

Marcus & Millichap, Inc.  
Form DEF 14A  
March 21, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Marcus & Millichap**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Marcus & Millichap, Inc.**

**23975 Park Sorrento, Suite 400**

**Calabasas, California 91302**

**(818) 212-2250**

March 21, 2014

Dear Stockholder:

I am pleased to invite you to attend the 2014 Annual Meeting of Stockholders of Marcus & Millichap, Inc. The meeting will be held on Tuesday, May 6, 2014 at 2:00 p.m. local time at the Stanford Park Hotel, 100 El Camino Real, Menlo Park, California 94025.

We are furnishing our proxy materials to stockholders primarily over the Internet. This process expedites stockholders receipt of proxy materials, while significantly lowering the costs of our annual meeting and conserving natural resources. On March 21, 2014, we mailed to our stockholders a notice containing instructions on how to access our Proxy Statement and 2013 Annual Report to Stockholders and to vote online. The notice also included instructions on how you can receive a paper copy of your annual meeting materials. If you received your annual meeting materials by mail, the Proxy Statement, 2013 Annual Report to Stockholders and proxy card were enclosed.

At this year's annual meeting, the agenda includes the following items:

<b>Agenda Item</b>	<b>Board Recommendation</b>
Election of directors	<b>FOR</b>
Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014	<b>FOR</b>
Approve the adoption of the Executive Short-Term Incentive Plan Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of 2014 Annual Meeting of Stockholders and Proxy Statement.	<b>FOR</b>

Your vote is important. Whether or not you plan to attend the annual meeting, I hope you will vote as soon as possible. You may vote over the Internet or in person at the annual meeting or, if you receive your proxy materials by U.S. mail, you also may vote by mailing a proxy card or voting by telephone. Please review the instructions on the notice or on the proxy card regarding your voting options. Only stockholders showing proof of ownership on the record date will be allowed to attend the meeting in person.

Sincerely yours,

John J. Kerin

*President and Chief Executive Officer*

**23975 Park Sorrento, Suite 400**

**Calabasas, California 91302**

**(818) 212-2250**

**NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS**

**TIME AND DATE**

2:00 p.m. local time on Tuesday, May 6, 2014

**PLACE**

Stanford Park Hotel, 100 El Camino Real, Menlo Park, California 94025

**AGENDA**

Elect the two director nominees named in the Proxy Statement

Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014

Approve the adoption of the Executive Short-Term Incentive Plan

Transact such other business as may properly come before the annual meeting (including adjournments and postponements)

**RECORD DATE**

March 10, 2014

**VOTING**

Please vote as soon as possible to record your vote, even if you plan to attend the annual meeting. Your broker will NOT be able to vote your shares with respect to the election of directors and most of the other matters presented at the meeting, unless you have given your broker specific instructions to do so. We strongly encourage you to vote. You have three options for submitting your vote before the annual meeting:

Internet

Phone

Mail

By Order of the Board of Directors,

John J. Kerin

*President and Chief Executive Officer*

Calabasas, California

March 21, 2014

## INTERNET AVAILABILITY OF PROXY MATERIALS

We are furnishing proxy materials to our stockholders primarily via the Internet. On March 21, 2014, we mailed most of our stockholders on the record date a Notice Regarding the Availability of Proxy Materials ( Notice of Internet Availability ) containing instructions on how to access and review all of the important information contained in our proxy materials, including our Proxy Statement and our 2013 Annual Report to Stockholders. The Notice of Internet Availability also instructs you on how to vote via the Internet. Other stockholders, in accordance with their prior requests, have been mailed paper copies of our proxy materials and a proxy card or voting form.

Internet distribution of our proxy materials is designed to expedite receipt by stockholders, lower the cost of the annual meeting and conserve natural resources. However, if you would prefer to receive paper copies of proxy materials, please follow the instructions included in the Notice of Internet Availability.

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 6, 2014:**

The Notice of the 2014 Annual Meeting, the Proxy Statement and  
the 2013 Annual Report to Stockholders are available at <http://www.astproxyportal.com/ast/18576>.

