

FEDERATED PREMIER MUNICIPAL INCOME FUND
Form SC 13G/A
February 14, 2018

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Federated Premier Municipal Income Fund
(Name of Issuer)

Auction Rate Preferred
(Title of Class of Securities)

31423P207
(CUSIP Number)

December 31, 2017
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 13G
 (See Item 2(e))

- | | |
|--|---|
| | NAME OF REPORTING PERSON |
| 1. | RIVERNORTH CAPITAL MANAGEMENT, LLC |
| | CHECK THE APPROPRIATE BOX ^(a) |
| 2. | IF A ^(b) MEMBER OF A GROUP |
| 3. | SEC USE ONLY |
| 4. | CITIZENSHIP OR PLACE OF ORGANIZATION |
| | DELAWARE |
| | SOLE VOTING |
| 5. | POWER |
| | 45 SHARED VOTING |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH: | 6. POWER |
| | 0 SOLE DISPOSITIVE |
| | 7. POWER |
| | 45 SHARED DISPOSITIVE |
| | 8. POWER |
| 9. | 0 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH |

10. REPORTING
PERSON
45
CHECK BOX IF
THE AGGREGATE
AMOUNT IN ROW
(9) EXCLUDES
CERTAIN SHARES

11. PERCENT OF
CLASS
REPRESENTED BY
AMOUNT IN ROW
(9)

12. 6.20%
TYPE OF
REPORTING
PERSON

IA

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CUSIP No.
(See Item 2(e)) 13G

Item Name of Issuer:

1(a).

Federated Premier Municipal Income Fund

Item Address of Issuer's Principal Executive Offices:

1(b).

4000 Ericsson Drive
Warrendale, PA 15086

Item Name of Person Filing:

2(a).

RiverNorth Capital Management, LLC

Item Address of Principal Business Office or, if none, Residence:

2(b).

325 N. LaSalle Street
Suite 645
Chicago, IL 60654-7030

Item Citizenship:

2(c).

Delaware

Item Title of Class of Securities:

2(d).

Auction Rate Preferred

Item CUSIP Number:

2(e).

31423P207

Item 3. a: If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is

(a) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);

(b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c);

(c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c);

(d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);

(e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

(f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);

- (g) A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

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- (j) A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with §240.13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned: 45
- (b) Percent of class: 6.20%
- (c) Number of shares as to which such person has:
 - (i) Sole power to vote or direct the vote: 45
 - (ii) Shared power to vote or direct the vote: 0
 - (iii) Sole power to dispose or to direct the disposition of: 45
 - (iv) Shared power to dispose or to direct the disposition of: 0

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Other persons have the right to receive the proceeds from the sale of the securities reported herein.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 14, 2018

Date

/s/Marcus Collins
Signature

Marcus Collins, General Counsel and Chief Compliance Officer
Name and Title

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ingdom from the late 1990s 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.

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 2017 Annual Meeting

John J. Kerin, 60, 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 35 years of experience working in the real estate industry.

Mr. Kerin has announced that, effective as of March 31, 2016, he will retire as President and Chief Executive Officer of the Company and a member of the Board. The Board will appoint Hessam Nadji who is

currently our Senior Executive Vice President to succeed Mr. Kerin, effective as of March 31, 2016, as President and CEO and a member of the Class I directors serving in office until the 2017 Annual Meeting.

Norma J. Lawrence, 61, 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.

Directors Continuing in Office Until the 2018 Annual Meeting

Nicholas F. McClanahan, 71, 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.

William A. Millichap, 72, 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 40 years of experience working the real estate industry, and significant experience serving on boards of other public companies.

CORPORATE GOVERNANCE

Board Responsibilities and Structure

Our Board oversees, counsels, and directs management in the long-term interests of the Company and our stockholders. Among other things, 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 held five meetings in 2015.

