



# NEWS

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## **Leading U.S. Commercial Property Information Provider CoStar Group, Inc. Acquires Propex and its Product Lines, Shopproperty and Screenedata**

### ***CoStar Group To Create International Service By Integrating Propex with CoStar's U.S. Information Platform and European subsidiaries FOCUS Information Limited, Grecam and Scottish Property Network***

BETHESDA, MD – February 22, 2007 – CoStar Group, Inc. (NASDAQ: CSGP), the number one provider of information services to the commercial real estate industry in the United States, announced that its wholly owned U.K. subsidiary, CoStar Limited, has acquired Property Investment Exchange Limited (Propex) for approximately \$22 million in cash and stock.

Propex provides an online database of retail, office and industrial properties and matches buyers and sellers of institutional-grade investment properties in the U.K. using a unique electronic exchange platform. Its services are designed to increase liquidity, transparency and efficiency across all the markets in which it is involved. Many U.K. investment funds, financial institutions, commercial property companies and brokers, including the top 20 brokerage firms, rely on Propex as the U.K.'s central exchange for investment transactions worth billions each year. Founded in 1999, Propex has approximately \$5 million in annual revenues and 500 subscription-based customers. It will be operated by CoStar Limited's subsidiary, FOCUS Information Limited.

The company's three primary services are Propex, Shopproperty and Screenedata.

### **Propex - Commercial Investment Property**

Propex [www.propex.co.uk](http://www.propex.co.uk) is an online trading platform that provides users with a gateway to the commercial property investment market. Used by most of the major U.K. investment agencies and professional investors, it is a secure exchange through which billions of pounds of investment deals are conducted every year. It serves as the primary channel for distributing live transaction data, up-to-the minute news and property research information in the U.K. market.

### **Shopproperty.co.uk - Retail Property**

Used by more than 300 retail agencies to list 15,000 available shops for rent across the U.K., [www.shopproperty.co.uk](http://www.shopproperty.co.uk) is the single largest database of U.K. retail information available on the web. Through its unique relationship with Experian Goad, shopproperty.co.uk is the only listing website with fully licensed Goad street-trader plans. Shopproperty.co.uk also provides data on thousands of retailers' current requirements, directories of all active agents in the retail market as well as an email marketing platform. The shopproperty.co.uk Research Centre also provides an archive of all retail availability since 2001.

### **Screenedata - Office and Business Space**

Acquired by Propex in 2006, Screenedata is a database of available office and light industrial space in London and the South East of England. Established in 1999, Screenedata holds information on over 80,000 office buildings, giving users access to a comprehensive list of currently available space. Updated daily by experienced data processors at its data center in West London, Screenedata provides agents with current market information on one of the world's most dynamic office markets.

CoStar Group, a NASDAQ-traded company founded in 1987, has revolutionized the commercial real estate industry by creating the largest researched online database of commercial property information and state-of-the-art technologies that enable subscribers to quickly and easily identify available buildings and land, evaluate leasing and sale opportunities, value assets and perform sophisticated market analytics. Today CoStar's proprietary database covers more than 2 million properties, over 37 billion square feet of inventory across all commercial property types and classes and includes more than 3 million high-resolution photographs and images in its digital library. The company has approximately 1,300 employees, including the largest professional research organization in the industry. More than 1,000 highly trained professional researchers personally inspect and photograph each property as well as contact commercial real estate brokers, owners, developers, lenders, tenants and appraisers in an effort to ensure the completeness and accuracy of every listing. In addition, CoStar's field researchers drive a fleet of specially equipped, high-tech mobile units and covered more than 3 million miles in 2006 inspecting, photographing and transmitting real-time commercial property information to CoStar's office-based researchers. Of the company's 155 field research mobile units, 14 environmentally friendly Prius hybrids currently operate in the U.K. CoStar plans to double the size of its U.K. research operations, investing approximately \$4 million to improve the U.K.'s software and research operations over the next 12 to 24 months.

The company is also financially strong, with \$158.9 million in revenues as of year-end 2006, \$158.1 million in cash, cash equivalents and short-term investments, and no long-term debt.

Having acquired 15 companies in 20 years, CoStar first entered the U.K. market in January 2003 by acquiring FOCUS Information Limited, a major U.K. provider of web-based access to verified commercial lease comparables, available space, requirements, tenants, planning information and photos across the United Kingdom.

In 2004 CoStar acquired the Scottish Property Network (SPN), which offers users online access to a comprehensive database of information for properties throughout Scotland, including available space, comparable sales and lease deals.