## ATTENDING THE ANNUAL MEETING

Doors open at 1:30 p.m. local time

Meeting starts at 2:00 p.m. local time

Proof of Marcus & Millichap, Inc. stock ownership and photo identification will be required to attend the annual meeting

You do not need to attend the annual meeting to vote if you submitted your proxy in advance of the annual meeting

## QUESTIONS

**For questions regarding**  
Annual meeting

**Contact:**  
Marcus & Millichap, Inc.  
  
Attention: Martin E. Louie  
  
23975 Park Sorrento, Suite 400  
  
Calabasas, California 91302

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(818) 212-2250

Stock ownership for registered holders

American Stock Transfer & Trust Company, LLC 6201  
15th Avenue, 3rd Floor

Brooklyn, NY 11219

(800) 937-5449

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

Stock ownership for beneficial holders

Please contact your broker, bank, or other nominee



**Marcus & Millichap, Inc.**

**23975 Park Sorrento, Suite 400**

**Calabasas, California 91302**

**(818) 212-2250**

**PROXY STATEMENT**

Our Board of Directors (the Board) solicits your proxy for the 2014 Annual Meeting of Stockholders and any postponement or adjournment of the meeting for the matters set forth in Notice of 2014 Annual Meeting of Stockholders. The annual meeting will be held on Tuesday, May 6, 2014 at 2:00 p.m. local time at the Stanford Park Hotel, 100 El Camino Real, Menlo Park, California 94025. We made this Proxy Statement available to stockholders beginning on March 21, 2014.

<b>Record Date</b>	March 10, 2014
<b>Quorum</b>	Holders of a majority of the voting power of all issued and outstanding shares on the record date must be present in person or represented by proxy
<b>Shares Outstanding</b>	36,600,897 shares of common stock outstanding as of March 10, 2014
<b>Voting by Proxy</b>	Internet, telephone, or mail
<b>Voting at the Meeting</b>	We encourage stockholders to vote in advance of the annual meeting, even if they plan to attend the meeting. In order to be counted, proxies submitted by Internet or telephone must be received by 11:59 p.m. Eastern Standard Time on May 5, 2014. Stockholders can vote in person during the meeting. Stockholders of record who attend the annual meeting in person may obtain a ballot. Beneficial holders who attend the annual meeting in person must obtain a proxy from their broker, bank, or other nominee prior to the date of the annual meeting and present it with their ballot. Voting in person by a stockholder during the meeting will replace any previous votes.

**Changing Your Vote**

Stockholders of record may revoke their proxy at any time before the polls close by submitting a later-dated proxy card, by voting in person at the annual meeting, by delivering instructions to our Corporate Secretary before the annual meeting or by voting again using the Internet or telephone before the cut-off time. (Your latest Internet or telephone proxy is the one that will be counted.) If you hold shares through a broker, bank, or other nominee, you may revoke any prior voting instructions by contacting that firm.

**Votes Required to Adopt Proposals**

Each share of our common stock outstanding on the record date is entitled to one vote on each of the two director nominees, one vote on the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014 and one vote on the adoption of the Executive Short-Term Incentive Plan. The election of directors is determined by the plurality of votes. The

ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm and the adoption of the Executive Short-Term Incentive Plan are determined by a majority of votes cast affirmatively or negatively.

**Effect of Abstentions and Broker Non-Votes**

Shares voting withhold have no effect on the election of directors. In the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2014 and the adoption of the Executive Short-Term Incentive Plan, abstentions and broker non-votes (shares held by brokers that do not have discretionary authority to vote on a matter and have not received voting instructions from their clients) have no effect. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on the election of directors or the adoption of the Executive Short-Term Incentive Plan. Accordingly, we encourage you to vote promptly, even if you plan to attend the annual meeting.

**Voting Instructions**

If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you are a stockholder of record and you submit proxy voting instructions but do not direct how to vote on each proposal, the persons named as proxies will vote as the Board recommends on each proposal. The persons named as proxies will vote on any other matters properly presented at the annual meeting in accordance with their best judgment. Our Bylaws set forth requirements for advance notice of nominations and agenda items for the annual meeting, and we have not received timely notice of any such matters that may be properly presented for voting at the annual meeting, other than the items from the Board described in this Proxy Statement.

**Voting Results**

We will announce preliminary results at the annual meeting. We will report final results in a filing with the U.S. Securities and Exchange Commission ( SEC ) on Form 8-K.