The Board is divided into three classes. Currently, the Class I directors are Norma J. Lawrence and John J. Kerin; however, effective as of March 31, 2016, Mr. Kerin will step down from the Board and Mr. Nadji will be appointed in his place as a Class I director. The Class I directors will serve until the 2017 Annual Meeting of Stockholders. The Class II directors, Nicholas F. McClanahan and William A. Millichap, will serve until the 2018 Annual Meeting of Stockholders. The Class III directors, George M. Marcus, Don C. Watters and George T. Shaheen, have been nominated to be elected at this 2016 Annual Meeting of Stockholders and, if elected, their terms will expire at the 2019 Annual Meeting of Stockholders. Each class of directors will be elected for a three-year term 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. Messrs. Marcus and 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 oversees the executive sessions of the independent directors and serves 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 2015 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 these directors' 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 the charters 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; however, effective as of March 31, 2016, Mr. Nadji will replace Mr. Kerin on the Executive Committee in connection with Mr. Kerin's retirement from the Board and Mr. Nadji's appointment to the Board.

Name	Audit	Compensation	Nominating and Corporate Governance	Executive Committee
John J. Kerin				ü
Norma J. Lawrence	Chair		ü	
George M. Marcus				Chair
Nicholas F. McClanahan		ü	Chair	
William A. Millichap				ü
George T. Shaheen	ü	ü	ü	
Don C. Watters	ü	Chair		
Number of Committee Meetings Held in 2015	4	6	2	

Audit Committee. Our Audit Committee currently consists of Norma J. Lawrence (Chair), George T. Shaheen and Don C. Watters. The Board has affirmatively determined that each of these 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;

overseeing our internal audit function;

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 (Chair), Nicholas F. McClanahan and George T. Shaheen. The Board has affirmatively determined that each of these directors meets the definition of independent director for purposes of the NYSE rules and the independence requirements of the Exchange Act. 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 Nicholas F. McClanahan (Chair), Norma J. Lawrence and George T. Shaheen. The Board has affirmatively determined that each of these 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 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; and, as noted above, Mr. Nadji will be appointed to the Executive Committee in place of Mr. Kerin effective as of March 31, 2016. The Executive Committee 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 2015.

Attendance at Board, Committee, and Annual Stockholders Meetings

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. All directors attended the 2015 annual meeting of stockholders and all of the meetings of the Board and the committees on which they served in 2015, 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, Compensation and Nominating and Corporate Governance Committees being 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 may 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 2016

Ernst & Young LLP has served as our independent registered public accounting firm since our spin-off in 2013. The Audit Committee has once again selected Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016. 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 in 2014 and 2015. The services described in the following fee table were approved in conformity with the Audit Committee's pre-approval process.

	2014	2015
Audit Fees	\$ 599,291	\$ 734,637
Audit-Related Fees		
Tax Fees	494,351	407,797
All Other Fees		
Total	\$ 1,093,642	\$ 1,142,434

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, and (iii) 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. The amounts

set forth under 2014 include fees associated with a review of the tax deductibility of transaction expenses associated with our initial public offering (the IPO).

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.

Recommendation of the Board

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2016.

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, 2015 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, 2015 be included in the Company's Annual Report on Form 10-K for 2015.

Norma J. Lawrence (Chair)

George T. Shaheen

Don C. Watters

COMPENSATION OF THE NAMED EXECUTIVE OFFICERS AND DIRECTORS

Executive Compensation

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. This executive compensation section discloses the compensation awarded to, or earned by, our named executive officers or NEOs during 2014 and 2015. For 2015, our NEOs were:

John J. Kerin, our President and Chief Executive Officer;

Hessam Nadji, our Senior Executive Vice President; and

Martin E. Louie, our Senior Vice President and Chief Financial Officer

The following table sets forth information regarding the compensation awarded to, earned by, these NEOs for 2014 and 2015.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)(2)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
John J. Kerin President and Chief Executive Officer	2015	680,000				1,966,200	334,431	28,367	3,008,998
	2014	680,000				2,720,000	546,785	29,097	3,975,882
Hessam Nadji Senior Executive Vice President	2015	441,667		1,313,600		1,491,600	126,078	26,588	3,399,533
	2014	400,000				1,200,000	144,692	30,041	1,774,733
Martin E. Louie Senior Vice President and Chief Financial Officer	2015	350,000		656,800		550,000	5,140	27,219	1,589,159

(1)

The amounts shown in this column represent the aggregate grant date fair value of the restricted stock units (RSUs) awarded to Messrs. Nadji and Louie, computed in accordance with ASC 718. The fair value of these awards was calculated based on the fair market value of our common stock on the accounting measurement date multiplied by the number of shares subject to the award and may not represent the actual value that may be realized.

