



CoStar Group Offers to Acquire Leading UK Residential Property Portal OnTheMarket

October 19, 2023

Backed by CoStar Group's fortress balance sheet, the acquisition seeks to create number one UK property portal by combining the strengths of leading commercial property site, CoStar, with OnTheMarket's large network of agents, and Homes.com, a leading U.S. residential portal.

WASHINGTON--(BUSINESS WIRE)-- CoStar Group, Inc. (NASDAQ: CSGP), a leading global provider of online real estate marketplaces, information, and analytics, announced a proposal today to acquire OnTheMarket, the third most visited residential property portal in the United Kingdom, for £1.10 per share in cash or approximately £100 million.

OnTheMarket was founded by agents in 2013 to provide a competitive alternative to the existing UK property portals. Since then, it has successfully developed a large network of agents and property listings by taking an agent-friendly approach. Today, OnTheMarket has over 13,000 agent advertisers and attracts high intent leads at a fraction of the cost of other UK portals.

CoStar Group, is an S&P 500 and NASDAQ 100 company and is a leading global operator of property portals. CoStar's websites drew approximately 280 million visits in September¹, roughly twice the monthly visits reported by Rightmove². CoStar Group operates one of the most successful and heavily trafficked residential portal networks in the U.S. with 240 million visits to Homes.com and Apartments.com in September¹. CoStar Group has operated the top commercial property information, analytics and news site, CoStar, for two decades, as well as LoopNet, the leading commercial property portal in the UK.

CoStar Group collects information in approximately 190 countries, has clients in over 135 countries, and operates 28 property portals, investing billions creating the best consumer website experiences. CoStar Group is a proven product and technology market leader, backed by almost 1,200 software developers who work with the industry's best content, data, and research to continually build new tools that improve the efficiency of property markets and serve hundreds of millions of users every month.

CoStar Group has a track record of acquiring strong-performing property portals that are not the number one players and investing and building them into the most successful portals serving their market. CoStar Group acquired 5th place U.S. residential rental platform Apartments.com in 2014 and grew it to the number one player in the U.S. with revenue now approaching a billion dollars. CoStar Group recently acquired Homes.com, a 6th place residential property portal in the U.S. with 6 million unique visitors and turned it into the fastest growing U.S. residential portal with more than 100 million unique visitors in September of 2023¹. Homes.com is now the number two most trafficked residential marketplace in the U.S.³

Andy Florance, Founder and Chief Executive Officer of CoStar Group, said: "We believe the acquisition of OnTheMarket represents an attractive and efficient entry point into the £8 trillion United Kingdom residential property market. We are excited to welcome the OnTheMarket team to the CoStar Group family."

"OnTheMarket's network of property professionals and breadth of advertiser relationships provide a strong foundation to compete with the dominant United Kingdom property portals," continued Florance. "The combination of OnTheMarket's large network of agents and access to listings, together with the marketplace experience and resources of CoStar Group, has the potential to create the leading agent-friendly player in the UK residential marketplace. We see OnTheMarket as an important step in expanding our Homes.com residential network not only in the UK, but across Europe. We believe the market opportunity in Europe is over \$10 billion, and we intend to participate aggressively in developing and expanding our residential marketplace network."

OnTheMarket is headquartered in London and has approximately 180 employees. Revenue for the twelve-month period ending July 31, 2023, was approximately £35 million⁴, with adjusted EBITDA of £8 million⁵. Based on enterprise value of approximately £87 million⁶, transaction multiples for the trailing twelve-month period are 2.5x revenue and 11x Adjusted EBITDA. CoStar Group intends to invest £46.5 million into sales and marketing in the first full year following the commencement of the integration of the portal into CoStar's network of residential marketplaces. That amount represents six times OnTheMarket's current annual media spend and more than three times the current annual media spend of Rightmove plc.⁷ The sales and marketing investment is the first stage of a multi-year investment program totaling hundreds of millions of pounds to drive more consumers to the OnTheMarket portal with the goal of significantly increasing the quantity of valuable leads to OnTheMarket's agent clients.

Jason Tebb, CEO of OnTheMarket, said: "We are very much looking forward to joining the CoStar Group residential network. From a position of strength, the partnership will significantly accelerate our strategy with a clear target of becoming the market leader. Together we share a long history and strong commitment to agents, who will benefit from CoStar's commitment to maintaining our fair and sustainable pricing model and greater opportunities to enhance their businesses."