## PROPOSAL 1: ELECTION OF DIRECTORS

### Our Board; Selection of Nominees

Our Board is divided into three classes serving staggered three-year terms. At the 2014 Annual Meeting of the Stockholders (the Annual Meeting), you and the other stockholders will elect two individuals to serve as directors for three-year terms that end at the 2017 Annual Meeting of Stockholders.

Our Nominating and Corporate Governance Committee is charged with identifying, evaluating and recommending to the full Board director nominees. There are no minimum qualifications for director. The Nominating and Corporate Governance Committee generally seeks individuals with broad experience at the policy-making level in business, or with particular industry expertise. While we do not have a formal diversity policy for Board membership, we look for potential candidates that help ensure that the Board has the benefit of a wide range of attributes. We also look for financial oversight experience, financial community experience and a good reputation with the financial community; business management experience; business contacts, business knowledge and influence that may be useful to our business; and knowledge about our industry. We believe that all of our directors should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform and carry out all director duties in a responsible manner. Each director must also represent the interests of all stockholders.

When seeking new director candidates, the Nominating and Corporate Governance Committee will consider potential candidates for directors submitted by Board members, members of our management and our stockholders, and does not evaluate candidates differently based upon the source of the nominee.

Both of the nominees, John J. Kerin and Norma J. Lawrence, are now members of the Board. The terms of both John J. Kerin and Norma J. Lawrence will expire at the Annual Meeting.

The individuals named as proxyholders will vote your proxy for the election of the two nominees unless you direct them to withhold your vote. If any nominee becomes unable to serve as a director before the Annual Meeting (or decides not to serve), the individuals named as proxyholders may vote for a substitute.

Set forth below are the names and ages of these nominees and the other continuing directors, the years they became directors, their principal occupations or employment for at least the past five years and the names of other public companies for which they serve as a director or have served as a director during the past five years. Also set forth are the specific experience, qualifications, attributes or skills that led our Nominating and Corporate Governance Committee to conclude that each person should serve as a director. Unless the context requires otherwise, the words Marcus & Millichap, we, the Company, us and our refer to Marcus & Millichap, Inc. since June 2013 and Marcus & Millichap Real Estate Investment Services, Inc. before June 2013.

### Nominees for Election for a Three-Year Term Ending with the 2017 Annual Meeting

**John J. Kerin**, 58, has served as President and Chief Executive Officer of the Company since 2010 and as a director since March 1996. Prior to his appointment as President and CEO of the Company, 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. Mr. Kerin has extensive knowledge of the Company and over 30 years of

experience working in the real estate industry.

**Norma J. Lawrence**, 59, became a director in October 2013. 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 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 and financial matters in the real estate industry.

### **Recommendation of the Board**

**THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE ABOVE NOMINEES.**

### **Directors Continuing in Office Until the 2015 Annual Meeting**

**William A. Millichap**, 70, 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 & 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.

**Nicholas F. McClanahan**, 69, became a director in October 2013. 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.

### **Directors Continuing in Office Until the 2016 Annual Meeting**

**George M. Marcus**, 72, is our founder and has served as our chairman since 1971. Mr. Marcus is also the founder and chairman of Marcus & Millichap 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.

**George T. Shaheen**, 69, became a director in October 2013. 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. and Green Dot Corporation, and previously served on the boards of PRA International and Univita Health. He is also 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**, 71, became a director in October 2013. 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.

## CORPORATE GOVERNANCE

### Board Responsibilities and Structure

The Board oversees, counsels and directs management in the long-term interests of the Company and our stockholders. The Board s responsibilities include:

selecting, evaluating the performance of, and determining the compensation of the CEO and other executive officers;

overseeing the risks that the Company faces;

reviewing and approving our major financial objectives and strategic and operating plans, and other significant actions;



overseeing the conduct of our business and the assessment of our business and other enterprise risks to evaluate whether the business is being properly managed; and

overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with law and ethics.

The Board and its committees met throughout the year on a set schedule, held special meetings and acted by written consent from time to time as appropriate.