- (2) Represents amounts earned pursuant to the Company's Non-Equity Incentive Plan for services in 2015, which amounts were paid in 2016. In 2015, if the Company achieved pre-tax net income of \$60 million, each of our executive officers was eligible to receive a cash bonus. For 2015, the maximum bonus that each executive officer may be ultimately entitled was based on the Compensation Committee's consideration of the following additional limitations and performance metrics for the executive officers: (i) Mr. Kerin was eligible for a target bonus of \$1.45 million if the Company achieved pre-tax net income of approximately \$97.2 million for 2015; (ii) Mr. Nadji was eligible for a target bonus of \$1.1 million if the Company achieved pre-tax net income of approximately \$97.2 million for 2015; and (iii) Mr. Louie was eligible for a target bonus of \$550,000 if the Company achieved pre-tax net income of \$97.2 million. The actual maximum bonus amount for each executive officer varied based on the achievement of the Company goals and the officer's achievement of his individual goals. For the Company pre-tax net income performance

target, the bonus amount is determined by multiplying the calculated bonus amount at target performance by a performance multiplier, which will be 100% at target performance and will be interpolated between 61.72% of the target performance and 150% of the target performance. If achievement against a performance goal is less than 61.72% for the Company pre-tax net income performance target, no bonus is paid with respect to that performance goal. Once the maximum bonus amounts are calculated for each executive officer, individual performance is assessed in order to determine the final payout of bonuses.

- (3) As set forth in the below table, the amounts in this column reflect, as applicable, (i) the earnings for 2014 and 2015 on each executive's nonqualified deferred compensation account and (ii) the aggregate increase in appreciation value for each executive's SARs for 2014 and 2015. The SARs constitute deferred compensation as they will be cash-settled awards only payable upon death, disability or mutual termination and, therefore, lack an option-like feature. In connection with our IPO, all of the outstanding SARs were fully vested and frozen at a liability amount calculated as of March 31, 2013 (such liability value, the SAR Account Balance). The Company began to accrue interest starting on January 1, 2014 based on SAR account balances as of December 31, 2013. The increased value of the SARs for 2014 represents the accrued interest credited to the executive officer account balances based on an interest rate of 5.03% for 2014, which was based on a 10-Year Treasury Note plus 200 basis points. The increased value of the SARs for 2015 represents the accrued interest credited to the executive officer account balances based on an interest rate of 4.173% for 2015, which was based on a 10-Year Treasury Note plus 200 basis points. In 2014 and 2015, the increased value of SARs represents accrued interest. Upon a payment event, the Account Balance 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 upon the consummation of the change of control.

Named Executive Officer	Fiscal Year	Aggregate Value of		
		Nonqualified Deferred Compensation Plan Earnings (\$)*	Increased Value of SARs during Fiscal Year (\$)	SARs as of Fiscal Year End (\$)
John J. Kerin	2015	(8,520)	342,951	8,561,296
	2014	153,199	393,586	8,218,345
Hessam Nadji	2015		126,078	3,147,350
	2014		144,692	3,021,272
Martin E. Louie	2015		5,140	128,319

- * See Note 4 to our consolidated financial statements for additional information on the Nonqualified Deferred Compensation Plan.

