement to the same extent as if they had been set forth verbatim herein.

7.11 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the Law of the State of Delaware without regard to the principles of conflicts of Laws thereunder. Notwithstanding the foregoing, the Federal Arbitration Act, 9 U.S.C. §§1-15, shall govern the arbitrability of disputes.

7.12 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined to be invalid, void or unenforceable in any respect, the remaining provisions hereof, the application of such provision to Persons or circumstances other than those as to which it has been held invalid, void or unenforceable, shall remain in full force and effect and in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party.

7.13 Subsidiaries. Each of the parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Distribution Date.

7.14 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

7.15 Laws and Government Regulations. Each party in its capacity as Recipient shall be responsible for (a) compliance with all Laws affecting its businesses and (b) any use it may make of the Transition Services to assist it in complying with such Laws. While a party in its capacity as Provider shall not have any responsibility for the compliance by any Recipient with such Laws, Provider shall use reasonable commercial efforts to cause the Transition Services to be designed in such manner that the Transition Services shall be able to assist the Recipient in complying with applicable legal and regulatory responsibilities.

7.16 Relationship of Parties. Nothing in this Agreement shall be construed to create a partnership, agency or other relationship between the parties or to make any party liable for any debts or obligations incurred by another party.

7.17 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to such terms in the Separation Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Transition Services Agreement to be executed as of the day and year first above written.

MARCUS & MILLICHAP, INC.

By: \_\_\_\_\_  
Name:  
Title:

MARCUS & MILLICHAP COMPANY

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

M&M CORPORATE SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:



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Schedule 1.01  
Benefits Administration

Provider: M&M Corporate Services (“MMCS”)

Recipient(s): MMI and all subsidiaries

Description of Service: The medical, dental, disability, life insurance and worker’s compensation plans will remain linked with the Marcus & Millichap Company and affiliate plan until renewal of the plans takes place in April, 2014. At that point separate plans will be issued for MMI only. During this transition period, MMI will be allocated premium costs consistent with historical allocations which are based on the actual number of participants in each plan associated with MMI and its subsidiary entities for the medical plan and based on total payroll attributed to MMI and its subsidiaries for the workers compensation plan. Additionally, MMCS will provide nominal benefits administration coordination services until the renewals take place.

MMC and MMI will continue to receive ADP payroll administration services under the same ADP contract for up to six months. During this transition period, MMI will be allocated the portion of ADP’s fees consistent with historical allocations and MMI payroll. Additionally, the 401K plan administration and certain flexible spending account services provided by outside vendors will be shared for a transitional period.

Payment: None, other than a reimbursement for allocated premium or service costs.

Time Period: Until April, 2014

Notice Period for Deletion of Transition Services: 60 days

Other Material Terms: N/A

Service Coordinator for Provider: Marianne Empedocles

Service Coordinator for each Recipient: Martin Louie

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Schedule 1.02

Legal

Provider: Marcus & Millichap Company

Recipient(s): MMI

Description of Service: In-house legal services relating to corporate matters, including without limitation corporate governance, SEC filings, the omnibus equity plan, and matters involving the company's board of directors, shareholders, lenders and insurers.

Payment: A monthly allocation of base salary based on the amount of time incurred for the described services. The estimated monthly amount ranges between \$9,000 to \$15,000.

Time Period: From between 6 to 18 months.

Notice Period for Deletion of Transition Services: 60 days

Other Material Terms: Services to be covered by MMI insurance where appropriate

Service Coordinator for Provider: Robert Kennis

Service Coordinator for each Recipient: John Kerin

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Schedule 1.03

Management of SAP Accounting System

Provider: MMCS

Recipient(s): MMI

Description of Service: Management of the SAP accounting system.

Payment: A monthly allocation of compensation based on the amount of time incurred by one person for the described services. The estimated monthly amount ranges between \$9,000 to \$13,000.

Time Period: Up to 12 months

Notice Period for Deletion of Transition Services: 90 days

Other Terms:

Service Coordinator for Provider: Alex Yarmolinsky

Service Coordinator for each Recipient: Martin Louie

**PRESIDENT AND CHIEF EXECUTIVE OFFICER  
EMPLOYMENT AGREEMENT**

**AGREEMENT** made effective as of the 1<sup>st</sup> 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

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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 if it 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**

/s/ JOHN J. KERIN

JOHN J. KERIN

By: /s/ GEORGE M. MARCUS

**GEORGE M. MARCUS**  
**Chairman**  
**2626 Hanover Street**  
**Palo Alto, CA 94304**

Address:

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**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.



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**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.

**MARCUS & MILLICHAP, INC.**  
**FORM OF**  
**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (this "Agreement") is made as of [            ], by and between Marcus & Millichap, Inc., a Delaware corporation (the "Company"), and [            ] ("Indemnitee").

**RECITALS**

The Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, and to indemnify its directors, officers and certain key employees so as to provide them with the maximum protection permitted by law.

**AGREEMENT**

In consideration of the mutual promises made in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Indemnitee hereby agree as follows:

**1. Indemnification.**

(a) **Third-Party Proceedings.** To the fullest extent permitted by applicable law, the Company shall indemnify Indemnitee, if Indemnitee was, is or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding (other than a Proceeding by or in the right of the Company to procure a judgment in the Company's favor), against all Expenses, judgments, fines and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually and reasonably incurred by Indemnitee in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

(b) **Proceedings By or in the Right of the Company** To the fullest extent permitted by applicable law, the Company shall indemnify Indemnitee, if Indemnitee was, is or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in the Company's favor, against all Expenses actually and reasonably incurred by Indemnitee in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudicated by court order or judgment to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such Proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) **Success on the Merits.** To the fullest extent permitted by applicable law and to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 1(a) or Section 1(b) or the defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. Without limiting the generality of the foregoing, if Indemnitee is successful on the merits or otherwise as to one or more but less than all claims, issues or matters in a Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with such successfully resolved claims, issues or matters to the fullest extent permitted by applicable law. If any Proceeding is disposed of on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Company, (iii) a plea of guilty by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and (v) with respect to any criminal Proceeding, an adjudication that Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

(d) **Witness Expenses.** To the fullest extent permitted by applicable law and to the extent that Indemnitee is a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with such Proceeding.

## **2. Indemnification Procedure.**

(a) **Advancement of Expenses.** To the fullest extent permitted by applicable law, the Company shall advance all Expenses actually and reasonably incurred by Indemnitee in connection with a Proceeding within thirty (30) days after receipt by the Company of a statement requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Such advances shall be unsecured and interest free and shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Indemnitee shall be entitled to continue to receive advancement of Expenses pursuant to this Section 2(a) unless and until the matter of Indemnitee's entitlement to indemnification hereunder has been finally adjudicated by court order or judgment from which no further right of appeal exists. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it ultimately is determined that Indemnitee is not entitled to be indemnified by the Company under the other provisions of this Agreement. Indemnitee shall qualify for advances upon the execution and delivery of this Agreement, which shall constitute the requisite undertaking with respect to repayment of advances made hereunder and no other form of undertaking shall be required to qualify for advances made hereunder other than the execution of this Agreement.

(b) **Notice and Cooperation by Indemnitee.** Indemnitee shall promptly notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter for which indemnification will or could be sought under this Agreement. Such notice to the Company shall include a description of the nature of, and facts underlying, the Proceeding, shall

be directed to the Chief Executive Officer of the Company and shall be given in accordance with the provisions of Section 13(e) below. In addition, Indemnitee shall give the Company such additional information and cooperation as the Company may reasonably request. Indemnitee's failure to so notify, provide information and otherwise cooperate with the Company shall not relieve the Company of any obligation that it may have to Indemnitee under this Agreement, except to the extent that the Company is adversely affected by such failure.

(c) **Determination of Entitlement.**

(i) **Final Disposition.** Notwithstanding any other provision in this Agreement, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

(ii) **Determination and Payment.** Subject to the foregoing, promptly after receipt of a statement requesting payment with respect to the indemnification rights set forth in Section 1, to the extent required by applicable law, the Company shall take the steps necessary to authorize such payment in the manner set forth in Section 145 of the Delaware General Corporation Law. The Company shall pay any claims made under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or Bylaws providing for indemnification or advancement of Expenses, within thirty (30) days after a written request for payment thereof has first been received by the Company, and if such claim is not paid in full within such thirty (30) day-period, Indemnitee may, but need not, at any time thereafter bring an action against the Company in the Delaware Court of Chancery to recover the unpaid amount of the claim and, subject to Section 12, Indemnitee shall also be entitled to be paid for all Expenses actually and reasonably incurred by Indemnitee in connection with bringing such action. It shall be a defense to any such action (other than an action brought to enforce a claim for advancement of Expenses under Section 2(a)) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption with clear and convincing evidence to the contrary. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, in the case of a criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful. In addition, it is the parties' intention that if the Company contests Indemnitee's right to indemnification, the question of Indemnitee's right to indemnification shall be for the court to decide, and neither the failure of the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct required by applicable law, nor an actual determination by the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) that Indemnitee has not met such applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. If any

requested determination with respect to entitlement to indemnification hereunder has not been made within ninety (90) days after the final disposition of the Proceeding, the requisite determination that Indemnitee is entitled to indemnification shall be deemed to have been made.

(iii) **Change of Control.** Notwithstanding any other provision in this Agreement, if a Change of Control has occurred, any person or body appointed by the Board of Directors in accordance with applicable law to review the Company's obligations hereunder and under applicable law shall be Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, will render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be entitled to be indemnified hereunder under applicable law and the Company agrees to abide by such opinion. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Notwithstanding any other provision of this Agreement, the Company shall not be required to pay Expenses of more than one Independent Counsel in connection with all matters concerning a single Indemnitee, and such Independent Counsel shall be the Independent Counsel for any or all other Indemnitees unless (i) the Company otherwise determines or (ii) any Indemnitee shall provide a written statement setting forth in detail a reasonable objection to such Independent Counsel representing other indemnitees under agreements similar to this Agreement.

(d) **Payment Directions.** To the extent payments are required to be made hereunder, the Company shall, in accordance with Indemnitee's request (but without duplication), (i) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses.