The Board is divided into three classes. The Class I directors, Norma J. Lawrence and John J. Kerin, have served an initial term and are subject to election at the upcoming Annual Meeting, the Class II directors, Nicholas F. McClanahan and William A. Millichap, will serve an initial term until the 2015 Annual Meeting of Stockholders, and the Class III directors, George M. Marcus, Don C. Watters and George T. Shaheen, 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 Bylaws do not dictate a particular Board structure and the Board is free to determine whether or not to have a Chairman and, if so, to select that Chairman and our CEO in the manner it considers our best interest. Currently, the Board has selected George M. Marcus and William A. Millichap to hold the positions of Co-Chairman of the Board. Mr. Marcus and Mr. Millichap's experience at the Company has afforded them intimate knowledge of the issues, challenges and opportunities facing the Company's business. Accordingly, they are well positioned to focus the Board's attention on the most pressing issues facing the Company. The Board has appointed Don C. Watters as its lead independent director. As lead independent director, Mr. Watters will oversee the executive sessions of the independent directors and will serve as a liaison between the independent directors and the Co-Chairmen. The Board believes its administration of its risk oversight function has not affected the Board's leadership structure.

### **Director Independence**

The Board is currently composed of seven directors. Under the rules of the New York Stock Exchange (the NYSE), independent directors must comprise a majority of a listed company's board of directors.

The Board 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, the Board has determined that Nicholas F. McClanahan, Don C. Watters, George T. Shaheen and Norma J. Lawrence, representing four of our seven 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, the Board considered the current and prior relationships that each non-employee director has with our Company and all other facts and circumstances the Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

### ***Transactions Considered in Independence Determinations***

In making its independence determinations, the Board considered transactions that occurred since the beginning of fiscal year 2011 between the Company and entities associated with the independent directors or members of their immediate family. All identified transactions that appeared to relate to the Company and a family member of, or entity with a known connection to, a director were presented to the Board for consideration.

Except for George M. Marcus and William A. Millichap, none of the non-employee directors were disqualified from independent status under the objective tests. In making its subjective determination that each of our Company's non-employee directors other than Messrs. Marcus and Millichap are independent, the Board reviewed and discussed additional information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and the Company's management. The Board considered the transactions in the context of the NYSE objective standards, the special standards established by the SEC for members of audit committees, and the SEC, NYSE and U.S. Internal Revenue Service (IRS) standards for compensation committee

members. Based on all of the foregoing, as required by the NYSE rules, the Board made a subjective determination that no relationships exist that, in the opinion of the Board, would impair the director's independence.

## Board Committees and Charters

The Board delegates various responsibilities and authority to different Board committees. Committees regularly report on their activities and actions to the full Board. The Board currently has, and appoints the members of, a standing Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Executive Committee. Each of the Board committees has a written charter approved by the Board, and we post each charter on our web site at <http://www.marcusmillichap.com/>. Each committee can engage outside experts, advisors and counsel to assist the committee in its work. The following table identifies the current committee members.

Name	Audit	Compensation	Nominating and Corporate Governance	Executive Committee
John J. Kerin				ü
Norma J. Lawrence	Chair			
George M. Marcus			Chair	Chair
Nicholas F. McClanahan		ü	ü	
William A. Millichap		ü		ü
George T. Shaheen	ü		ü	
Don C. Watters	ü	Chair		
<b>Number of Committee Meetings Held in 2013</b>	1	1	0	0

**Audit Committee.** Our Audit Committee currently consists of Norma J. Lawrence, Don C. Watters and George T. Shaheen. The Board 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 Securities Exchange Act of 1934, as amended (the Exchange Act). The Board has also determined that Norma J. Lawrence qualifies as an audit committee financial expert under the applicable SEC rules and regulations and that she is financially literate as that term is defined by the NYSE corporate governance requirements. Our Audit Committee is 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 Don C. Watters, Nicholas F. McClanahan and William A. Millichap. The Board has affirmatively determined that other than Mr. Millichap, each of such directors meets the definition of independent director for purposes of the NYSE rules and the independence requirements of the Exchange Act. Mr. Millichap is expected to resign from the Compensation Committee within one year of the date that our shares became listed on the NYSE. Our Compensation Committee is 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 will require 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 George M. Marcus, Nicholas F. McClanahan and George T. Shaheen. The Board has affirmatively determined that other than Mr. Marcus, each of such directors meets the definition of independent director for purposes of the NYSE rules and the independence requirements of the Exchange Act. Mr. Marcus is expected to resign from the Nominating and Corporate Governance Committee within one year of the date that our shares became listed on the NYSE. Our Nominating and Corporate Governance Committee is responsible for:

identifying, evaluating and recommending to the Board for nomination candidates for membership on the Board;

preparing and recommending to the Board corporate governance guidelines and policies; and

identifying, evaluating and recommending to the Board the chairmanship and membership of each committee of the Board.