- (4) The following table reflects the breakout of the items included in the All Other Compensation column for 2015:

	Kerin	Nadji	Louie
Auto Benefit	\$ 23,899	\$ 26,120	\$ 22,751
401(k) Match	4,000		4,000
Life Insurance	468	468	468
Total for Other	\$ 28,367	\$ 26,588	\$ 27,219

Outstanding Equity Awards at Fiscal Year End

Name and Principal Position	Option Awards					Stock Awards			
	Award Year	Number of unexercised options (#)	Number of exercisable options (#)	Equity incentive plan awards: Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)(1)	Market value of shares or units of stock that have not vested (\$)(2)	Equity incentive plan awards: number of unearned shares, units or rights that have not vested (#)
John J. Kerin	2015								
Hessam Nadji	2015					40,000	1,165,600		
Martin E. Louie	2015					20,000	582,800		

(1) Messrs. Nadji and Louie were awarded 40,000 and 20,000 RSUs, respectively, effective January 5, 2015 that represent a right to receive one share of common stock. The RSUs vest in five equal annual installments starting on January 5, 2016.

(2) Based upon the closing price of our common stock of \$29.14 on December 31, 2015.

Other than Messrs. Nadji and Louie, none of our named executive officers had any outstanding equity awards as of December 31, 2015. For further information regarding the DSUs granted to our named executive officers, see the discussion under the heading Nonqualified Deferred Compensation.

Employment Agreements

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. For 2015, in addition to a current annual base salary of \$680,000, Mr. Kerin was eligible to receive a bonus as described in footnote (2) to the Summary Compensation Table on page 12. The employment agreement also contains non-competition and non-disclosure provisions.

Effective as of March 31, 2016, Mr. Kerin will retire from the Company as our President and CEO and Board member.

Pension Benefits

We do not maintain any defined benefit pension plans.

Nonqualified Deferred Compensation

The following table shows the contributions and earnings during 2015, and account balance as of December 31, 2015, for our named executive officers under the Marcus & Millichap Real Estate Investment Brokerage Company DCP (the NQDC Plan), the SARs or the 2013 Omnibus Equity Incentive Plan (the 2013 Equity Plan), as the case may be:

Nonqualified Deferred Compensation Fiscal 2015

Name	Plan	Registrant			Aggregate Withdrawals/ Distributions (\$)(2)	Aggregate Balance at Last FYE (\$)(3)
		Executive Contributions in Last FY (\$)	Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)(1)		
John J. Kerin	NQDC Plan	680,000		(8,520)		2,761,845
	SARs			342,951		8,561,296
	2013 Equity Plan			(389,489)	(3,403,903)	7,275,499
Hessam Nadji	SARs			126,078		3,147,350
	2013 Equity Plan			(161,038)	(1,407,287)	3,008,005
Martin E. Louie	SARs			5,140		128,319
	2013 Equity Plan			(242,954)	(2,123,487)	4,538,669

- (1) The SARs and NQDC Plan earnings are included in the Summary Compensation Table because such earnings were determined to be preferential or above-market. The earnings on the SARs represent interest on the Account Balance for the SARs during 2015. The earnings related to the 2013 Equity Plan represents the change in the value of the DSUs during 2015.
- (2) On November 5, 2015, 20% of DSUs were settled. The executive distribution amount under the 2013 Equity Plan represents cash value of the settled DSUs calculated based on the fair market value of the company stock on settlement date.
- (3) The following amounts included in this column for the NQDC Plan also have been reported in the Summary Compensation Table as compensation for 2015: Mr. Kerin, \$(8,520); Mr. Nadji, \$0; and Mr. Louie, \$0. The following amounts included in this column for the SARs also have been reported in the Summary Compensation Table as compensation for 2015: Mr. Kerin, \$342,951; Mr. Nadji, \$126,078; and Mr. Louie, \$5,140. The deferred equity amounts related to the DSUs included in the table above are the full cash value as determined based on the closing share price of our common stock on December 31, 2015 as reported by the NYSE, which was \$29.14.

