



March 10, 2026

Board of Directors  
CoStar Group, Inc.  
1201 Wilson Boulevard  
Arlington, VA 22209

Re: Reduced Transparency and Accountability Enabling Continued Value Destruction

Dear Members of the Board:

Last month, CoStar (the “Company”) announced a sudden change in reporting structure that provides investors with less visibility into its underlying operating business and, in our view, represents a troubling step backward for transparency *and* accountability. The segment reorganization appears designed to obscure the results of CoStar’s persistently underperforming Homes.com business—*just six weeks after* management made new performance commitments to shareholders for that same business.

This new reporting approach effectively buries the poor financial results of Homes.com within a new, amalgamated “Residential” segment that incorporates the larger and more profitable Apartments.com business—which we believe is performing well and has strong potential to deliver accelerating growth—and three other businesses. Furthermore, the Company also unexpectedly stopped disclosing net new bookings for Homes.com, a key operating metric used by investors to track the progress of the business. During the most recent earnings call, when analysts specifically requested segment-level net new bookings data, management declined to provide the information. Investors took notice: these puzzling moves contributed to a *9% decline* in the Company’s stock price the following day—destroying nearly \$2 billion of shareholder value.

In our view, CoStar’s “hide the ball” exercise all but ensures that the Board and management cannot be held accountable for Homes.com’s future performance by the owners of the Company and further demonstrates the Board’s disregard for shareholder interests. Pulling back on substantially all of Homes.com disclosures (revenue, EBITDA, bookings) is especially concerning given the management team’s troubling inability to accurately project the growth and profitability of Homes.com.

While the Board has claimed it is “focused on holding management accountable”, there can be no accountability without transparency. We are therefore gravely disappointed that the Board—and especially the members of the Audit Committee, which is charged with overseeing the Company’s financial reporting—would approve an accounting change that has the effect, if not the intent, of obfuscating the performance of a troubled business that is currently the subject of significant investor concern and fresh management commitments.

For some time, investors have been deeply concerned about the substantial capital allocated to Homes.com and the resulting prolonged underperformance of CoStar’s stock (see Exhibit 1). Now, however, concerns have expanded beyond performance alone. The Company’s abrupt move to reduce segment transparency has raised a more fundamental question: whether shareholders can trust management’s reporting and stewardship. When disclosure is curtailed at a moment when accountability is most needed, investors cannot help but ask: What is CoStar trying to hide?

For the better part of a year, we have repeatedly expressed to the Board our belief that Homes.com is eroding shareholder value. At each juncture, the Board has largely dismissed these concerns and reaffirmed its commitment to the venture. We view the recent segment reorganization as the Board’s latest attempt to shield Homes.com from scrutiny rather than subject it to rigorous oversight. The consequences of that intransigence are undeniable: CoStar’s stock is now hovering near *seven-year* lows. This extraordinary record of value destruction, coupled with the deliberate reduction in transparency, underscores the urgent need for improved oversight and accountability to maximize shareholder value. A Board truly confident in its commitment to

Homes.com would insist on transparency and clear accountability rather than permitting reporting changes that diminish investor visibility.

Best Regards,



Edwin Jager  
Managing Director  
D. E. Shaw & Co., L.P.



Michael O'Mary  
Managing Director  
D. E. Shaw & Co., L.P.

*This letter reflects the opinions of D. E. Shaw & Co., L.P. ("DESCO LP") on behalf of certain investment funds managed or advised by it that currently beneficially own, or otherwise have an economic interest in, shares of CoStar Group, Inc. (the "Company" or "CoStar"). This letter is for informational purposes only and does not constitute investment advice or convey an offer or solicitation of any type with respect to any securities or other financial products. The views expressed in this letter are expressed as of the date hereof and are based on publicly available information and DESCO LP's analyses. This letter contains statements reflecting DESCO LP's opinions and beliefs with respect to the Company and its business based on DESCO LP's research, analysis, and experience; all such statements are based on DESCO LP's opinion and belief, whether or not those statements are expressly so qualified. DESCO LP acknowledges that the Company may possess information that could lead the Company to disagree with DESCO LP's views and/or analyses. Nothing contained in this letter may be relied upon as a guarantee, promise, assurance, or representation as to future events. The investment funds managed or advised by DESCO LP are in the business of trading (i.e., buying and selling) securities, and it is expected that they will from time to time engage in transactions that result in changes to their beneficial and/or economic interest in the Company.*

**Exhibit 1: CoStar’s stock has underperformed over *every* relevant period during the last decade**

| CoStar’s Total Shareholder Return vs: | Proxy Peers <sup>1</sup>                                | ISS Peer Group <sup>2</sup>                             | Info Services Peers <sup>3</sup>                        | NASDAQ  | S&P 500   |
|---------------------------------------|---|---|---|---|---|
| 10-Year                               | -258%   | -207%   | -235%   | -257%   | -135%   |
| 9-Year                                | -132%   | -114%   | -154%   | -180%   | -94%  |
| 8-Year                                | -110%   | -97%  | -158%   | -190%   | -146%   |
| 7-Year                                | -97%  | -86%  | -137%   | -211%   | -166%   |
| 6-Year                                | -91%  | -84%  | -108%   | -205%   | -180%   |
| 5-Year                                | -54%  | -48%  | -84%  | -119%   | -128%   |
| 4-Year                                | -26%  | -17%  | -37%  | -90%  | -81%  |
| 3-Year                                | -44%  | -41%  | -48%  | -129%   | -106%   |
| 2-Year                                | -32%  | -30%  | -33%  | -86%  | -80%  |
| 1-Year                                | -15%  | -10%  | -14%  | -62%  | -56%  |
|                                       | <b><i>CoStar underperformed in 10 of 10 periods</i></b> |

**Note(s):**

- Source: Bloomberg, Company Filings, Institutional Shareholder Services Governance Report
- Market data as of 03/06/2026. Total shareholder return inclusive of dividends
- 1. Proxy Peers include ANSYS Inc, Akamai Technologies, Equifax, FactSet Research Systems, Fair Isaac Corp, Gartner, MercadoLibre, MSCI, Paycom Software, PTC, ServiceNow, TransUnion, Tyler Technologies, VeriSign, Verisk Analytics, Workday, and Zillow Group. ANSYS is excluded due to its delisting
- 2. ISS Peers include ANSYS, Equifax, Hubspot, Newmark Group, DocuSign, Dun & Bradstreet Holdings, FactSet Research Systems, Fair Isaac Corp, Gartner, MSCI, PTC, Paycom Software, TransUnion, Tyler Technologies, Verisk Analytics, and Zillow Group. ANSYS and Dun & Bradstreet are excluded due to their delisting
- 3. Info Services peers include Equifax, FactSet Research Systems, Fair Isaac Corp, Gartner, Moody’s Corp, MSCI, S&P Global, Thomson Reuters, TransUnion, and Verisk Analytics