Zillow® GROUP

THIRD QUARTER 2018 UPDATE

November 6, 2018

DEAR FELLOW SHAREHOLDERS,

Zillow Group reported third quarter 2018 total revenue of $343.1 million, which was in line with our guidance and up 22 percent year-over-year, driven primarily by growth in our Premier Agent, Rentals and New Construction marketplaces, as well as our first quarter of revenue contribution from the Homes segment, which represents our Zillow Offers business. On a consolidated basis, GAAP net loss for the quarter was approximately $0.5 million, or 0 percent of revenue, and Adjusted EBITDA was in line with our guidance at $66.2 million, or 19 percent of revenue[1]. We ended the quarter with $1.6 billion in cash and investments on our balance sheet and added cash from operating activities of approximately $102.5 million on a year to date basis, which positions us well to fund our next stage of growth.

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Zillow Group has entered a period of transformational innovation. The residential real estate industry is also changing. To maintain a competitive advantage in today's environment, we must continuously evolve our business as consumer expectations change. When we launched 12 years ago, the ability to access real estate listings and home valuations online was revolutionary. Today, consumers' expectations are shaped by the "mobile on-demand" world. We can control many aspects of our lives - transportation, commerce, food delivery, car shopping, and even dog walking - with an end-to-end app on our phones. Those digital experiences have shaped expectations for the real estate industry. Consumers tell us they want to control more of their home shopping experience, and to do it from the palm of their hand.

To that end, we are creating new businesses, and evolving our current businesses, to give consumers what they want. By prioritizing the consumer experience, we will create long-term value for our users, customers, shareholders and employees. We believe the following consumer expectations currently exist:

1. Consumers demand nearly instant services in all aspects of their lives. People come to Zillow Group's mobile apps and websites expecting excellent service, and we are focused on ensuring they get what they want, 100 percent of the time. In 2017, Zillow Group surveyed consumers who submitted a request for information on a for-sale listing from a Premier Agent to measure how much of a "push button, magic happens" experience we were delivering. Despite years of lead-generation training and software deployment for Premier Agents, consumers reported that they never heard back from a Premier Agent 49 percent of the time. Consumers are not satisfied

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[1] Adjusted EBITDA is a non-GAAP financial measure which excludes other income, depreciation and amortization expense, share-based compensation expense, impairment costs, acquisition-related costs, interest expense and income taxes. See below section titled "Use of Non-GAAP Financial Measure" for information regarding Adjusted EBITDA.

with that response rate and they hold us responsible. Agents and brokers that ignore half of the home shoppers who reach out via our platforms miss out on transactions and commissions, and put our reputation and long-term viability at risk. There is clearly a huge opportunity to improve both the consumer experience and Premier Agent revenue. To address these opportunities, we began rolling out our new lead validation and distribution process in April 2018 that first vets consumers before connecting them with a Premier Agent, and then significantly improves the connection rate by contacting the next available Premier Agent in an automated queue if the first does not answer the phone. We are now delivering the nearly instant service that consumers deserve.

2. Homeowners want an easier way to sell their home. Listing a home for sale the traditional way is often a stressful and time-consuming process, filled with uncertainty about the closing date and the sale price. It is inferior to the ease provided by technology to consumers in so many other aspects of their lives. Based on what we learned from our third-party "Instant Offers" marketplace pilot, we knew that we could offer those consumers a better solution. In April 2018, just over 200 days ago, we launched Zillow Offers to provide a home-selling option for homeowners who want a certain and predictable sale on their timeline. Zillow Offers *is a service* that eliminates the hassle and uncertainty of selling a home for the consumer. Through this service, Zillow buys a homeowner's house and, for a fee, takes on the repairs, showings and selling process. Homeowners clearly want this service. Since launch, nearly 20,000 homeowners have requested an offer from Zillow to purchase their home in just three markets, representing an estimated $6.4 billion of real estate. Based on our current purchase criteria, which considers home value, square footage, year built and other parameters, if Zillow Offers were available in the top 200 metro areas in the U.S., sellers of nearly half of the homes sold in 2017 across the entire nation would have been eligible to receive offers from us to buy their home directly. Today, the Zillow Offers service is available to homeowners in four cities: Phoenix, Las Vegas, Atlanta and Denver. We will expand the service to Charlotte, Raleigh and Houston in the next few months.