The amounts deferred pursuant to the NQDC Plan are reflected as a bookkeeping account maintained on behalf of each participant in the NQDC Plan. The NQDC Plan is a nonqualified deferred compensation plan that allows participants to defer compensation at levels in excess of the limitations imposed on deferrals of compensation under tax-qualified retirement plans. The aggregate earnings for 2015 reflect the additions to the bookkeeping accounts for the participants based on their deemed investment elections with respect to the amounts held in their accounts. Participants can elect among lump sum and installment distribution provisions that commence on a fixed date in the future or upon termination of service.

Please refer to footnote (3) to the Summary Compensation Table for an explanation of compensation due to SARs, including how earnings are calculated and payment events.

We granted fully vested DSUs to the named executive officers under the 2013 Equity Plan in connection with our IPO to replace the existing beneficial ownership represented by the frozen SARs. The DSUs are settled in actual stock at a rate of 20% per year if the executive officer remains employed by us during that period (or otherwise all unsettled shares of stock upon termination of service will be settled five years from the termination date). In addition, all outstanding shares of stock held by our executive officers prior to the IPO are subject to

sales restrictions that lapse at a rate of 20% per year for five years if the executive officer remains employed by us. Additionally, in the event of death or termination of service 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. In November 2014 and 2015, 20% of the DSUs were net settled and 20% of the restricted stock was released from the resale restriction. Shares of common stock were withheld from the distribution to pay applicable required employee statutory withholding taxes based on the market value of the shares on the settlement date.

Severance and Change in Control Benefits

In the event of a change in control of the Company, the executive officer will receive their full Account Balance related to their SARs upon the consummation of the change in control.

Stock Ownership Guidelines

We have adopted stock ownership guidelines for non-employee directors and executive officers. These guidelines call for each non-employee director to own shares of our common stock having a value equal to at least five times the non-employee director's regular annual cash board service retainer, and for each executive officer to own shares of our common stock having a value equal to at least three times their annual base salary (or six times in the case of our CEO). Until these minimums are achieved, each non-employee director and executive officer shall retain 100% of the net after tax shares resulting from the vesting of equity awards. All of our directors and officers are currently in compliance with the ownership guidelines.

Director Compensation

Our Board previously adopted a director compensation policy. Each non-employee director receives fees for their services as follows:

Board Member, including the Chairman \$50,000 per year;

Chair of Audit Committee an additional \$15,000 per year, other Audit Committee members an additional \$10,000 per year,

Chair of Compensation Committee an additional \$10,000 per year, other Compensation Committee members and additional \$5,000 per year; and

Chair of Nominating and Corporate Governance Committee an additional \$10,000 per year, other Nominating and Corporate Governance Committee members an additional \$5,000 per year.

Each non-employee director is also entitled to receive an annual restricted stock grant on the date of our annual meeting equal to \$60,000 divided by the fair market value of our common stock on the date of grant.

Director Compensation Table

The following table sets forth the total compensation for our non-employee directors for the year ended December 31, 2015:

Name	Fees Earned or Paid in		All Other	Total
	Cash	Stock Awards	Compensation	
	(\$)	(\$)(1)	(\$)	(\$)
Norma J. Lawrence	70,000	60,000		130,000
George M. Marcus	50,000	60,000		110,000
Nicholas F. McClanahan	65,000	60,000		125,000
William A. Millichap	50,000	60,000		110,000
George T. Shaheen	70,000	60,000		130,000
Don C. Watters	70,000	60,000		130,000

- (1) This column represents the aggregate grant date fair value of restricted stock granted in 2015, computed in accordance with ASC 718. Each non-employee director received a grant of 1,685 shares of restricted stock and the value represented here is based on the 1,685 shares multiplied by the closing price of \$35.59 on the grant date. These amounts reflect our calculation of the value of these awards, and do not necessarily correspond to the actual value that may ultimately be realized by the directors. The restricted stock grants vest 33-1/3% per year on the first, second and third anniversary of the date of grant.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of March 7, 2016 with respect to:

each of our directors and named executive officers;

all directors and executive officers as a group; and

each person who is known to own beneficially more than 5% of our common stock.

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

all shares the 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.