(e) **Notice to Insurers.** If, at the time of the receipt of a notice of a claim pursuant to Section 2(b) hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(f) **Defense of Claim and Selection of Counsel.** In the event the Company shall be obligated under Section 2(a) hereof to advance Expenses with respect to any Proceeding, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel reasonably acceptable to Indemnitee, upon the delivery to Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or (C) the Company shall not, in fact, have

employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company. In addition, if there exists a potential, but not an actual conflict of interest between the Company and Indemnitee, the actual and reasonable legal fees and expenses incurred by Indemnitee for separate counsel retained by Indemnitee to monitor the Proceeding (so that such counsel may assume Indemnitee's defense if the conflict of interest between the Company and Indemnitee becomes an actual conflict of interest) shall be deemed to be Expenses that are subject to indemnification hereunder. The existence of an actual or potential conflict of interest, and whether such conflict may be waived, shall be determined pursuant to the rules of attorney professional conduct and applicable law. The Company shall not be required to obtain the consent of Indemnitee for the settlement of any Proceeding the Company has undertaken to defend if the Company assumes full and sole responsibility for each such settlement; provided, however, that the Company shall be required to obtain Indemnitee's prior written approval, which shall not be unreasonably withheld, before entering into any settlement which (1) does not grant Indemnitee a complete release of liability, (2) would impose any penalty or limitation on Indemnitee, or (3) would admit any liability or misconduct by Indemnitee.

### **3. Additional Indemnification Rights.**

(a) **Scope.** Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute, or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes shall be deemed to be within the purview of Indemnitee's rights and the Company's obligations under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) **Nonexclusivity.** The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any agreement, insurance coverage, any vote of stockholders or disinterested members of the Company's Board of Directors, the Delaware General Corporation Law, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office.

(c) **Interest on Unpaid Amounts.** If any payment to be made by the Company to Indemnitee hereunder is delayed by more than ninety (90) days from the date the duly prepared request for such payment is received by the Company, interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies or is obligated to indemnify for the period commencing with the date on which Indemnitee actually incurs such Expense or pays such judgment, fine or amount in settlement and ending with the date on which such payment is made to Indemnitee by the Company.

(d) **Information Sharing.** If Indemnitee is the subject of or is implicated in any way during an investigation, whether formal or informal, the Company shall share with Indemnitee any information the Company has furnished to any third parties concerning the investigation provided that, at the time such information is so furnished to such third party, Indemnitee continues to serve in one or more capacities giving rise to the Company's indemnification obligations under Section 1.

(e) **Third-Party Indemnification.** The Company hereby acknowledges that Indemnitee has or may from time to time obtain certain rights to indemnification, advancement of expenses and/or insurance provided by one or more third parties (collectively, the "**Third-Party Indemnitors**"). The Company hereby agrees that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Third-Party Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), and that the Company will not assert that the Indemnitee must seek expense advancement or reimbursement, or indemnification, from any Third-Party Indemnitor before the Company must perform its expense advancement and reimbursement, and indemnification obligations, under this Agreement. No advancement or payment by the Third-Party Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing. The Third-Party Indemnitors shall be subrogated to the extent of such advancement or payment to all of the rights of recovery which Indemnitee would have had against the Company if the Third-Party Indemnitors had not advanced or paid any amount to or on behalf of Indemnitee. If for any reason a court of competent jurisdiction determines that the Third-Party Indemnitors are not entitled to the subrogation rights described in the preceding sentence, the Third-Party Indemnitors shall have a right of contribution by the Company to the Third-Party Indemnitors with respect to any advance or payment by the Third-Party Indemnitors to or on behalf of the Indemnitee.

(f) **Indemnification of Control Person.** If (i) Indemnitee is or was affiliated with one or more of the Company's current or former stockholders that may be deemed to be or to have been a controlling person of the Company (each a "**Control Person**"), (ii) a Control Person is, or is threatened to be made, a party to or a participant (including as a witness) in any proceeding, and (iii) the Control Person's involvement in the proceeding is related to Indemnitee's service to the Company as a director of the Company, or arises from the Control Person's status or alleged status as a controlling person of the Company resulting from such Control Person's affiliation with Indemnitee, then the Control Person shall be entitled to all of the indemnification rights and remedies under this Agreement to the same extent as Indemnitee.

4. **Partial Indemnification.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines or amounts paid in settlement, actually and reasonably incurred in connection with a Proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses, judgments, fines and amounts paid in settlement to which Indemnitee is entitled.

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**5. Director and Officer Liability Insurance.**

(a) **D&O Policy.** The Company shall, from time to time, make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the directors and officers of the Company with coverage for losses from wrongful acts, or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. In all policies of director and officer liability insurance, the Company's officers and directors shall be covered persons thereunder. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if Indemnitee is covered by similar insurance maintained by a parent or subsidiary of the Company.

(b) **Tail Coverage.** In the event of a Change of Control or the Company's becoming insolvent (including being placed into receivership or entering the federal bankruptcy process and the like), the Company shall maintain in force any and all insurance policies then maintained by the Company in providing insurance (directors' and officers' liability, fiduciary, employment practices or otherwise) in respect of Indemnitee, for a period of six years thereafter.

6. **Severability.** Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

7. **Exclusions.** Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) **Claims Initiated by Indemnitee.** To indemnify or advance Expenses to Indemnitee with respect to Proceedings initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to Proceedings brought to establish, enforce or interpret a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors finds it to be appropriate; provided, however, that the exclusion set forth in the first clause of this subsection shall not be deemed to apply to any investigation initiated or brought by Indemnitee to the extent reasonably necessary or advisable in support of Indemnitee's defense of a Proceeding to which Indemnitee was, is or is threatened to be made, a party;



(b) **Lack of Good Faith.** To indemnify Indemnitee for any Expenses incurred by Indemnitee with respect to any Proceeding instituted by Indemnitee to establish, enforce or interpret a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law, if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous;

(c) **Insured Claims.** To indemnify Indemnitee for Expenses to the extent such Expenses have been paid directly to Indemnitee by an insurance carrier under an insurance policy maintained by the Company; or

(d) **Certain Exchange Act Claims.** To indemnify Indemnitee in connection with any claim made against Indemnitee for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or any similar successor statute or any similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") or Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); provided, however, that to the fullest extent permitted by applicable law and to the extent Indemnitee is successful on the merits or otherwise with respect to any such Proceeding, the Expenses actually and reasonably incurred by Indemnitee in connection with any such Proceeding shall be deemed to be Expenses that are subject to indemnification hereunder.

#### **8. Contribution Claims.**

(a) If the indemnification provided in Section 1 is unavailable in whole or in part and may not be paid to Indemnitee for any reason other than those set forth in Section 7, then in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permitted by applicable law, the Company, in lieu of indemnifying Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

(b) With respect to a Proceeding brought against directors, officers, employees or agents of the Company (other than Indemnitee), to the fullest extent permitted by applicable law, the Company shall indemnify Indemnitee from any claims for contribution that may be brought by any such directors, officers, employees or agents of the Company (other than Indemnitee) who may be jointly liable with Indemnitee, to the same extent Indemnitee would have been entitled to such indemnification under this Agreement if such Proceeding had been brought against Indemnitee.

**9. No Imputation.** The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or the Company itself shall not be imputed to Indemnitee for purposes of determining any rights under this Agreement.

**10. Determination of Good Faith.** For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or the Board of Directors of the Enterprise or any counsel selected by any committee of the Board of Directors of the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, investment banker, compensation consultant, or other expert selected with reasonable care by the Enterprise or the Board of Directors of the Enterprise or any committee thereof. The provisions of this Section 10 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct. Whether or not the foregoing provisions of this Section are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company.

**11. Defined Terms and Phrases.** For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Beneficial Owner" and "Beneficial Ownership" shall have the meanings set forth in Rule 13d-3 promulgated under the Exchange Act as in effect on the date hereof.

(b) "Change of Control" shall be deemed to occur upon the earliest of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors, unless (1) the change in the relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, or (2) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change of Control under part (iii) of this definition.

(ii) Change in Board of Directors. Individuals who, as of the date of this Agreement, constitute the Company's Board of Directors (the "Board"), and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two thirds of the directors then still in office who were directors on the date of this Agreement (collectively, the "Continuing Directors"), cease for any reason to constitute at least a majority of the members of the Board.

(iii) Corporate Transaction. The effective date of a reorganization, merger, or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination: (1) all or substantially all of the individuals and entities who were the Beneficial Owners of securities entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than 51% of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors resulting from such Business Combination (including a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the securities entitled to vote generally in the election of directors and with the power to elect at least a majority of the Board or other governing body of the surviving entity; (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of 50% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of such corporation except to the extent that such ownership existed prior to the Business Combination; and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination.

(iv) Liquidation. The approval by the Company's stockholders of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets, other than factoring the Company's current receivables or escrows due (or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale or disposition in one transaction or a series of related transactions).

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item or any similar schedule or form) promulgated under the Exchange Act whether or not the Company is then subject to such reporting requirement.

(c) "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(d) "Enterprise" means the Company and any other enterprise that Indemnitee was or is serving at the request of the Company as a director, officer, partner (general, limited or otherwise), member (managing or otherwise), trustee, fiduciary, employee or agent.

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(e) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(f) “Expenses” shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including all attorneys’ fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payment under this Agreement (including taxes that may be imposed upon the actual or deemed receipt of payments under this Agreement with respect to the imposition of federal, state, local or foreign taxes), secretarial services and all other disbursements, obligations or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settlement or appeal of, or otherwise participating in a Proceeding. Expenses also shall include any of the foregoing expenses incurred in connection with any appeal resulting from any Proceeding, including the principal, premium, security for, and other costs relating to any costs bond, supersedes bond, or other appeal bond or its equivalent. Expenses also shall include any interest, assessment or other charges imposed thereon and costs incurred in preparing statements in support of payment requests hereunder. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) “Person” shall have the meaning as set forth in Section 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that “Person” shall exclude: (i) the Company; (ii) any direct or indirect majority owned subsidiaries of the Company; (iii) any employee benefit plan of the Company or any direct or indirect majority owned subsidiaries of the Company or of any corporation owned, directly or indirectly, by the Company’s stockholders in substantially the same proportions as their ownership of stock of the Company (an “Employee Benefit Plan”); and (iv) any trustee or other fiduciary holding securities under an Employee Benefit Plan.

(h) “Proceeding” shall include any actual, threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by a third party, a government agency, the Company or its Board of Directors or a committee thereof, whether in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative, legislative or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is, will or might be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, by reason of any action (or failure to act) taken by Indemnitee or of any action (or failure to act) on Indemnitee’s part while acting as a director, officer, employee or agent of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, partner (general, limited or otherwise), member (managing or otherwise), trustee, fiduciary, employee or agent of any other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement.