3. Consumers want a digitized end-to-end home purchase transaction. Home purchases are multi-step and multi-party, with most home sales also coupled with a home purchase, and the majority of home purchases requiring a mortgage. Last week, we successfully completed our previously announced acquisition of Mortgage Lenders of America (MLOA), a national mortgage lender, headquartered in Overland Park, Kansas. We acquired MLOA, which we plan to rebrand in 2019, so that we could streamline, shorten and simplify the home-buying process for consumers who purchase homes through Zillow Offers. We are laying the foundation for creating a digitized end-to-end home purchase experience that minimizes the friction caused by multiple parties, including mortgage origination – the most time consuming step of the home buying process.

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THIRD-QUARTER 2018 AUDIENCE HIGHLIGHTS

Zillow Group's audience achieved an all-time high in July when more than 195 million unique users accessed Zillow Group's mobile apps and websites. Third quarter 2018 traffic to Zillow Group's mobile apps and websites reached more than 186 million average monthly unique users, an increase of 7 percent year-over-year. The average number of monthly unique rentals users was flat year-over-year at 33 million. Visits across Zillow Group brands' mobile apps and websites in the third quarter of 2018 reached 1.9 billion, up 13 percent year-over-year. Visits on our flagship Zillow brand were up nearly 22 percent year-over-year in September.

In October 2018, we added Canadian for-sale listings onto the Zillow mobile app and website. We are excited to expand to Canada, a country that is roughly 10 percent of the size of the U.S. in terms of population, total home value, home transactions, and with a residential real estate industry that is structured similarly to the U.S. Zillow already has agreements to receive more than 50,000 listings from Canadian brokerages and franchisors and we expect to announce more in the coming months.

INTERNET, MEDIA & TECHNOLOGY SEGMENT RESULTS

Internet, Media & Technology (IMT) segment revenue of $332.1 million was below our guidance range due to lower-than-expected Premier Agent revenue. IMT segment GAAP income before income taxes for the quarter was approximately $0.8 million, or 0 percent of segment revenue, and IMT segment Adjusted EBITDA was in line with our expectations at $77.9 million, or 23 percent of segment revenue[1].

Premier Agent

Premier Agent revenue grew 18 percent year-over-year to $232.7 million and Premier Agent revenue per visit increased 4 percent year-over-year. Our third quarter Premier Agent revenue was lower than our guidance because of higher-than-expected advertiser churn. We made big changes to the Premier Agent program, and they were not all well-received by our advertisers. First, we introduced new changes to our model just as agents began feeling a high amount of strain from three factors: 1) cost-per-lead increases resulting from growing demand in the auction-based pricing model; 2) pressure on home sales from a slowing market; and 3) seasonality in the back half of the year when real estate typically slows. Second, we prioritized quality of leads over quantity. Regardless of lead quality, many agents tell us that they also value a higher quantity of leads. Both the timing and effects of our changes drove higher advertiser churn, despite continued strong sales.

We believe the issues in the Premier Agent business are temporary and solvable, and in fact we have already made changes to improve advertiser retention and drive acceptance of the new model. First, we streamlined the way that we validate leads in order to increase the number of connections from our system by reducing our screening questions. Second, in the next few weeks we will increase lead volumes further by returning to our system of providing "up-funnel" leads to our Premier Agents. These are leads which we had previously screened out of the immediate connection process that likely require more time before being ready to transact. Third, we implemented auction pricing caps in certain zip codes to help improve agent ROI. We believe that Premier Agent churn will return to normal levels in early 2019. We anticipate that in early 2019, consumer connections received in the second half of 2018 will start converting into transactions and commissions, and the seasonal uptick in traffic and consumer connections at the start of the year will help improve agent receptivity.