In December 2006, CoStar also acquired Grecam, a leading provider of commercial property information, research and analytics in France founded in 1978 by Hugues Kirichian and Claude Ogier. Headquartered in Paris, the 28 year-old company provides real estate professionals with subscription-based data such as commercial property listings, sales comparables and transaction histories on approximately 14,000 office and industrial buildings. CoStar believes Grecam has the most comprehensive property database in Paris.

“Our goal is to be the pre-eminent source of commercial real estate information in Europe,” said Andrew C. Florance, president and CEO of the CoStar Group. “We believe that acquiring Propex enables us to have as strong a product offering in the U.K. as we have built in the United States. Propex, which has a very strong product for retail real estate information as well as a leading investment sale introduction platform, is the perfect complement to our FOCUS subsidiary, whose strength is in the office and industrial leasing segment. Over the years, we’ve also been fortunate to acquire the best property information companies in Europe and to assemble a world-class management team. We believe this latest acquisition will solidify CoStar as the leading commercial real estate information provider in the U.K.”

“We are excited about the prospect of becoming the most comprehensive, one-stop commercial property information provider in Europe,” said Jonathan Bray, Managing Director of FOCUS and director of CoStar’s European operations. “By integrating Propex into our operations, investing in our research and leveraging the best features of our respective companies, we expect to create the first truly global, digitized commercial real estate information platform.”

Paul Marples, managing director of Propex, adds: “CoStar is clearly the world leader in commercial real estate information and technology systems, and by merging Propex with the CoStar network, we hope to create a formidable Pan-European system that delivers a more efficient property investment sales solution. CoStar’s retail information products in the U.S. are revolutionary, and by integrating them with our services, we believe we will create more valuable retail datasets and analytics.” Marples will become CoStar Group’s senior strategist for developing an international investment sales platform.

So that all its customers have access to the breadth of CoStar’s combined commercial real estate information services on one technology platform, the company plans to integrate its U.K. and U.S. product and software systems immediately and to complete the major components of that integration over the next 12 to 24 months.

"While we remain in the very early stages of penetrating the vast European market for property information, we believe that the Propex acquisition, coupled with our formidable market position in the U.K. and U.S., positions CoStar to potentially lead the European marketplace," Florance explained.

### **About CoStar Group, Inc.**

CoStar Group, Inc. (NASDAQ: CSGP) is the number one provider of information services to commercial real estate professionals in the United States and the United Kingdom. CoStar's suite of services offers customers access via the Internet to the most comprehensive database of commercial real estate information in the United States, the United Kingdom and France. The company has 20 years of experience building state-of-the-art property information systems, with approximately 130 software developers and technical experts in the U.S. and U.K. Headquartered in Bethesda, MD, the company has approximately 1,300 employees throughout the U.S. and U.K., including the largest professional research organization in the industry.

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This news release includes "forward-looking statements" including, without limitation, statements regarding CoStar's expectations, beliefs, intentions or strategies regarding the future. These statements are subject to many risks and uncertainties that could cause actual results to differ materially from these statements. More information about potential factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, those stated in CoStar's filings from time to time with the Securities and Exchange Commission, including CoStar's Form 10-K for the year ended December 31, 2005 and CoStar's Form 10-Q for the quarter ended September 30, 2006, under the heading "Risk Factors." In addition to these statements, there can be no assurance that CoStar will create an international service by integrating Propex with CoStar's U.S. information platform and European subsidiaries; that Propex's services will increase liquidity, transparency and efficiency across all the markets in which it is involved; that CoStar will double the size of its U.K. research operations or invest approximately \$4 million to improve the U.K.'s software and research operations over the next 12 to 24 months; that Grecom has the most comprehensive property database in Paris; that CoStar will be the pre-eminent source of commercial real estate information in Europe; that acquiring Propex will enable CoStar to have as strong a product offering in the United Kingdom as it has built in the United States; that Propex is the perfect complement to FOCUS or that the acquisition of Propex will solidify CoStar as the leading commercial real estate information provider in the U.K.; that acquiring Propex will allow CoStar to offer the most comprehensive, one-stop retail and investment property information solution in the United Kingdom; that integrating Propex into FOCUS's operations, investing in research and leveraging the best features of CoStar's respective companies will create the first truly global, digitized commercial real estate information platform; that by merging Propex with the CoStar network, CoStar will create a formidable Pan-European system that delivers a more efficient property investment sales solution; that by integrating CoStar's retail information products with Propex's services will create more valuable retail datasets and analytics; that CoStar will develop an international investment sales platform; that CoStar will integrate its U.K. and U.S. product and software systems immediately and complete the major components of that integration over the next 12 to 24 months; or that the Propex acquisition, coupled with CoStar's leading market position in the U.K., positions CoStar to potentially dominate the European marketplace. All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update such statements.