(i) In addition, references to “other enterprise” shall include another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise; references to “finer” shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; references to “erving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by Indemnitee with respect to an employee benefit plan, its participants, or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement; references to “include” or “including” shall mean include or including, without limitation; and references to Sections, paragraphs or clauses are to Sections, paragraphs or clauses in this Agreement unless otherwise specified.

12. **Attorneys’ Fees.** In the event that any Proceeding is instituted by Indemnitee under this Agreement to enforce or interpret any of the terms hereof, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with such Proceeding, unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee as a basis for such Proceeding were not made in good faith or were frivolous. In the event of a Proceeding instituted by or in the name of the Company under this Agreement or to enforce or interpret any of the terms of this Agreement, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with such Proceeding (including with respect to Indemnitee’s counterclaims and cross-claims made in such action), unless a court of competent jurisdiction determines that each of Indemnitee’s material defenses to such action were made in bad faith or were frivolous.

13. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Delaware, without giving effect to principles of conflicts of law.

(b) **Entire Agreement; Binding Effect.** Without limiting any of the rights of Indemnitee described in Section 3(b), this Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and merges all prior discussions and supersedes any and all previous agreements between them covering the subject matter herein. The indemnification provided under this Agreement applies with respect to events occurring before or after the effective date of this Agreement, and shall continue to apply even after Indemnitee has ceased to serve the Company in any and all indemnified capacities.

(c) **Amendments and Waivers.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

(d) **Successors and Assigns.** This Agreement shall be binding upon the Company and its successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company) and assigns, and inure to the benefit of Indemnitee and Indemnitee's heirs, executors, administrators, legal representatives and assigns. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement.

(i) **No Employment Rights.** Nothing contained in this Agreement is intended to create in Indemnitee any right to continued employment.

(j) **Company Position.** The Company shall be precluded from asserting, in any Proceeding brought for purposes of establishing, enforcing or interpreting any right to indemnification under this Agreement, that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

(k) **Subrogation.** Subject to Section 3(e), in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of

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recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company to effectively bring suit to enforce such rights.

*[Signature Page Follows]*

The parties have executed this Agreement as of the date first set forth above.

**THE COMPANY:**

MARCUS & MILLICHAP, INC.

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

United States

AGREED TO AND ACCEPTED:

**INDEMNITEE:**

(PRINT NAME)

(Signature)

Address: \_\_\_\_\_  
\_\_\_\_\_

Email: \_\_\_\_\_



MARCUS AND MILLICHAP, INC.  
FORM OF  
2013 OMNIBUS EQUITY INCENTIVE PLAN  
DEFERRED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Marcus and Millichap, Inc. 2013 Omnibus Equity Incentive Plan (the "Plan") will have the same defined meanings in this Deferred Stock Unit Award Agreement (the "Award Agreement").

I. **NOTICE OF DEFERRED STOCK UNIT GRANT**

**Participant Name:**

**Address:**

You have been granted the right to receive an Award of Deferred Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Number of Deferred Stock Units	_____

Vesting Schedule:

The Deferred Stock Units subject to this Award Agreement are 100% vested as of the Date of Grant.

By Participant's signature and the signature of the representative of Marcus and Millichap, Inc. (the "Company") below, Participant and the Company agree that this Award of Deferred Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Deferred Stock Unit Grant (including any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

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PARTICIPANT:

MARCUS AND MILLICHAP, INC.

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Signature

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By

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Print Name

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Title

Residence Address:

**EXHIBIT A**

**TERMS AND CONDITIONS OF DEFERRED STOCK UNIT GRANT**

1. **Grant.** The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "**Participant**") under the Plan an Award of Deferred Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 13 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. **Company's Obligation to Pay.** Each Deferred Stock Unit represents the right to receive a Share. Prior to actual settlement of any vested Deferred Stock Units in Shares as set forth in Section 3, such Deferred Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. All Deferred Stock Units settled in accordance with Sections 3 and 4 will be paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares as set forth herein and as soon as practicable after the applicable Settlement Date (as defined below), subject to Participant satisfying any applicable tax withholding or other obligations as set forth in Section 6.

3. **Settlement of Deferred Stock Units.** The Deferred Stock Units awarded by this Award Agreement are fully vested as of the Date of Grant set forth in the Notice of Grant, but settlement of the Deferred Stock Units into actual Shares shall be deferred until the occurrence of the applicable Settlement Date.

For purposes of this Award Agreement, the term "**Settlement Date**" shall mean the earliest to occur of the following:

- (i) The date set forth in the following schedule:
  - a. Tranche 1 – one-fifth (1/5<sup>th</sup>) of the Deferred Stock Units, on the earlier of (x) the one (1) year anniversary of the Date of Grant or (y) the fifth (5<sup>th</sup>) anniversary of the date of Participant's termination as a Service Provider prior to attainment of age 67.
  - b. Tranche 2 – one-fifth (1/5<sup>th</sup>) of the Deferred Stock Units, on the earlier of (x) the two (2) year anniversary of the Date of Grant or (y) the fifth (5<sup>th</sup>) anniversary of the date of Participant's termination as a Service Provider prior to attainment of age 67;
  - c. Tranche 3 – one-fifth (1/5<sup>th</sup>) of the Deferred Stock Units, on the earlier of (x) the three (3) year anniversary of the Date of Grant or (y) the fifth (5<sup>th</sup>) anniversary of the date of Participant's termination as a Service Provider prior to attainment of age 67
  - d. Tranche 4 – one-fifth (1/5<sup>th</sup>) of the Deferred Stock Units, on the earlier of (x) the four (4) year anniversary of the Date of Grant or (y) the fifth (5<sup>th</sup>) anniversary of the date of Participant's termination as a Service Provider prior to attainment of age 67

- e. Tranche 5 – one-fifth (1/5<sup>th</sup>) of the Deferred Stock Units, on the earlier of (x) the five (5) year anniversary of the Date of Grant or (y) the fifth (5<sup>th</sup>) anniversary of the date of Participant’s termination as a Service Provider prior to attainment of age 67
- (ii) The date of Participant’s death; and
- (iii) The date of Participant’s termination as a Service Provider after attainment of age 67 (provided that such termination is a “separation from service” within the meaning of Section 409A of the Code (“**Section 409A**”), as determined by the Company); provided that if (x) Participant is a “specified employee” within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the settlement of such accelerated Deferred Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant’s termination as a Service Provider, then the date that is six (6) months and one (1) day following the date of Participant’s termination as a Service Provider.

4. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant’s designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant’s estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

5. Withholding of Taxes. Regardless of any action the Company or Participant’s employer (the “**Employer**”) takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Deferred Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends, if any (“**Tax-Related Items**”), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Deferred Stock Units, including grant or vesting, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Deferred Stock Units or any aspect of the Deferred Stock Units to reduce or eliminate Participant’s liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to such Shares.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Deferred Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Deferred Stock Units and any right to receive Shares thereunder and the Deferred Stock Units will be returned to the Company at no cost to the Company.

6. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, but prior to such issuance, Participant will not have any rights to dividends and/or distributions on such Shares.

7. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE DEFERRED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF DEFERRED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Deferred Stock Units is voluntary and occasional and does not Create any contractual or other right to receive future grants of Deferred Stock Units, or benefits in lieu of Deferred Stock Units even if Deferred Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Deferred Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Deferred Stock Units and the Shares subject to the Deferred Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Deferred Stock Units and the Shares subject to the Deferred Stock Units are not intended to replace any pension rights or compensation; (g) the Deferred Stock Units and the Shares subject to the Deferred Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

8. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Marcus and Millichap, Inc., 23975 Park Sorrento, Suite 400, Calabasas, CA 91302, or at such other address as the Company may hereafter designate in writing.

9. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

10. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

11. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The

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Company shall not be obligated to issue any Shares pursuant to the Deferred Stock Units at any time if the issuance of Shares violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Deferred Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the Deferred Stock Units or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Deferred Stock Units or the Shares. Notwithstanding any provision herein, the Deferred Stock Units and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

12. Lock-Up Agreement. In connection with the initial public offering of the Company's securities, Participant hereby agrees not to offer, pledge, sell, contract to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company and the managing underwriters for such offering for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering. In addition, upon request of the Company or the underwriters managing a public offering of the Company's securities (other than the initial public offering), Participant hereby agrees to be bound by similar restrictions, and to sign a similar agreement, in connection with no more than one additional registration statement filed within 12 months after the closing date of the initial public offering, provided that the duration of the lock-up period with respect to such additional registration shall not exceed 90 days from the effective date of such additional registration statement. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this subsection shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement. In order to enforce the restriction set forth above, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section.

If the underwriters release or waive any of the foregoing restrictions in connection with a transfer of shares of Common Stock, the underwriters shall notify the Company at least three business days before the effective date of any such release or waiver. Further, the Company will announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the underwriters shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (x) the release or waiver is effected solely to permit a transfer not for consideration and (y) the transferee has agreed in writing to be bound by the same terms of the lock-up provisions applicable in general to the extent, and for the duration, that such lock-up provision remain in effect at the time of the transfer.] *[Note: Only include for awards granted prior to the end of the lock-up period.]*

13. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

14. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Deferred Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

15. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to Deferred Stock Units awarded under the Plan or future Deferred Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

17. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

18. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or



she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Deferred Stock Units.

19. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Deferred Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.*

*For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

20. Foreign Exchange Fluctuations and Restrictions. Participant understands and

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agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Deferred Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Participant to provide such entity with certain information regarding the transaction.

21. Amendment, Suspension or Termination of the Plan By accepting this Award, Participant expressly warrants that he or she has received an Award of Deferred Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Deferred Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of the County of Los Angeles, California, or the federal courts for the United States for the Central District of California, and no other courts.

MARCUS AND MILLICHAP, INC.  
 FORM OF  
 2013 OMNIBUS EQUITY INCENTIVE PLAN  
 STOCK OPTION AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Marcus and Millichap, Inc. 2013 Omnibus Equity Incentive Plan (the "*Plan*") will have the same defined meanings in this Stock Option Award Agreement (the "*Award Agreement*").