***Executive Committee.*** Our Executive Committee currently consists of George M. Marcus, William A. Millichap and John J. Kerin. The Executive Committee acts on matters when a meeting of the full Board is impracticable and has all the powers of the Board except those powers reserved by law to the full Board or as limited by the Executive Committee Charter. The Executive Committee did not meet in 2013.

#### ***Attendance at Board, Committee and Annual Stockholders Meetings***

This will be our first annual meeting. We expect each director to attend every meeting of the Board and the committees on which he or she serves, and we encourage them to attend the annual meetings of the stockholders. Each of the directors attended all of the meetings of the Board and the committees on which they served in 2013, and we expect that all directors will attend the upcoming Annual Meeting.

#### **The Board's Role in Risk Oversight**

Our Company faces a number of risks, including operational, economic, financial, legal, regulatory and competitive risks. Our management is responsible for the day-to-day management of the risks we face. While our Board, as a whole, has ultimate responsibility for the oversight of risk management, it administers its risk oversight role in part through the Board committee structure, with the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee responsible for monitoring and reporting on the material risks associated with their respective subject matter areas.

The Board's role in our risk oversight process will include receiving regular reports from members of senior management, as well as external advisors, on areas of material risk to us, including operational, economic, financial, legal, regulatory and competitive risks. The full Board (or the appropriate committee in the case of risks that are reviewed by a particular committee) will receive these reports from those responsible for the relevant risk in order to enable it to understand our risk exposures and the steps that management will take to monitor and control these exposures. When a committee receives the report, the Chairman of the relevant committee generally will provide a summary to the full Board at the next Board meeting. This will enable the Board and its committees to coordinate the risk oversight role. The Audit Committee will assist the Board in

oversight and monitoring of principal risk exposures related to financial statements, legal, regulatory and other matters, as well as related mitigation efforts. The Compensation Committee will assess, at least annually, the risks associated with our compensation policies. The Nominating and Corporate Governance Committee will assist the Board in oversight of risks that we have relative to compliance with corporate governance standards.

### **Corporate Governance Guidelines and Code of Ethics**

We have adopted Corporate Governance Guidelines and a Code of Ethics that apply to all of our employees, officers and directors, including those officers responsible for financial reporting. These standards are designed to deter wrongdoing and to promote honest and ethical conduct. The Corporate Governance Guidelines and Code of Ethics are available at our website at <http://www.marcusmillichap.com/>. Any amendments to the Corporate Governance Guidelines and Code of Ethics, or any waivers of their requirements required to be disclosed pursuant to SEC or NYSE requirements, will be disclosed on the website.

### **Communications from Stockholders and Other Interested Parties to Directors**

The Board recommends that stockholders and other interested parties initiate communications with the Board, any committee of the Board or any individual director in writing to the attention of our Corporate Secretary at our principal executive office at 23975 Park Sorrento, Suite 400, Calabasas, CA 91302. This process will assist the Board in reviewing and responding to stockholder communications in an appropriate manner. The Board has instructed our Corporate Secretary to review such correspondence and, at his discretion, not to forward items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate for the Board's consideration.



**PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM FOR 2014**

Ernst & Young LLP served as our independent registered public accounting firm for 2012 and 2013. The Audit Committee has once again selected Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2014. As a matter of good corporate governance, the Audit Committee is submitting its appointment to our stockholders for ratification. If the appointment of Ernst & Young LLP is not ratified by the majority of the shares of common stock present or represented at the annual meeting and entitled to vote on the proposal, the Audit Committee will review its future appointment of an independent registered public accounting firm in light of that vote result.

The Audit Committee pre-approves and reviews audit and non-audit services performed by our independent registered public accounting firm, as well as the fees charged for such services. In its pre-approval and review of non-audit service fees, the Audit Committee considers, among other factors, the possible effect of the performance of such services on the auditor's independence. For additional information concerning the Audit Committee and its activities with the independent registered public accounting firm, see *Corporate Governance* and *Audit Committee Report* in this Proxy Statement.

We expect that a representative of Ernst & Young LLP will attend the Annual Meeting, and the representative will have an opportunity to make a statement if he or she so chooses. The representative will also be available to respond to appropriate questions from stockholders.