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

Beneficial ownership is determined in accordance with the rules of the SEC. The applicable percentage of ownership for each stockholder is based on 37,568,389 shares of common stock outstanding as of March 7, 2016. As disclosed in the footnotes, no DSUs issued to the executive officers, as applicable, are shown in the table below because the shares issuable to the executive officers upon settlement of the DSUs cannot be received within 60 days of March 7, 2016.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent
5% Stockholders:		
Phoenix Investments Holdings LLC(1)	20,562,001	54.7%
Named Executive Officers and Directors:		
John J. Kerin(2)	968,422	2.6%
Hessam Nadji(3)	386,993	1.0%
Martin E. Louie(4)	88,923	*
George M. Marcus(5)	20,843,028	55.5%
William A. Millichap(6)	43,833	*
Norma J. Lawrence	9,228	*
George T. Shaheen	10,499	*
Don C. Watters	10,499	*

Nicholas F. McClanahan	10,499	*
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All executive officers and directors as a group (11 persons)(7)	23,215,718	61.8%
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* Indicates beneficial ownership of less than 1%.

- (1) George M. Marcus owns substantially all of the membership interests of Phoenix Investments Holdings LLC (Phoenix). Mr. Marcus has voting and investment power with respect to the shares held by Phoenix of which Ionian Investments Manager LLC is the managing member, for which Mr. Marcus serves as the managing member. Mr. Marcus disclaims beneficial ownership of shares held by Phoenix except to the extent of his pecuniary interest therein.
- (2) Excludes 249,674 shares issuable upon the settlement of DSUs. Mr. Kerin holds 44,046 shares. The Kerin Family Trust dated January 5, 2001 holds 924,376 shares, and Mr. Kerin may be deemed to have beneficial ownership over these shares as co-trustee.
- (3) Excludes 103,226 shares issuable upon the settlement of DSUs.

- (4) Excludes 155,755 shares issuable upon the settlement of DSUs.
- (5) Comprised of (i) 20,562,001 shares held by Phoenix, (ii) 270,528 shares held by The George and Judy Marcus Family Foundation (the Marcus Foundation) and (iii) 10,499 shares held by Mr. Marcus. Mr. Marcus has voting and/or investment power with respect to the shares held by Phoenix and the Marcus Foundation as co-trustee. Mr. Marcus disclaims beneficial ownership of shares held by the Marcus Foundation and Phoenix, except to the extent of his pecuniary interest in Phoenix. In 2014, Phoenix pledged 6,000,000 shares beneficially owned by it as collateral for a credit facility. Phoenix reduced the number of pledged shares to 3,500,000 in 2015. There have been no borrowings under this credit facility.
- (6) Excludes 50,000 shares issuable upon the settlement of DSUs.
- (7) Excludes 1,008,093 shares issuable upon the settlement of DSUs.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since January 1, 2015, there has not been any transaction or series of similar transactions to which we were or are a party in which the amount involved exceeded or exceeds \$120,000 and in which any of our directors or executive officers, any holder of more than 5% of any class of our voting securities or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than the transactions described below, some of which represent continuing transactions from prior periods.

Relationship with Marcus & Millichap Company

The following are certain related party transactions between MMC and us. Prior to the spin-off of MMC's real estate investment services business (the Spin-Off), MMC was our majority shareholder and was controlled by George M. Marcus, our co-Chairman. Upon the completion of the Spin-Off in October 2015, we entered into a transition services agreement with MMC. The transition services agreement grants 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 incurred \$257,000 for these services during 2015 based on MMC's costs of providing the transition services, without any markup.

Under the agreement, we are 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 do not have any obligation to continue to use MMC's services after the agreement expires. Generally, each party agreed to 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.

We occasionally represent MMC or its affiliates in sales and financing transactions and receive real estate brokerage commissions and financing fees from MMC or its affiliates for these transactions. In 2015, we recorded real estate brokerage commissions and financing fees of \$2.7 million from subsidiaries of MMC related to these services, and we incurred costs of services of \$1.6 million related to these services.

We lease our office in Palo Alto, which is a single story office building covering approximately 12,000 square feet, from MMC under a lease that expires in May 2022. In 2015, we incurred \$693,500 in rent expense under this lease.