The transaction is expected to close in the fourth quarter of 2023 subject to shareholder approval and customary closing conditions. CoStar Group plans to discuss the OnTheMarket acquisition during the third quarter 2023 financial results conference call scheduled for October 24, 2023. The acquisition announcement and transaction information are outlined in the UK Takeover Code Rule 2.7 Announcement filing, which can be found at <https://plc.onthemarket.com/recommended-cash-acquisition/>.

About CoStar Group

CoStar Group (NASDAQ: CSGP) is a leading provider of online real estate marketplaces, information, and analytics in the property markets. Founded in 1987, CoStar Group conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of real estate information. CoStar is the global leader in commercial real estate information, analytics, and news, enabling clients to analyze, interpret and gain unmatched insight on property values, market conditions and availabilities. Apartments.com is the leading online marketplace for renters seeking great apartment homes, providing property managers and owners a proven platform for marketing their properties. LoopNet is the most heavily trafficked online commercial real estate marketplace. STR provides premium data benchmarking, analytics, and marketplace insights for the global hospitality industry. Ten-X offers a leading platform for conducting commercial real estate online auctions and negotiated bids. Homes.com is the second most trafficked and fastest growing online residential marketplace that connects agents, buyers, and sellers. BureauxLocaux is one of the largest specialized property portals for buying and leasing commercial real estate in France. Business Immo is France's leading commercial real estate news service. Thomas Daily is Germany's largest online data pool in the real estate industry. Belbex is the premier source of commercial space available to let and for sale in Spain. CoStar Group's websites attract approximately 280 million monthly visits as of September 2023¹. Headquartered in

Washington, DC, CoStar Group has over 5,600 employees and maintains offices throughout the Americas, Europe, and Asia.

About OnTheMarket

OnTheMarket, which operates the OnTheMarket.com property portal, is a leading UK residential property portal provider.

OnTheMarket's objective is to create value for shareholders and property advertiser customers by delivering an agent-backed, tech-enabled portal, offering a first-class service to agents and new homes developers at fair and sustainable prices, with the mission to become the go-to portal for serious property seekers.

OnTheMarket also aims to support its agents in providing a superior service to their clients by providing a number of value-adding services to increase the profitability of their own businesses. Many agent customers choose to launch thousands of their newly instructed UK residential properties exclusively with OnTheMarket first, 24 hours or more ahead of advertising them on other property portals, and these are prominently featured as 'Only with Us'.

¹ Unless otherwise noted, monthly visits are as of September 2023 according to Google Analytics.

² Rightmove reports 140 million monthly visits, based on Google Analytics, 2021 full year average: <https://www.rightmove.co.uk/c/display-advertising/>

³ In September 2023, Homes.com surpassed 100 million monthly unique visitors, according to Google Analytics, exceeding Realtor.com's 74 million monthly average unique visitors for its fiscal fourth quarter as reported in its earnings release on August 10, 2023, and Redfin's 52 million monthly average unique visitors for the quarter ended June 30, 2023 as reported in its Form 10-Q filed August 3, 2023.

⁴ Calculated as the sum of 1H FY2024 revenue of £17mm, per OnTheMarket's FY2024 interim results announcement, and 2H FY2023 revenue, which is derived from Full Year FY2023 revenue of £35mm, per OnTheMarket's FY2023 Annual Report, less 1H FY2023 revenue of £17mm, per the FY2024 interim results announcement.

⁵ Calculated as the sum of 1H FY2024 EBITDA of £3mm, per OnTheMarket's FY2024 interim results announcement, and 2H FY2023 EBITDA, which is derived from Full Year FY2023 EBITDA of £8mm, per OnTheMarket's FY2023 Annual Report, less 1H FY2023 EBITDA of £3mm, per the FY2024 interim results announcement.

⁶ Calculated as transaction equity value of £99mm based on OnTheMarket's fully diluted share capital of 90.01mm per the Rule 2.7 announcement and the offer price of 110 pence; less cash on balance sheet of £11.5mm as per OnTheMarket's 1H FY2024 interim results announcement.

⁷ Rightmove plc reported GBP 15-15.5 million in overall marketing budget in its Half Year Results 2023 Earnings Transcript. 

Investor Relations:

Cyndi Eakin
Senior Vice President
CoStar Group Investor Relations
(202) 346-6784
ceakin@costar.com

News Media:

Matthew Blocher
Vice President
CoStar Group Corporate Marketing & Communications
(202) 346-6775
mblocher@costar.com

Source: CoStar Group