**Fees Billed by Independent Registered Public Accounting Firm**

The following table shows the fees and related expenses for audit and other services provided by Ernst & Young LLP 2012 and 2013. The services described in the following fee table were approved in conformity with the Audit Committee's pre-approval process.

	<b>2012</b>	<b>2013</b>
Audit Fees	\$ 424,500	\$ 1,867,000
Audit-Related Fees		
Tax Fees		20,547
All Other Fees	150,056	90,545
<b>Total</b>	<b>\$ 574,556</b>	<b>\$ 1,978,092</b>

*Audit Fees.* This category includes fees for (i) the audit of our annual consolidated financial statements, (ii) reviews of our quarterly condensed consolidated financial statements, (iii) services in connection with our registration statements, including our registration statement on Form S-1 related to our initial public offering (the *IPO*), and (iv) services that are normally provided by our independent auditors in connection with statutory and regulatory filings or engagements.

*Audit-Related Fees.* This category includes fees for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under *Audit Services*. These services include, but are not limited to, consultations concerning financial accounting and reporting standards and audits in connection with acquisitions.

*Tax Fees.* This category includes fees for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and international tax compliance, assistance with tax reporting requirements and audit compliance, tax planning, consulting and assistance on business restructuring. Prior to October 31, 2013, we participated in a tax-sharing agreement ( TSA ) with our former parent company Marcus & Millichap Company ( MMC ), and provided for income taxes based on a 43.5% rate

specified in the TSA. Generally, under the TSA, all tax compliance and advisory services were provided to, and paid by, MMC on behalf of all entities included in the TSA. As a stand-alone taxpayer, we may incur higher fees for tax services in future periods.

*All Other Fees.* This category includes fees for products and services other than the services reported above.

The Audit Committee determined that Ernst & Young LLP's provision of these services, and the fees that we paid for these services, are compatible with maintaining the independence of the independent registered public accounting firm. The Audit Committee pre-approved all services that Ernst & Young LLP has provided since our IPO in accordance with the pre-approval policy discussed above.

**THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2014.**

### **AUDIT COMMITTEE REPORT**

The Audit Committee of the Board consists of the three directors whose names appear below. The Audit Committee is composed exclusively of directors who are independent under the NYSE listing standards and the SEC rules.

The Audit Committee's general role is to assist the Board in monitoring the Company's financial reporting process and related matters. Its specific responsibilities are set forth in its charter.

The Audit Committee has reviewed the Company's financial statements for the year ended December 31, 2013 and met with management, as well as with representatives of Ernst & Young LLP, the Company's independent registered public accounting firm, to discuss the financial statements. The Audit Committee also discussed with members of Ernst & Young LLP the matters required to be discussed by the applicable Public Company Accounting Oversight Board and SEC requirements.

In addition, the Audit Committee received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with members of Ernst & Young LLP its independence.

Based on these discussions, the financial statement review and other matters it deemed relevant, the Audit Committee recommended to the Board that the Company's audited financial statements for the year ended December 31, 2013 be included in the Company's Annual Report on Form 10-K for 2013.

*Norma J. Lawrence (Chair)*

*Don C. Watters*

*George T. Shaheen*

**PROPOSAL 3: APPROVAL OF THE EXECUTIVE SHORT-TERM  
INCENTIVE PLAN WITH RESPECT TO COVERED EMPLOYEES**

We are requesting that you approve the Executive Short-Term Incentive Plan (the Executive STIP), a copy of which is attached hereto as Appendix A, with respect to covered employees as defined below. Section 162(m) (Section 162(m)) of the Internal Revenue Code of 1986, as amended (the Code) and the Treasury Regulations and guidance promulgated thereunder require that the stockholders approve the material terms of the Executive STIP in order to grant fully deductible, performance-based bonuses to the covered employees thereunder. Therefore, the Company is asking stockholders to approve the Executive STIP in order to satisfy the requirements of Section 162(m).

The Executive STIP was adopted by the Board on March 13, 2014, subject to stockholder approval with respect to current and future covered employees (covered employees) as determined under Section 162(m). The material terms of the Executive STIP are summarized below.