**I. NOTICE OF STOCK OPTION GRANT**

**Participant Name:**

**Address:**

You have been granted an Option to purchase Common Stock of Marcus and Millichap, Inc. (the "*Company*"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number \_\_\_\_\_

Date of Grant \_\_\_\_\_

Vesting Commencement Date \_\_\_\_\_

Exercise Price per Share \$ \_\_\_\_\_

Total Number of Shares Granted \_\_\_\_\_

Total Exercise Price \$ \_\_\_\_\_

Type of Option: \_\_\_\_\_ U.S. Incentive Stock Option

\_\_\_\_\_ U.S. Nonstatutory Stock Option

Term/Expiration Date: \_\_\_\_\_

Vesting Schedule:

Subject to Section 2 of the Award Agreement and any acceleration provisions contained in the Plan or set forth below, this Option may be exercised, in whole or in part, in accordance with the following schedule:

[insert vesting schedule]

Termination Period:

This Option will be exercisable for three (3) months after Participant ceases (as defined in Section 2 of the Award Agreement) to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option will be exercisable for twelve (12) months after Participant ceases to be a Service Provider. Notwithstanding the foregoing, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 13 of the Plan.

By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Stock Option Grant (including any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

MARCUS AND MILLICHAP, INC.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
By

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Residence Address:  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**

**TERMS AND CONDITIONS OF STOCK OPTION GRANT**

1. Grant of Option. The Company hereby grants to the Participant named in the Notice of Grant attached as Part I of this Award Agreement (the "**Participant**") an option (the "**Option**") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "**Exercise Price**"), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 13 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

If designated in the Notice of Grant as an Incentive Stock Option ("**ISO**"), this Option is intended to qualify as an ISO under Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). However, if this Option is intended to be an ISO, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it will be treated as a Nonstatutory Stock Option ("**NSO**"). Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided whether oral or written (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole and absolute discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit B (the “*Exercise Notice*”) or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “*Exercised Shares*”), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable tax withholding. This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant unless the Administrator in its sole discretion requires a specific method of payment:

(a) cash (US dollars); or

(b) check (denominated in U.S. dollars); or

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

Participant understands and agrees that any cross-border remittance made to exercise this option or transfer proceeds received upon the sale of Stock must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Participant to provide such entity with certain information regarding the transaction.

6. Tax Obligations.

(a) Withholding Taxes. Regardless of any action the Company or Participant’s employer (the “*Employer*”) takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant, vesting, or exercise of this Option, the holding or subsequent sale of Shares, and the receipt of dividends, if any (“*Tax-Related Items*”), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant, vesting, or exercise of the Option, the subsequent sale of Shares acquired under the Plan and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Option or any aspect of the Option to reduce or eliminate Participant’s liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to

tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) No payment will be made to Participant (or his or her estate or beneficiary) for an Option unless and until satisfactory arrangements (as determined by the Company) have been made by Participant with respect to the payment of any Tax-Related Items obligations of the Company and/or the Employer with respect to the Option. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company or the Employer; or

(ii) withholding from proceeds of the sale of Shares acquired upon exercise of the Option, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization); or

(iii) withholding in Shares to be issued upon exercise of the Option; or

(iv) surrendering already-owned Shares having a Fair Market Value equal to the Tax-Related Items that have been held for such period of time to avoid adverse accounting consequences.

If the obligation for Tax-Related Items is satisfied by withholding Shares, the Participant is deemed to have been issued the full number of Shares purchased for tax purposes, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of the Participant's participation in the Plan. Participant shall pay to the Company or Employer any amount of Tax-Related Items that the Company may be required to withhold as a result of Participant's participation in the Plan that cannot be satisfied by one or more of the means previously described in this paragraph 6. Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Grant Date, or (ii) the date one (1) year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(c) Code Section 409A (Applicable Only to Participants Subject to U.S. Taxes) Under Code Section 409A, an option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the

“IRS”) to be less than the Fair Market Value of a Share on the date of grant (a “Discount Option”) may be considered “deferred compensation.” A Discount Option may result in (i) income recognition by Participant prior to the exercise of the option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The Discount Option may also result in additional state income, penalty and interest charges to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the Date of Grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant will be solely responsible for Participant’s costs related to such a determination.

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, but prior to such issuance, Participant will not have any rights to dividends and/or distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE EMPLOYER AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT’S RIGHT OR THE RIGHT OF THE EMPLOYER TO TERMINATE PARTICIPANT’S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE (SUBJECT TO APPLICABLE LOCAL LAWS).

9. Nature of Grant. In accepting the Option, Participant acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Option is voluntary and occasional and does not Create any contractual or other right to receive future grants of Options, or benefits in lieu of Options even if Options have been granted repeatedly in the past;

(c) all decisions with respect to future awards of Options, if any, will be at the sole discretion of the Company;



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(d) Participant's participation in the Plan is voluntary;

(e) the Option and the Shares subject to the Option are an extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any;

(f) the Option and the Shares subject to the Option are not intended to replace any pension rights or compensation;

(g) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty; further, if Participant exercises the Option and obtains Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price;

(i) Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Option (or the calculation of income or Tax-Related Items thereunder);

(j) in consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of employment by the Employer (for any reason whatsoever and whether or not in breach of local labor laws), and Participant irrevocably releases the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; and

(k) the Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

***11. Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

*Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.*

*For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received upon exercise of the Option. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Option. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

12. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Marcus and Millichap, Inc., 23975 Park Sorrento, Suite 400, Calabasas, CA 91302, or at such other address as the Company may hereafter designate in writing.

13. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

14. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state, federal or foreign law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares. The Company shall not be obligated to issue any Shares pursuant to this Option at any time if the issuance of Shares, or the exercise of an Option by Participant, violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

16. Lock-Up Agreement. In connection with the initial public offering of the Company's securities, Optionee hereby agrees not to offer, pledge, sell, contract to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company and the managing underwriters for such offering for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering. In addition, upon request of the Company or the underwriters managing a public offering of the Company's securities (other than the initial public offering), Optionee hereby agrees to be bound by similar restrictions, and to sign a similar agreement, in connection with no more than one additional registration statement filed within 12 months after the closing date of the initial public offering, provided that the duration of the lock-up period with respect to such additional registration shall not exceed 90 days from the effective date of such additional registration statement. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this subsection shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement. In order to enforce the restriction set forth above, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section.

If the underwriters release or waive any of the foregoing restrictions in connection with a transfer of shares of Common Stock, the underwriters shall notify the Company at least three business days before the effective date of any such release or waiver. Further, the Company will announce the impending release or waiver by press release through a major news

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service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the underwriters shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (x) the release or waiver is effected solely to permit a transfer not for consideration and (y) the transferee has agreed in writing to be bound by the same terms of the lock-up provisions applicable in general to the extent, and for the duration, that such lock-up provision remain in effect at the time of the transfer.] *[Note: only include for awards granted prior to the end of the lock-up period.]*

17. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

19. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Options awarded under the Plan or future options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

20. Language. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant, vesting, and/or exercise of this Option or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of this Option or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to this Option or the Shares.

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Notwithstanding any provision herein, this Option and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

22. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

23. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

24. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Option.

25. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

26. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of the County of Los Angeles, California, or the federal courts for the United States for the Central District of California, and no other courts, where this Option is made and/or to be performed.

**EXHIBIT B**  
**MARCUS AND MILLICHAP, INC.**  
**2012 OMNIBUS EQUITY INCENTIVE PLAN**  
**EXERCISE NOTICE**

Marcus and Millichap, Inc.  
23975 Park Sorrento, Suite 400  
Calabasas, CA 91302

1. Exercise of Option. Effective as of today, \_\_\_\_\_, \_\_\_\_\_, the undersigned ("**Purchaser**") hereby elects to purchase \_\_\_\_\_ shares (the "**Shares**") of the Common Stock of Marcus and Millichap, Inc. (the "**Company**") under and pursuant to the 2013 Omnibus Equity Incentive Plan (the "**Plan**") and the Stock Option Award Agreement dated \_\_\_\_\_ (the "**Award Agreement**"). The purchase price for the Shares will be \$ \_\_\_\_\_, as required by the Award Agreement.
2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any required tax withholding to be paid in connection with the exercise of the Option.
3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Award Agreement and agrees to abide by and be bound by their terms and conditions.
4. Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 13 of the Plan.
5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.
6. Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all

prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of California.

Submitted by:

Accepted by:

PURCHASER:

MARCUS AND MILLICHAP, INC

\_\_\_\_\_  
Signature

\_\_\_\_\_  
By

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Address:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date Received

MARCUS AND MILLICHAP, INC.  
2013 OMNIBUS EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Marcus and Millichap, Inc. 2013 Omnibus Equity Incentive Plan (the "*Plan*") will have the same defined meanings in this Restricted Stock Unit Award Agreement (the "*Award Agreement*").

**I. NOTICE OF RESTRICTED STOCK UNIT GRANT**

**Participant Name:**

**Address:**

You have been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Number of Restricted Stock Units	_____

Vesting Schedule:

Subject to Section 3 of the Award Agreement and any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Unit will vest in accordance with the following schedule:

[insert vesting schedule]

In the event Participant ceases to be a Service Provider (or gives or is given notice of such termination) for any or no reason before Participant vests in the Restricted Stock Unit, the Restricted Stock Unit and Participant's right to acquire any Shares hereunder will immediately terminate.

By Participant's signature and the signature of the representative of Marcus and Millichap, Inc. (the "*Company*") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant (including any country-specific addendum thereto), attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or



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interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

MARCUS AND MILLICHAP, INC.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
By

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Residence Address:

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**

**TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT**

1. **Grant.** The Company hereby grants to the individual named in the Notice of Grant attached as Part I of this Award Agreement (the "**Participant**") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 13 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. **Company's Obligation to Pay.** Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares as set forth herein, subject to Participant satisfying any applicable tax withholding or other obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in Shares as soon as practicable after vesting, but in each such case within the period ending no later than the date that is two and one-half (2 1/2) months from the end of the Company's tax year that includes the vesting date.

3. **Vesting Schedule.** Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs. Service Provider status will end on the day that notice of termination is provided whether oral or written (whether by the Company or Parent or Subsidiary for any reason or by Participant upon resignation) and will not be extended by any notice period that may be required contractually or under applicable local law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole and absolute discretion to determine when Participant is no longer providing active service for purposes of Service Provider status and participation in the Plan.