Tax Matters Agreement

Responsibility for taxes. We entered into a tax matters agreement with MMC immediately prior to the completion of our IPO that governs 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 is 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 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 is responsible for any income taxes resulting from gain from any deferred intercompany transactions or excess loss account that arises as a result of MMC's distribution to its shareholders, on a pro rata basis, of at least 80% of the equity interest in our shares (the Distribution). MMC and its subsidiaries other than us and our subsidiaries are responsible for all taxes other than income taxes that they incur for all periods; and

we are 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 are also responsible for all taxes other than income taxes that we incur for all periods.

MMC generally has exclusive authority to control tax contests related to any income tax returns covering periods prior to the Deconsolidation Date. We 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 Contribution, the Debt-for-Equity Exchange, and the Distribution. We and MMC intended that MMC's contribution of its MMREIS common stock and preferred stock to us, which we refer to as the Contribution, the Debt-for-Equity Exchange, and the Distribution, would qualify as a reorganization pursuant to which no gain or loss would 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 received a private letter ruling from the IRS to the effect that, among other things, the Contribution, the Debt-for-Equity Exchange, and the Distribution qualified as a transaction that was 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 received an opinion of counsel regarding the tax-free status of these transactions.

We and MMC are 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 Contribution, the Debt-for-Equity Exchange, or the Distribution.

We have agreed to indemnify MMC and its affiliates against any and all tax-related liabilities incurred by them relating to the Contribution, the Debt-for-Equity Exchange, or the Distribution to the extent caused by 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 has agreed to indemnify us and our affiliates against all tax-related liabilities incurred by us or our affiliates relating to the 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 entered into a separation agreement with MMC immediately prior to the completion of our IPO that governs our relationship with MMC.

Indemnification. Generally, each party agreed to 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 specified procedures with respect to claims subject to indemnification.

Mutual releases. Generally, each of MMC and us agreed to release the other party from any and all liabilities. The liabilities released included 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 the IPO.

Term. The separation agreement will continue unless terminated by us and MMC.

Agreements with Management

Sale Restriction Agreements

In connection with our 2013 IPO, we entered into sale restriction agreements (*Sale Restriction Agreements*) with each of our executive officers: John J. Kerin, Martin E. Louie, Gene A. Berman, William E. Hughes, Jr., and Hessam Nadji. The Sale Restriction Agreements provided for vesting acceleration as to all outstanding shares of restricted shares held by the executive officers and termination of the existing Buy-Sell Agreements entered into between us and our executive officers prior to the IPO in exchange for the executive officers' agreement to limit their ability to sell, transfer, hypothecate, encumber, or in any way alienate any of their shares (the *Sale Restriction*). The Sale Restriction lapses as to 20% of the executive officer's shares subject to the Sale Restriction annually over a five-year period on each anniversary of the effective date of the agreement unless modified by the Board, subject to the executive officer's continued service through each lapse date. Additionally, unless modified by the Board, the Sale Restriction shall lapse as to 100% of the shares subject to the Sale Restriction on an executive officer's death, termination of an executive officer's service after age 67, a change in control of the Company, or the fifth anniversary of the date an executive officer ceases to be a service provider of the Company. The Sale Restriction Agreements also contain certain covenants, including non-solicitation and non-competition provisions, restricting the executive officers for three years after all of the shares have been released from the Sale Restriction.

Compensation Arrangements with Management

For information about compensation arrangements with our management, see *Compensation of the Named Executive Officers and Directors*.

Policies and Procedures for Related Party Transactions

Our Board adopted a written related person transaction policy that sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers 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.