**THE BOARD RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE  
EXECUTIVE SHORT-TERM INCENTIVE PLAN WITH RESPECT TO COVERED EMPLOYEES.**

**Purpose of the Request for Approval**

The Board believes that a well designed incentive compensation plan (a bonus plan) for our executive officers is a significant factor in improving our operating and financial performance, thereby enhancing stockholder value. Important elements of such a bonus plan include:

pre-established goals and objectives for each performance period;

objective, measurable factors bearing on financial results and other metrics as the basis for any payments made under the plan; and

administrative oversight of the plan by the Compensation Committee.

The Board also generally believes that all amounts paid pursuant to such a bonus plan should be deductible by us as a business expense. Section 162(m) potentially limits the deductibility of bonuses paid to a company's principal executive officer and its next three most highly compensated officers (other than its principal financial officer) under a bonus plan, unless the bonus plan under which such bonuses are paid meets specified criteria, including stockholder approval.

Briefly, Section 162(m) requires the following to ensure that bonuses paid to covered employees under the Executive STIP are fully deductible:

bonuses to be paid pursuant to an objective formula;

certification by the Compensation Committee that the performance goals in the formula have been satisfied; and

that the stockholders of the Company have approved the material terms of the Executive STIP which include: (i) the eligible participants; (ii) the individual bonus limitation; and (iii) the business criteria on which performance goals are based.

The Board believes the adoption of the Executive STIP to be in the best interest of stockholders and recommends approval with respect to covered employees. If the Executive STIP is not approved by our stockholders, bonuses shall not be paid to covered employees under the Executive STIP.

## **Material Features of the Executive STIP**

The following is a summary of the material features of the Executive STIP. This summary does not purport to be a complete description of all of the provisions of the Executive STIP and is qualified in its entirety by reference to the Executive STIP, a copy of which is attached as Appendix A to this Proxy Statement and incorporated herein by reference.

### **Purpose**

The purpose of the Executive STIP is to motivate and reward eligible employees for their contributions towards the achievement by us of certain objective performance goals related to our financial and operational performance.

It is the intention of the Company and the Compensation Committee to administer the Executive STIP in compliance with Section 162(m) with respect to covered employees. With respect to all other participants, the Executive STIP may be operated without regard to the constraints of Section 162(m). However, because of the fact-based nature of the performance-based compensation exception under Section 162(m) and the limited availability of binding guidance thereunder, we cannot guarantee that awards made under the Executive STIP to covered employees will qualify for exemption under Section 162(m). In addition, there may be circumstances under which we do not make awards that comply with Section 162(m).

### **Participants**

Individuals eligible for Executive STIP awards are officers of the Company (as determined by the Compensation Committee), which include the covered employees. The participants in the Executive STIP for the fiscal year 2014 and all future years will be at the discretion of the Compensation Committee.

### **Administration**

The Executive STIP is administered by the Compensation Committee, which has the authority to interpret the Executive STIP, including all decisions on eligibility to participate, the establishment of performance goals, the amount of awards payable under the Executive STIP and the payment of awards. The members of the Compensation Committee must qualify as outside directors under Section 162(m). The Compensation Committee may delegate, in whole or in part, its administrative authority with respect to Executive STIP awards to participants other than covered employees.

### **Performance Goals**

Awards under the Executive STIP to each participant will be based on an individual incentive target for the performance period established by the Compensation Committee and the satisfaction of the applicable performance goal(s) determined by the Compensation Committee for such performance period. Under the Executive STIP, a performance goal is an objective formula or standard. Such formula or standard is based on one or more of the following objectively defined and non-discretionary business criteria and any objectively verifiable and non-discretionary adjustment(s) thereto permitted and pre-established by the Compensation Committee in accordance with Section 162(m): (i) pre-tax income or after-tax income; (ii) income or earnings including operating income, earnings before or after taxes, interest, stock-based compensation expense, depreciation and/or amortization; (iii) 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; (iv) earnings or book value per share (basic or diluted); (v) return on assets (gross or net), return on investment, return on capital, or return on equity; (vi) return on revenues; (vii) 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; (viii) economic value created;

(ix) operating margin or profit margin; (x) stock price or total stockholder return; (xi) income or earnings from continuing operations; (xii) capital expenditures, cost targets, reductions and savings and expense management; and (xiii) strategic business criteria, consisting of

one or more objectives based on meeting specified market penetration or market share, geographic or product specialty expansion, recruitment and retention goals, or objective customer or agent satisfaction, and objective goals relating to divestitures, joint ventures, mergers, acquisitions and similar transactions, each with respect to the Company and/or one or more of its affiliates or operating units.