4. **Administrator Discretion.** The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as

determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time oral or written notice is provided (whether by Participant or the Company or Parent or Subsidiary) of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Regardless of any action the Company or Participant's employer (the "**Employer**") takes with respect to any or all applicable national, local, or other tax or social contribution, withholding, required deductions, or other payments, if any, that arise upon the grant or vesting of the Restricted Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends, if any ("**Tax-Related Items**"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including grant or vesting, the subsequent sale of Shares acquired under the Plan, and the receipt of dividends, if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-

Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to such Shares.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares, but prior to such issuance, Participant will not have any rights to dividends and/or distributions on such Shares.

9. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock Units is voluntary and occasional and does not Create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation; (g) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its General Counsel at Marcus and Millichap, Inc., 23975 Park Sorrento, Suite 400, Calabasas, CA 91302, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates

that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to issue any Shares pursuant to the Restricted Stock Units at any time if the issuance of Shares violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the Restricted Stock Units or the holding or disposition of Shares (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to the Restricted Stock Units or the Shares. Notwithstanding any provision herein, the Restricted Stock Units and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Award Agreement).

14. Lock-Up Agreement. In connection with the initial public offering of the Company's securities, Participant hereby agrees not to offer, pledge, sell, contract to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company and the managing underwriters for such offering for such period of time (not to exceed 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering. In addition, upon request of the Company or the underwriters managing a public offering of the Company's securities (other than the initial public offering), Participant hereby agrees to be bound by similar restrictions, and to sign a similar agreement, in connection with no more than one additional registration statement filed within 12 months after the closing date of the initial public offering, provided that the duration of the lock-up period with respect to such additional registration shall not exceed 90 days from the effective date of such additional registration statement. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this subsection shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement. In order to enforce the restriction set forth above, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section.

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If the underwriters release or waive any of the foregoing restrictions in connection with a transfer of shares of Common Stock, the underwriters shall notify the Company at least three business days before the effective date of any such release or waiver. Further, the Company will announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the underwriters shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (x) the release or waiver is effected solely to permit a transfer not for consideration and (y) the transferee has agreed in writing to be bound by the same terms of the lock-up provisions applicable in general to the extent, and for the duration, that such lock-up provision remain in effect at the time of the transfer.] *[Note: only include for awards granted prior to the end of the lock-up period.]*

15. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

16. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

17. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Award Agreement, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

21. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any affiliate, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.*

*For Participants located in the European Union, the following paragraph applies: Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares received. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*



22. Foreign Exchange Fluctuations and Restrictions Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency and may require the Participant to provide such entity with certain information regarding the transaction.

23. Amendment, Suspension or Termination of the Plan By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

24. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of the County of Los Angeles, California, or the federal courts for the United States for the Central District of California, and no other courts.

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**FORM OF  
AMENDMENT, RESTATEMENT AND FREEZING OF  
STOCK APPRECIATION RIGHTS AGREEMENT**

This Amendment, Restatement and Freeze of Stock Appreciation Rights Agreement (this "**Agreement**") is made and entered into effective as of [ ], 2013 (the "**Effective Date**") by and between Marcus & Millichap Real Estate Investment Services, Inc., a California corporation (the "**Company**"), and [ ] ("**Employee**").

**RECITALS**

WHEREAS, in consideration of Employee's continuing and valuable services to the Company, the Company previously granted to Employee stock appreciation rights, pursuant to a Stock Appreciation Rights Agreement by and between the Company and Employee effective as of [ ] (the "**Original Agreement**") and subsequently Amended and Restated on effective as of [ ] (the "**Amended Agreement**");

WHEREAS, the Company and Employee have determined that it is in their respective best interests to amend, restate and freeze the Amended Agreement to convert the existing stock appreciation rights into their cash value contingent upon the effectiveness of the first registration statement that is filed by Marcus and Millichap, Inc., a Delaware corporation, ("**MMI**") and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to any class of MMI's securities (such effective date, the "**Registration Date**"); and

NOW, THEREFORE, in consideration of the premises and the terms and conditions set forth herein, and for other valuable consideration, receipt of which is hereby acknowledged, the parties agree, contingent upon the Registration Date, as follows:

**AGREEMENT**

1. Existing Cash Value. The Company hereby determines that the existing cash value of the stock appreciation rights currently held by Employee under the terms of the Amended Agreement equal \$[ ] as of March 31, 2013 (the "**SAR Cash Value**").

2. SAR Account. The Company shall establish a separate account maintained on the books of the Company for the Employee, which will be credited as follows:

(a) Effective as of the Registration Date, with the SAR Cash Value; and

(b) On January 1 of each year, commencing on January 1, 2015 (each, an "**Interest Credit Date**"), with simple interest in an amount equal (x) the balance in the SAR Account (the amount credited to the SAR Account at any point in time, the "**SAR Account Balance**") on the December 31 immediately prior to the Interest Credit Date *multiplied by* (y) the Earnings Rate in effect on January 1 of the year prior to the Interest Credit Date. For purposes of this Agreement, the "**Earnings Rate**" shall be the rate for a 10-Year Treasury Note as in effect on the Interest Credit Date plus 200 basis points. By way of example, on January 1, 2015, the SAR Account will be credited with simple interest equal to (x) the SAR Account Balance on December 31, 2014 *multiplied by* (y) the Earnings Rate in effect on January 1, 2014.

*No Grandfathered Rights Under Section 409A*

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Provided, however, that the existence of such book entry and the SAR Account shall not create, and shall not be deemed to create, a trust of any kind, or a fiduciary relationship between the Company and Employee, his or her designated beneficiaries, or other beneficiaries under the Agreement.

3. Vesting. Subject to Section 5 below, effective as of the Registration Date, the Employee shall be fully vested in his right to the SAR Account Balance.

4. Distribution on Death, Disability or Mutual Termination of Association.

(a) The Company shall distribute the SAR Account to the Employee following the termination of his service with the Company or its affiliates due to death, long-term disability of three (3) months or longer or for any other reason mutually acceptable in writing to Employee and the Company. For purposes of this Agreement, a mutual agreement regarding termination of service shall mean that the Company and Employee have agreed in writing to the terms of Employee's termination of service.

(b) Following the occurrence of any of the events described above, the SAR Account Balance shall be paid to Employee, his estate, or the trustee of a trust for the benefit of Employee, as the case may be, as follows:

(i) Ten percent (10%) of the SAR Account Balance shall be paid in cash within thirty (30) days following the date of the event giving rise to the distribution **OR** the last day of the calendar year of the Company including the date of the event giving rise to the distribution (the "**Initial Payment Date**"); and

(ii) Ten percent (10%) of the SAR Account Balance shall be paid in cash within thirty (30) days of each of the first nine (9) anniversaries of the Initial Payment Date (each an "**Anniversary Date**" and such nine (9) year period the "**Installment Payment Term**"). The SAR Account will continue to be credited with deemed earnings pursuant to Section 2(b) above during the Installment Payment Term.

5. Distribution on Termination Other than for Cause or Resignation Other than by Mutual Agreement If Employee resigns from service with the Company or its affiliates other than by written mutual agreement (as described in Section 4(a)), or is terminated by the Company other than for cause (as determined by the Company), the SAR Account Balance as of the date of such termination of service shall be reduced to seventy-five percent (75%) of the SAR Account Balance as in effect immediately prior to such termination of service under this Section 5(a). Following such termination of service, the reduced SAR Account Balance will be paid in accordance with Section 4(b) above.

<sup>1</sup> NTD: Mirror payment provision under existing agreement.

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6. Distribution on Change in Control.

(a) In the event of a Change in Control of MMI (as defined in the MMI 2013 Omnibus Equity Incentive Plan), the entire SAR Account Balance shall be paid to Employee upon the consummation of the Change in Control; provided that such Change in Control constitutes, with respect to Employee, a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended and the guidance promulgated thereunder (“**Section 409A**”).

7. Restrictive Covenants. The following covenants shall govern Employee upon the event in Section 4 or 5 triggering a distribution of Employee’s SAR Account Balance:

(a) For a period of three (3) years after the effective date of the termination of service, Employee agrees that he will not affirmatively induce or attempt to induce, directly or indirectly, any individual employed by the Company or its affiliates, to terminate his or her service with the Company and/or any of its affiliates for the purpose of associating with any competitor of the Company.

(b) For a period of three (3) years after the effective date of the termination of service, Employee further agrees that he will not directly or indirectly induce or attempt to induce any person or entity with whom the Company has an existing business relationship as of the date of this Agreement to either cease doing business with the Company or to do business with a competitor of the Company.

(c) Employee acknowledges that these limited restrictions are in consideration of the payment of his SAR Account Balance and do not otherwise substantially affect his right and ability to engage in his trade or profession.

8. Obligations to Company. Employee acknowledges and reaffirms his fiduciary obligations to the Company, including but not limited to the duty not to misappropriate any confidential information or business opportunities of the Company. The payments due Employee under this Agreement may be conditioned upon Employee’s reaffirmation of such obligations, and may be applied as a set-off to any damages which the Company may incur as a result of any breach by Employee of such obligations.

9. Limitation of Rights. Nothing in this Agreement shall or shall be deemed to (a) give or bestow upon Employee any rights to any common stock or any other stock of the Company or any of the rights or privileges accorded beneficial or record holders of the issued and outstanding shares of the common stock or any other stock of the Company; (b) limit in any way the ability, right or power of the Company to terminate Employee’s service at any time, which ability, right and power Employee acknowledges that the Company has and is free to exercise at any time and for any reason, with or without cause; or (c) evidence any agreement or understanding, express or implied, that the Company will employ Employee in any particular position, at any particular rate or remuneration or for any particular period of time.

10. Withholding. The Company shall have the right to deduct from all payments to Employee pursuant to this Agreement any sums required by law to be withheld (e.g., for federal or state income tax withholding) with respect to such payments.

11. No Employee Assignment. No right or benefit of Employee under this Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge. Any attempt by Employee to anticipate, alienate, sell, assign, pledge, encumber or charge such right or benefit shall be void, and such right or benefit shall, in the discretion of the Company, cease and terminate.

12. Understanding with Respect to Business and Accounting Practices. Employee understands and agrees that, from time to time, the Company may make material changes in the substantive nature of its business, the manner in which it conducts its business or the manner in which it accounts for the financial aspects of its activities. Nothing in this Agreement shall entitle Employee to challenge any such change or practice, whether or not the Company has exercised sound and prudent business judgment.

13. Notices. All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service, if served personally on the party to whom notice is to be given, or within seventy-two (72) hours after mailing, if mailed to the party at the address set forth on the signature page of this Agreement, or any other address that either party may designate by written notice to the other.