ADDITIONAL MEETING INFORMATION

Meeting Admission. You are entitled to attend the annual meeting only if you were a holder of our common stock as of the close of business on March 7, 2016 or hold a valid proxy for the annual meeting. If attending the physical meeting, you should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, meaning that you hold shares directly with American Stock Transfer & Trust Company, LLC (registered holders), the inspector of elections will have your name on a list, and you will be able to gain entry with a form of photo identification. If you are not a stockholder of record but hold shares through a broker, bank, or nominee (street name or beneficial holders), in order to gain entry you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership, along with a form of photo identification. If you do not provide photo identification and comply with the other procedures outlined above for attending the annual meeting in person, you will not be admitted to attend the annual meeting in person.

Proxy Solicitation. We will bear the expense of soliciting proxies. Our directors, officers, and other employees, without additional compensation, may also solicit proxies personally or in writing, by telephone, e-mail, facsimile, or otherwise. We are required to request that brokers, banks, and other nominees who hold stock in their names furnish our proxy materials to the beneficial owners of the stock, and we must reimburse these brokers, banks, and other nominees for the expenses of doing so, in accordance with statutory fee schedules.

Inspector of Elections. American Stock Transfer & Trust Company, LLC has been engaged as our independent inspector of elections to tabulate stockholder votes for the annual meeting.

Stockholder List. Our list of stockholders as of March 7, 2016 will be available for inspection at our principal executive office 23975 Park Sorrento, Suite 400, Calabasas, California 91302 for 10 days prior to the Annual Meeting. If you want to inspect the stockholder list, call our Finance Department at (818) 212-2250 to schedule an appointment.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Exchange Act requires our directors and executive officers, among others, to file with the SEC an initial report of ownership of our stock on Form 3 and reports of changes in ownership on Form 4 or Form 5. Persons subject to Section 16 are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. As a matter of practice, our administrative staff assists our executive officers and directors in preparing initial ownership reports and reporting ownership changes, and typically files those reports on their behalf. Based solely on a review of the copies of such forms in our possession and on written representations from reporting persons, we believe that during 2015 all of our executive officers and directors filed the required reports on a timely basis under Section 16(a), except for Messrs. Berman, Hughes, Kerin, Louie, Millichap and Nadji, who each filed a Form 4 in December 2015 to report the settlement of DSUs in early November 2015, and for Kurt Schwarz, who filed a Form 5 in February 2016 to report the acquisition of RSUs in August 2015.

2017 Stockholder Proposals or Nominations. Pursuant to Rule 14a-8 under the Exchange Act, some stockholder proposals may be eligible for inclusion in the proxy statement for our 2016 Annual Meeting of Stockholders. These stockholder proposals must be submitted, along with proof of ownership of our stock in accordance with Rule 14a-8(b)(2), to our principal executive office 23975 Park Sorrento, Suite 400, Calabasas, California 91302 in care of our Corporate Secretary. Failure to deliver a proposal in accordance with this procedure may result in it not being deemed timely received. We must receive all submissions no later than the close of business (5:00 p.m. Pacific Time) on November 23, 2016.

In addition, under our Bylaws, any stockholder intending to nominate a candidate for election to the Board or to propose any business at our 2017 Annual Meeting of Stockholders, other than precatory (non-binding)

proposals presented under Rule 14a-8, must give notice to our Corporate Secretary between January 3, 2017 and February 2, 2017, unless the notice also is made pursuant to Rule 14a-8. The notice must include information specified in our Bylaws, including information concerning the nominee or proposal, as the case may be, and information about the stockholder's ownership of and agreements related to our stock. If the 2017 Annual Meeting of Stockholders is held more than 30 days from the anniversary of the 2016 Annual Meeting of Stockholders, the stockholder must submit notice of any such nomination and of any such proposal that is not made pursuant to Rule 14a-8 by the later of the 90th day before the 2017 Annual Meeting of Stockholders or the 10th day following the day on which public announcement of the date of such meeting is first made. We will not entertain any proposals or nominations at the 2017 Annual Meeting of Stockholders that do not meet the requirements set forth in our Bylaws. If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Exchange Act, we may exercise discretionary voting authority under proxies that we solicit to vote in accordance with our best judgment on any such stockholder proposal or nomination.

March 23, 2016

By Order of the Board of Directors,

John J. Kerin

President and Chief Executive Officer