As determined in the discretion of the Compensation Committee, the performance goals for any performance period may (i) differ from participant to participant, from performance period to performance period and from award to award; (ii) be measured against our performance as a whole or against any affiliate(s), or a particular segment(s), a business unit(s) or a product(s) of the Company or individual project company; (iii) be determined in relative terms (including, but not limited to, any increase (or decrease) over the passage of time and/or any measurement against other companies or financial or business or stock index metrics particular us); (iv) be based on a per share and/or share per capita basis, (v) be based on a pre-tax or after-tax basis, and/or (vi) be determined using an actual foreign exchange rate or on a foreign exchange neutral basis. Awards issued to participants who are not subject to the limitations of Section 162(m) may take into account other factors (including subjective factors). A performance period is any period up to 36 months in duration as determined by the Compensation Committee.

### **Payment of Awards**

The payment of an award for a given performance period requires the participant to be employed on the date the award is to be paid, subject to exceptions which may be made by the Compensation Committee in its sole discretion. Prior to the payment of any award under the Executive STIP to a covered employee, the Compensation Committee must certify in writing that the terms and conditions underlying the payment of such award have been satisfied. Awards under the Executive STIP will be paid in cash, in accordance with Section 162(m) and Section 409A of the Code.

The maximum amount of any awards that can be paid under the Executive STIP to any participant with respect to any 12-month performance period is \$5,000,000. The Compensation Committee, in its sole discretion, may reduce or eliminate the amount of any award otherwise payable to a participant under the Executive STIP. With respect to participants who are not subject to the limitations of Section 162(m), the Compensation Committee, in its sole discretion, may increase the amount of an award otherwise payable under the Executive STIP.

### **Term and Amendment**

The Executive STIP will be effective for performance periods beginning in the fiscal year ending in 2014. The Executive STIP does not have a fixed termination date and may be terminated by the Compensation Committee at any time, provided that such termination will not affect the payment of any awards accrued under the Executive STIP prior to the time of termination. The Compensation Committee may amend or suspend and, if suspended, reinstate, the Executive STIP in whole or in part at any time, provided that any amendment of the Executive STIP will be subject to stockholder approval to the extent required by Section 162(m) or any other applicable laws, regulations or rules.

### **New Plan Benefits**

All awards to participants are based on actual performance during the fiscal year ending in 2014 (and future fiscal years) and are made at the discretion of the Compensation Committee. Therefore, the benefits and amounts that will be received or allocated under the Executive STIP are not determinable at this time. Cash bonuses paid to our named executive officers for 2013 are shown in this Proxy Statement in the Summary Compensation Table included in the section entitled Compensation of the Named Executive Officers and Directors. In March 2014, the Compensation Committee set performance goals for our fiscal year ending in 2014 for cash awards payable based on the achievement of net pre-tax income with respect to us or a business unit of ours depending on the covered employee under the Executive STIP.





The following table sets forth the target awards that would be payable to the persons and groups of persons named in the table, assuming that the applicable performance goals established by the Compensation Committee for 2014 are exactly 100% achieved, the participants' target awards are those in effect as of December 31, 2013 and that they remain constant throughout the performance period, the participants are employees at the time of payment, and the Compensation Committee chooses not to reduce the award otherwise payable to any participant. There can be no assurance that these assumptions actually will occur, and therefore, there can be no assurance that the target awards shown below will be paid.

### Executive STIP

Name and Position	Target Cash Award Dollar Value
John J. Kerin <sup>(1)</sup> President and Chief Executive Officer	\$ 1,350,000
Gene A. Berman <sup>(2)</sup> Executive Vice President	\$ 900,000
Hessam Nadji Chief Strategy Officer	\$ 800,000
All executive officers as a group	\$ 3,400,000
All directors, excluding executive officers, as a group <sup>(3)</sup>	
All employees, excluding executive officers, as a group <sup>(4)</sup>	

Footnotes:

- (1) The amount reflects bonus at target.
- (2) The amount reflects bonus at target.
- (3) The Company's non-employee directors are not eligible to participate in the Executive STIP.