14. Claim for Benefits

(a) Top-Hat Plan. This Agreement is intended to be part of a “top-hat” plan maintained for the benefit of a select group of management or highly compensated employees of the Company within the meaning of Regulation Section 2520.104-23 under the Employee Retirement Income Security Act of 1974 (“ERISA”).

(b) Application for Benefits. All applications for payments under the Agreement (“Benefits”) shall be submitted to the Company’s Chief Executive Officer (the “Claims Administrator”). Applications for Benefits must be in writing on forms acceptable to the Claims Administrator and must be signed by Employee or beneficiary.

(c) Appeal of Denial of Claim.

(i) If a claimant’s claim for Benefits is denied, the Claims Administrator shall provide notice to the claimant in writing of the denial within ninety (90) days after its submission. The notice shall be written in a manner calculated to be understood by the claimant and shall include:

- a) The specific reason or reasons for the denial;
- b) Specific references to the Agreement provisions on which the denial is based;

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c) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

d) An explanation of the Agreement's claims review procedures and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

(ii) If special circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefor shall be furnished to the claimant before the end of the initial ninety (90) day period. In no event shall such extension exceed ninety (90) days.

(iii) If a claim for Benefits is denied, the claimant, at the claimant's sole expense, may appeal the denial to the Chairman of the Board of Directors of the Company (the "**Appeals Administrator**") within sixty (60) days of the receipt of written notice of the denial. In pursuing such appeal the applicant or his duly authorized representative:

a) may request in writing that the Appeals Administrator review the denial;

b) may review pertinent documents; and

c) may submit issues and comments in writing.

(iv) The decision on review shall be made within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original sixty (60) day period. The decision on review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and, if the decision on review is a denial of the claim for Benefits, shall include:

a) The specific reason or reasons for the denial;

b) Specific references to the Agreement provisions on which the denial is based;

c) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

d) An explanation of the Agreement's claims review procedures and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

15. Arbitration. Should any dispute arise between the parties concerning the subject matter of this Agreement that remains unresolved following the claimant's exhaustion of the foregoing appeal procedure, it shall be settled by final, binding arbitration by the American Arbitration Association in Santa Clara County, California or as otherwise required by ERISA, and the award of the arbitrators may be entered in any court of competent jurisdiction. The prevailing party in any such arbitration shall be awarded reasonable attorneys fees and other costs of arbitration.

16. Miscellaneous.

(a) Amendments. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

(b) No Waivers. No waiver by the Company of any of Employee's obligations hereunder shall operate as a waiver of, or obligate the Company to waive, any requirements of this Agreement in any other instance.

(c) Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the State of California.

(d) Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement.

(e) Severability. In the event any provision of this Agreement is held to be invalid, void or unenforceable, the rest of the provisions shall, nonetheless, remain in full force and effect and shall in no way be affected, impaired or invalidated.

(f) Entire Agreement. This instrument constitutes the entire agreement between the parties and supersedes all prior understandings, previous negotiations and any memoranda of understanding.

(g) Unfunded Obligation. Any amounts payable to Employee under this Agreement are unfunded obligations. The Company shall not be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Employee account shall not create or constitute a trust or fiduciary relationship between the Board of Directors or the Company and Employee, or otherwise create any vested or beneficial interest in Employee or Employee's creditors in any assets of the Company.

(h) Compliance with Section 409A.

(i) Notwithstanding anything contained in this Agreement to the contrary, no amount payable on account of Employee's termination of service which constitutes a "deferral of compensation" ("**Section 409A Deferred Compensation**") within the meaning of Section 409A shall be paid unless and until Employee has incurred a "separation from service" within the meaning of Section 409A.

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(ii) It is the intent of the Company and Employee that any right of Employee to receive installment payments hereunder shall, for all purposes of Section 409A, be treated as a right to a series of separate payments.

(iii) The Company intends that income provided to Employee pursuant to this Agreement will not be subject to taxation under Section 409A. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A. **However, the Company does not guarantee any particular tax effect for income provided to Employee pursuant to this Agreement.** In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Employee, the Company shall not be responsible for the payment of any applicable taxes incurred by Employee on compensation paid or provided to Employee pursuant to this Agreement.



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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

**“EMPLOYEE”**

**THE “COMPANY”**

Marcus & Millichap Real Estate Investment  
Brokerage Company, a California corporation

By: \_\_\_\_\_

**FORM OF  
AMENDMENT, RESTATEMENT AND FREEZING OF  
STOCK APPRECIATION RIGHTS AGREEMENT**

This Amendment, Restatement and Freeze of Stock Appreciation Rights Agreement (this "**Agreement**") is made and entered into effective as of [ ], 2013 (the "**Effective Date**") by and between Marcus & Millichap Real Estate Investment Services, Inc., a California corporation (the "**Company**"), and [ ] ("**Employee**").

**RECITALS**

WHEREAS, in consideration of Employee's continuing and valuable services to the Company, the Company previously granted to Employee stock appreciation rights, pursuant to a Stock Appreciation Rights Agreement by and between the Company and Employee effective as of [ ] (the "**Original Agreement**").

WHEREAS, a portion of the stock appreciation rights subject to the Original Agreement, were fully earned and vested prior to January 1, 2005 (the "**Grandfathered Rights**") and the remaining portion of the stock appreciation rights were not fully earned and vested prior to January 1, 2005 (the "**Non-Grandfathered Rights**");

WHEREAS, the Company and Employee amended and restated the Original Agreement with respect to the Non-Grandfather Rights effective as of [ ] (the "**Amended Agreement**");

WHEREAS, the Company and Employee have determined that it is in their respective best interests to amend, restate and freeze the Original Agreement and Amended Agreement, to the extent applicable, to convert the existing stock appreciation rights into their cash value contingent upon the effectiveness of the first registration statement that is filed by Marcus and Millichap, Inc., a Delaware corporation, ("**MMI**") and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to any class of MMI's securities (such effective date, the "**Registration Date**"); and

NOW, THEREFORE, in consideration of the premises and the terms and conditions set forth herein, and for other valuable consideration, receipt of which is hereby acknowledged, the parties agree, contingent upon the Registration Date, as follows:

**AGREEMENT**

1. Existing Cash Value. The Company hereby determines that the existing cash value of the stock appreciation rights currently held by Employee under the terms of the Original Agreement with respect to the Grandfathered Rights and the Amended Agreement with respect to the Non-Grandfathered Rights equal, in the aggregate, \$[ ] as of March 31, 2013 (the "**SAR Cash Value**").

*Grandfathered Rights under Section 409A*

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2. SAR Account. The Company shall establish two separate accounts maintained on the books of the Company for the Employee, which will be credited as follows:

(a) The Non-Grandfathered SAR Account:

(i) Effective as of the Registration Date, with the SAR Cash Value attributable to the Non-Grandfathered Rights; and

(ii) On January 1 of each year, commencing on January 1, 2015 (each, an **“Interest Credit Date”**), with simple interest in an amount equal (x) the balance in the Non-Grandfathered SAR Account (the amount credited to the SAR Account at any point in time, the **“Non-Grandfathered SAR Account Balance”**) on the December 31 immediately prior to the Interest Credit Date *multiplied by* (y) the Earnings Rate in effect on January 1 of the year prior to the Interest Credit Date. For purposes of this Agreement, the **“Earnings Rate”** shall be the rate for a 10-Year Treasury Note as in effect on the Interest Credit Date plus 200 basis points. By way of example, on January 1, 2015, the SAR Account will be credited with simple interest equal to (x) the SAR Account Balance on December 31, 2014 *multiplied by* (y) the Earnings Rate in effect on January 1, 2014.

(b) The Grandfathered SAR Account:

(i) Effective as of the Registration Date, with the SAR Cash Value attributable to the Grandfathered Rights; and

(ii) On each Interest Credit Date, with simple interest in an amount equal (x) the balance in the Grandfathered SAR Account (the amount credited to the SAR Account at any point in time, the **“Grandfathered SAR Account Balance”**) and together with the Non-Grandfathered SAR Account Balance, the **“SAR Account Balance”**) on the December 31 immediately prior to the Interest Credit Date *multiplied by* (y) the Earnings Rate in effect on January 1 of the year prior to the Interest Credit Date.

Provided, however, that the existence of such book entries and the Non-Grandfathered SAR Account and Grandfathered SAR Account shall not create, and shall not be deemed to create, a trust of any kind, or a fiduciary relationship between the Company and Employee, his or her designated beneficiaries, or other beneficiaries under the Agreement.

3. Vesting. Subject to Section 5 below, effective as of the Registration Date, the Employee shall be fully vested in his right to the SAR Account Balance.

4. Distribution on Death, Disability or Mutual Termination of Association.

(a) The Company shall distribute the SAR Account to the Employee following the termination of his service with the Company or its affiliates due to death, long-term disability of three (3) months or longer or for any other reason mutually acceptable in writing to Employee and the Company. For purposes of this Agreement, a mutual agreement regarding termination of service shall mean that the Company and Employee have agreed in writing to the terms of Employee’s termination of service.

(b) Following the occurrence of any of the events described above, the SAR Account Balance shall be paid to Employee, his estate, or the trustee of a trust for the benefit of Employee, as the case may be, as follows:

(i) Ten percent (10%) of the SAR Account Balance shall be paid in cash within thirty (30) days following the date of the event giving rise to the distribution **OR** the last day of the calendar year of the Company including the date of the event giving rise to the distribution (the “**Initial Payment Date**”); and

(ii) Ten percent (10%) of the SAR Account Balance shall be paid in cash within thirty (30) days of each of the first nine (9) anniversaries of the Initial Payment Date (each an “**Anniversary Date**” and such nine (9) year period the “**Installment Payment Term**”). The SAR Account will continue to be credited with deemed earnings pursuant to Section 2(b) above during the Installment Payment Term.

5. Distribution on Termination Other than for Cause or Resignation Other than by Mutual Agreement If Employee resigns from service with the Company or its affiliates other than by written mutual agreement (as described in Section 4(a)), or is terminated by the Company other than for cause (as determined by the Company), the SAR Account Balance as of the date of such termination of service shall be reduced to seventy-five percent (75%) of the SAR Account Balance as in effect immediately prior to such termination of service under this Section 5(a). Following such termination of service, the reduced SAR Account Balance will be paid in accordance with Section 4(b) above.

6. Distribution on Change in Control.

(a) In the event of a Change in Control of MMI (as defined in the MMI 2013 Omnibus Equity Incentive Plan), the entire SAR Account Balance shall be paid to Employee upon the consummation of the Change in Control; provided that such Change in Control constitutes, with respect to Employee, a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended and the guidance promulgated thereunder (“**Section 409A**”).

7. Restrictive Covenants. The following covenants shall govern Employee upon the event in Section 4 or 5 triggering a distribution of Employee’s SAR Account Balance:

(a) For a period of three (3) years after the effective date of the termination of service, Employee agrees that he will not affirmatively induce or attempt to induce, directly or indirectly, any individual employed by the Company or its affiliates, to terminate his or her service with the Company and/or any of its affiliates for the purpose of associating with any competitor of the Company.

(b) For a period of three (3) years after the effective date of the termination of service, Employee further agrees that he will not directly or indirectly induce or attempt to induce any person or entity with whom the Company has an existing business relationship as of the date of this Agreement to either cease doing business with the Company or to do business with a competitor of the Company.

<sup>1</sup> NTD: Mirror payment provision under existing agreement.

(c) Employee acknowledges that these limited restrictions are in consideration of the payment of his SAR Account Balance and do not otherwise substantially affect his right and ability to engage in his trade or profession.

8. Obligations to Company. Employee acknowledges and reaffirms his fiduciary obligations as an officer and director of the Company, including but not limited to the duty not to misappropriate any confidential information or business opportunities of the Company. The payments due Employee under this Agreement may be conditioned upon Employee's reaffirmation of such obligations, and may be applied as a set-off to any damages which the Company may incur as a result of any breach by Employee of such obligations.

9. Limitation of Rights. Nothing in this Agreement shall or shall be deemed to (a) give or bestow upon Employee any rights to any common stock or any other stock of the Company or any of the rights or privileges accorded beneficial or record holders of the issued and outstanding shares of the common stock or any other stock of the Company; (b) limit in any way the ability, right or power of the Company to terminate Employee's service at any time, which ability, right and power Employee acknowledges that the Company has and is free to exercise at any time and for any reason, with or without cause; or (c) evidence any agreement or understanding, express or implied, that the Company will employ Employee in any particular position, at any particular rate or remuneration or for any particular period of time.

10. Withholding. The Company shall have the right to deduct from all payments to Employee pursuant to this Agreement any sums required by law to be withheld (e.g., for federal or state income tax withholding) with respect to such payments.

11. No Employee Assignment. No right or benefit of Employee under this Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge. Any attempt by Employee to anticipate, alienate, sell, assign, pledge, encumber or charge such right or benefit shall be void, and such right or benefit shall, in the discretion of the Company, cease and terminate.

12. Understanding with Respect to Business and Accounting Practices. Employee understands and agrees that, from time to time, the Company may make material changes in the substantive nature of its business, the manner in which it conducts its business or the manner in which it accounts for the financial aspects of its activities. Nothing in this Agreement shall entitle Employee to challenge any such change or practice, whether or not the Company has exercised sound and prudent business judgment.

13. Notices. All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service, if served personally on the party to whom notice is to be given, or within seventy-two (72) hours after mailing, if mailed to the party at the address set forth on the signature page of this Agreement, or any other address that either party may designate by written notice to the other.

14. Claim for Benefits

(a) Top-Hat Plan. This Agreement is intended to be part of a "top-hat" plan maintained for the benefit of a select group of management or highly compensated employees of the Company within the meaning of Regulation Section 2520.104-23 under the Employee Retirement Income Security Act of 1974 ("ERISA").

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(b) Application for Benefits. All applications for payments under the Agreement (“**Benefits**”) shall be submitted to the Company’s Chief Executive Officer (the “**Claims Administrator**”). Applications for Benefits must be in writing on forms acceptable to the Claims Administrator and must be signed by Employee or beneficiary.

(c) Appeal of Denial of Claim.

(i) If a claimant’s claim for Benefits is denied, the Claims Administrator shall provide notice to the claimant in writing of the denial within ninety (90) days after its submission. The notice shall be written in a manner calculated to be understood by the claimant and shall include:

a) The specific reason or reasons for the denial;

b) Specific references to the Agreement provisions on which the denial is based;

c) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

d) An explanation of the Agreement’s claims review procedures and a statement of claimant’s right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

(ii) If special circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefor shall be furnished to the claimant before the end of the initial ninety (90) day period. In no event shall such extension exceed ninety (90) days.

(iii) If a claim for Benefits is denied, the claimant, at the claimant’s sole expense, may appeal the denial to the Chairman of the Board of Directors of the Company (the “**Appeals Administrator**”) within sixty (60) days of the receipt of written notice of the denial. In pursuing such appeal the applicant or his duly authorized representative:

a) may request in writing that the Appeals Administrator review the denial;

b) may review pertinent documents; and

c) may submit issues and comments in writing.

(iv) The decision on review shall be made within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one

hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original sixty (60) day period. The decision on review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and, if the decision on review is a denial of the claim for Benefits, shall include:

a) The specific reason or reasons for the denial;

b) Specific references to the Agreement provisions on which the denial is based;

c) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

d) An explanation of the Agreement's claims review procedures and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

15. Arbitration. Should any dispute arise between the parties concerning the subject matter of this Agreement that remains unresolved following the claimant's exhaustion of the foregoing appeal procedure, it shall be settled by final, binding arbitration by the American Arbitration Association in Santa Clara County, California or as otherwise required by ERISA, and the award of the arbitrators may be entered in any court of competent jurisdiction. The prevailing party in any such arbitration shall be awarded reasonable attorneys fees and other costs of arbitration.

16. Miscellaneous.

(a) Amendments. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

(b) No Waivers. No waiver by the Company of any of Employee's obligations hereunder shall operate as a waiver of, or obligate the Company to waive, any requirements of this Agreement in any other instance.

(c) Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the State of California.

(d) Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement.

(e) Severability. In the event any provision of this Agreement is held to be invalid, void or unenforceable, the rest of the provisions shall, nonetheless, remain in full force and effect and shall in no way be affected, impaired or invalidated.

(f) Entire Agreement. This instrument constitutes the entire agreement between the parties and supersedes all prior understandings, previous negotiations and any memoranda of understanding.

(g) Unfunded Obligation. Any amounts payable to Employee under this Agreement are unfunded obligations. The Company shall not be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Employee account shall not create or constitute a trust or fiduciary relationship between the Board of Directors or the Company and Employee, or otherwise create any vested or beneficial interest in Employee or Employee's creditors in any assets of the Company.

(h) Compliance with Section 409A.

(i) Notwithstanding anything contained in this Agreement to the contrary, no amount payable on account of Employee's termination of service which constitutes a "deferral of compensation" ("**Section 409A Deferred Compensation**") within the meaning of Section 409A shall be paid unless and until Employee has incurred a "separation from service" within the meaning of Section 409A.

(ii) It is the intent of the Company and Employee that any right of Employee to receive installment payments hereunder shall, for all purposes of Section 409A, be treated as a right to a series of separate payments.

(iii) The Company intends that income provided to Employee pursuant to this Agreement will not be subject to taxation under Section 409A. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A. **However, the Company does not guarantee any particular tax effect for income provided to Employee pursuant to this Agreement.** In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Employee, the Company shall not be responsible for the payment of any applicable taxes incurred by Employee on compensation paid or provided to Employee pursuant to this Agreement.

(iv) To the extent it would not result in adverse tax consequences to Employee under Section 409A, the Company may, in its sole discretion, accelerate payment of the Grandfathered SAR Account Balance.



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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

**“EMPLOYEE”**

**THE “COMPANY”**

Marcus & Millichap Real Estate Investment  
Brokerage Company, a California corporation

By: \_\_\_\_\_

**FORM OF  
SALE RESTRICTION AGREEMENT**

This Sale Restriction Agreement (this "**Agreement**") is made and entered into effective as of [ ], 2013 (the "**Effective Date**") by and between Marcus & Millichap Real Estate Investment Services, Inc., a California corporation (the "**Company**"), and [ ] ("**Employee**").

**RECITALS**

WHEREAS, pursuant to one or more Restricted Stock Purchase Agreements listed on Exhibit A attached hereto (each, a "**Restricted Stock Purchase Agreement**" and, collectively, the "**Restricted Stock Purchase Agreements**"), Employee purchased an aggregate total of [ ] shares (the "**Employee Company Shares**") of common stock of the Company ("**Company Common Stock**"), which are subject to Company repurchase rights that lapses over time;

WHEREAS, the Company and Employee entered into a Shareholder Buy-Sell Agreement with respect to each Restricted Stock Purchase Agreement, as listed on Exhibit B attached hereto (each a "**Buy-Sell Agreement**" and collectively, the "**Buy-Sell Agreements**"), which, among other provisions, restricts Employee's ability to transfer the Employee Company Shares and provides the Company with certain repurchase rights with respect to the Employee Company Shares upon Employee's termination of employment;

WHEREAS, the Company previously granted Employee stock appreciation rights, which, pursuant to a Amendment, Restatement and Freeze of Stock Appreciation Rights Agreement executed coincident herewith (the "**SAR Conversion Agreement**"), the Company and Employee agreed to convert Employee's existing stock appreciation rights into their cash value contingent upon the effectiveness of the first registration statement that is filed by Marcus and Millichap, Inc., a Delaware corporation, ("**MMI**") and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to any class of MMI's securities (such effective date, the "**Registration Date**" and such filing, the "**MMI IPO**");

WHEREAS, in connection with the MMI IPO, Company Common Stock will be exchanged for shares of common stock of MMI ("**MMI Common Stock**"); and

WHEREAS, contingent upon the Registration Date and Employee's execution of the SAR Conversion Agreement, the Company desires to fully vest and release all of the shares of MMI Common Stock Employee holds after the exchange of Employee's Company Common Stock from any Company repurchase rights and to terminate the related Buy-Sell Agreements in exchange for, and conditioned upon, Employee's acceptance of a sale restriction on the shares of MMI Common Stock Employee holds as of the Registration Date that lapses over time and the additional terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the terms and conditions set forth herein, and for other valuable consideration, receipt of which is hereby acknowledged, the parties agree, contingent upon the Registration Date, as follows:

#### AGREEMENT

1. Effect of the MMI IPO. As a result of the exchange of Employee's Company Common Stock for MMI Common Stock in connection with the MMI IPO, as of the Registration Date Employee will hold an aggregate total of [ ] shares of MMI Common Stock (the "**Employee MMI Shares**").

2. Vesting Acceleration. Provided that Employee executes the SAR Conversion Agreement, effective as of, and contingent upon the Registration Date, the Company will accelerate the vesting as to one hundred percent (100%) of the Employee MMI Shares and release all the Employee MMI Shares from the Company's repurchase rights set forth under the applicable Restricted Stock Purchase Agreement. The tax liability, if any, result from such vesting acceleration shall be the sole responsibility of Employee.

3. Termination of Buy-Sell Agreements. Provided that Employee executes the SAR Conversion Agreement, effective as of, and contingent upon the Registration Date, the Company agrees to terminate the Buy-Sell Agreements listed in Exhibit B and, thereafter, the Buy-Sell Agreements have no further effect on Employee with respect to the Employee MMI Shares.

#### 4. Sale Restriction

(a) None of the Employee MMI Shares may be sold, transferred, hypothecated, encumbered or in any way alienated (the "**Sale Restriction**") until released from restriction under the terms of this Agreement.

(b) Any attempted sale, transfer, hypothecation, encumbrance or alienation of Employee MMI Shares prior to the release of such Employee MMI Shares pursuant to this Agreement shall be void and shall transfer no right, title or interest in or to said shares of MMI Common Stock to the purported transferee.

(c) The Employee MMI Shares shall be released from the Sale Restriction as follows:

(i) one-fifth (1/5<sup>th</sup>) of the Employee MMI Shares shall be released from the Sale Restriction on each of the first five (5) anniversaries of the Effective Date, subject in each case to Employee continuing to be a Service Provider (as defined in the MMI 2013 Omnibus Equity Incentive Plan) on each such anniversary;

(ii) 100% of the Employee MMI Shares shall be released from the Sale Restriction upon the death of Employee;

(iii) 100% of the Employee MMI Shares shall be released from the Sale Restriction upon the date of Employee's termination as a Service Provider after attainment of age 67;

(iv) 100% of the Employee MMI Shares shall be released from the Sale Restriction upon the consummation of a Change in Control of MMI (as defined in the MMI 2013 Omnibus Equity Incentive Plan); and

(v) 100% of the Employee MMI Shares shall be released from the Sale Restriction on the fifth (5<sup>th</sup>) anniversary of the date the Employee ceases to be a Service Provider.

For the avoidance of doubt, in the event Employee ceases to be a Service Provider prior to completing five (5) years of service following the Effective Date, any portion of the Employee MMI Shares not released from the Sale Restriction pursuant to Section 4(c)(i) above as of the date Employee ceases to be a Service Provider shall only be released from the Sale Restriction in accordance with Section 4(c)(ii) through Section 4(c)(v), as applicable.

**5. Restrictive Covenants.** The following covenants shall govern Employee upon the lapse of the Sale Restriction with respect to all of the Employee MMI Shares (the "**Restriction Lapse Date**"):

(a) For a period of three (3) years after the Restriction Lapse Date, Employee agrees that he will not affirmatively induce or attempt to induce, directly or indirectly, any individual employed by the Company or its affiliates, to terminate his or her service with the Company and/or any of its affiliates for the purpose of associating with any competitor of the Company.

(b) For a period of three (3) years after the Restriction Lapse Date, Employee further agrees that he will not directly or indirectly induce or attempt to induce any person or entity with whom the Company has an existing business relationship as of the date of this Agreement to either cease doing business with the Company or to do business with a competitor of the Company.

(c) Employee acknowledges that these limited restrictions are in consideration of the lapse of the Sale Restriction on the Employee MMI Shares and do not otherwise substantially affect his right and ability to engage in his trade or profession.

(d) Employee shall have the right to vote the Employee MMI Shares until such shares are sold or otherwise transferred, as permitted under this Agreement.

**6. Permitted Transfers: Obligations of Transferees.**

(a) Notwithstanding any provision of this Agreement to the contrary, Employee may transfer the Employee MMI Shares to an inter-vivos or testamentary trust. If the shares are transferred to a trust, Employee shall continue to be considered a shareholder for purposes of this Agreement; and the trust shall hold the shares subject to all of the provisions of this Agreement.

(b) Each transferee or any subsequent transferee of Employee MMI Shares, or any interest in such shares, shall, unless this Agreement expressly provides otherwise, hold such shares or interest in the shares subject to all of the provisions of this Agreement, and shall make no further transfers except as permitted under this Agreement.

7. Capital Adjustment. The existence of this Agreement shall not affect in any way the right or power of MMI or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the MMI capital structure or its business, or any merger or consolidation of MMI or any issue of bonds, debentures, preferred or preference stock affecting the value of MMI Common Stock or the shares or the rights thereof, or of any right, options, or warrants to purchase any thereof, or the dissolution or liquidation of MMI, any sale or transfer of all or any part of its assets or business, or any other corporate act or proceedings of MMI, whether of a similar character or otherwise.

8. Legends on Share Certificates. Each share certificate, when issued, shall have conspicuously endorsed on its face the following words: "THE SHARES OF THE ISSUER REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO SALE RESTRICTION UPON THE TERMS AND CONDITIONS CONTAINED IN AN AGREEMENT, A COPY OF WHICH MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY, AND ANY ASSIGNEE OR SUCCESSOR SHALL TAKE SUBJECT TO SUCH SALE RESTRICTION." A copy of this Agreement shall be delivered to the Secretary of the Company, and shall be shown by the Secretary to any person making inquiry about it.

9. Limitation of Rights. Nothing in this Agreement shall or shall be deemed to (a) limit in any way the ability, right or power of the Company to terminate Employee's service at any time, which ability, right and power Employee acknowledges that the Company has and is free to exercise at any time and for any reason, with or without cause; or (b) evidence any agreement or understanding, express or implied, that the Company will employ Employee in any particular position, at any particular rate or remuneration or for any particular period of time.

10. Release of Claims. In executing this Agreement and in consideration of the benefits set forth here, and for other good and valuable consideration, the sufficiency of which Employee hereby acknowledges, Employee hereby waives and releases to the maximum extent permitted by applicable law any and all rights or claims Employee may have under the Buy-Sell Agreement(s). Further, Employee agrees and acknowledges that after the Effective Date of this Agreement, the Company will not owe any obligations to Employee under the Buy-Sell Agreement(s).

11. Successors and Assigns. Subject to all limitations on transfer of Employee MMI Shares, this Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and assigns.

12. Notices. All notices, requests, demands or other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service,

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if served personally on the party to whom notice is to be given, or within seventy-two (72) hours after mailing, if mailed to the party at the address set forth on the signature page of this Agreement, or any other address that either party may designate by written notice to the other.

13. Miscellaneous.

(a) Amendments. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

(b) No Waivers. No waiver by the Company of any of Employee's obligations hereunder shall operate as a waiver of, or obligate the Company to waive, any requirements of this Agreement in any other instance.

(c) Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the State of California.

(d) Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement.

(e) Severability. In the event any provision of this Agreement is held to be invalid, void or unenforceable, the rest of the provisions shall, nonetheless, remain in full force and effect and shall in no way be affected, impaired or invalidated.

(f) Entire Agreement. This instrument constitutes the entire agreement between the parties and supersedes all prior understandings, previous negotiations and any memoranda of understanding.

(g) Arbitration. Should any dispute arise between or among any parties hereto concerning the subject matter of this Agreement, it shall be settled by final, binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Associations, and the award of the arbitrator(s) may be entered into any court of competent jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

**THE "COMPANY"**

Marcus & Millichap Real Estate Investment  
Brokerage Company, a California corporation

By: \_\_\_\_\_

Marcus & Millichap, Inc., a Delaware corporation

By: \_\_\_\_\_

"EMPLOYEE"

\_\_\_\_\_

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**EXHIBIT A**  
**LIST OF RESTRICTED STOCK PURCHASE AGREEMENT**

Date of Grant

Number of Shares

Aggregate Purchase Price

Vesting Schedule



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**EXHIBIT B**

**LIST OF SHAREHOLDER BUY-SELL AGREEMENTS**

1. Shareholder Buy-Sell Agreement dated [     ].
2. Shareholder Buy-Sell Agreement dated [    ].
3. Shareholder Buy-Sell Agreement dated [    ].

**List of Subsidiaries**

<u>Name of Subsidiary</u>	<u>Jurisdiction</u>
Marcus & Millichap REIS of Atlanta, Inc.	Georgia
Marcus & Millichap REIS of Chicago, Inc.	California
Marcus & Millichap REIS of Florida, Inc.	California
Marcus & Millichap REIS of Nevada, Inc.	California
Marcus & Millichap REIS of North Carolina, Inc.	California
Marcus & Millichap REIS of Seattle, Inc.	California
Marcus & Millichap REIS Canada, Inc.	Canada
Marcus & Millichap Capital Corporation	California
Mark One Capital, Inc.	Delaware

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated June 14, 2013, with respect to 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, in the Registration Statement (Form S-1) and related Prospectus of Marcus & Millichap, Inc. dated September 23, 2013.

/s/ Ernst & Young LLP

San Francisco, California  
September 20, 2013

**Consent of Director Nominee**

Marcus & Millichap, Inc. has filed a Registration Statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of common stock of Marcus & Millichap, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of Marcus & Millichap, Inc. in the Registration Statement, as may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

/s/ Norma J. Lawrence

Norma J. Lawrence

Dated September 20, 2013

**Consent of Director Nominee**

Marcus & Millichap, Inc. has filed a Registration Statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of common stock of Marcus & Millichap, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of Marcus & Millichap, Inc. in the Registration Statement, as may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

/s/ George T. Shaheen

George T. Shaheen

Dated September 20, 2013

**Consent of Director Nominee**

Marcus & Millichap, Inc. has filed a Registration Statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of common stock of Marcus & Millichap, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of Marcus & Millichap, Inc. in the Registration Statement, as may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

/s/ Don C. Watters

Don C. Watters

Dated September 20, 2013

**Consent of Director Nominee**

Marcus & Millichap, Inc. has filed a Registration Statement on Form S-1 with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the initial public offering of common stock of Marcus & Millichap, Inc. In connection therewith, I hereby consent, pursuant to Rule 438 of the Securities Act, to being named as a nominee to the board of directors of Marcus & Millichap, Inc. in the Registration Statement, as may be amended from time to time. I also consent to the filing of this consent as an exhibit to such Registration Statement and any amendments thereto.

/s/ Nicholas F. McClanahan

Nicholas F. McClanahan

Dated September 20, 2013