At a high level, our Premier Agent business connects consumers with agents, and agents earn commissions from those connections. The more commissions agents earn from these connections, the more Premier Agent revenue Zillow Group will earn. Historically, we have provided annual backward-looking estimates of commissions earned from our connections. Our last update was approximately $6.5 billion of commissions from our connections in 2017, prior to any of the changes we've made over the last few months, which are designed to increase connections and commissions, and the results look good so far.

Data shows that the new Premier Agent model provides an excellent experience for consumers. Since implementing the new process, consumers are responding to our first outreach to them 80 percent of the time and we ultimately connect with 93 percent of consumer contacts within 30 days. When a consumer is ready to speak with an agent, we have been able to reach a Premier Agent on the phone 97 percent of the time. This is a significant improvement in connection rate from only 49 percent of consumers receiving a response from an advertiser with our previous system. Finally, home shoppers say they are 3 to 4 times more likely to work with the agent they connect with in the improved process versus the old system. Our early estimates of the overall impact of the new lead validation and distribution system indicate that we may be able to support doubling of the number of transactions and the amount of commissions from the same level of consumer traffic. While it will take time for these changes to produce an incremental return on investment for Premier Agents, and start showing up as new bookings and revenue, we believe that this new process has substantial upside potential, distinct business model advantages, and clear consumer benefits.

Premier Agent Testimonial

"We really love [the new lead validation and distribution process] since it launched. All of our agents are very happy, we are getting connections and all of the leads are actually turning into real clients. We're not wasting our time chasing them, they're picking up their phones and they really want to work with us." – Hedda Parashos, Palisade Realty

We also began testing a new Flex Pricing model in Florida during October and will expand further this month. The new flexible payment option provides some of our Premier Broker partners with validated leads at no upfront cost and they pay an industry standard performance advertising expense only when a transaction is closed. The program has two goals, first to give advertisers a risk-free way to increase their spend with us, and also to improve the monetization of secondary geographies where supply of leads exceeds demand for traditional pay-up-front Premier Agent advertising. As a business, this model is attractive because it aligns transaction volume and the consumer experience with revenue. It also simplifies our selling process because it de-risks the purchase decision for advertisers.

Rentals

Rentals revenue grew 31 percent year-over-year to $37.3 million, in line with our guidance range. The year-over-year increase in Rentals revenue was primarily attributable to an increase in the number of average monthly monetized, deduplicated rental listings on our mobile apps and websites, which increased 31 percent year-over-year to 40,962 for the third quarter of 2018. Rentals revenue is growing solidly and we are pleased with the increase in our paid multi-family listing count, as well as with the adoption of our technology stack for property managers, landlords and renters.

Mortgages

Mortgages revenue was $18.4 million, a 12 percent decrease year-over-year, but in line with our guidance range. As expected, average revenue per loan information request decreased 22 percent year-over-year, while the number of mortgage loan information requests submitted by consumers increased 13 percent year-over-year to 6.3 million.

The year-over-year decrease in average revenue per loan information request was due primarily to our ongoing transition to our new Connect subscription-based platform, which began during the second quarter of 2018, from the cost-per-lead Long Form product. The Connect platform delivers higher-quality leads to our lender advertisers and we expect will improve monetization in future quarters.

Other Revenue

Other revenue, which includes revenue generated by New Construction, dotloop and Display, as well as revenue from the sale of various other marketing and business products and services to real estate professionals, grew 23 percent year-over-year to $43.6 million and was in line with our guidance range. The increase in Other revenue was primarily driven by approximately 54 percent year-over-year increases in revenue from our New Construction marketplace and dotloop.

HOMES SEGMENT RESULTS

Homes segment revenue of $11.0 million exceeded the high end of our guidance range. Homes segment GAAP loss before income taxes for the quarter was approximately $16.0 million, or 145 percent of segment revenue, and Homes segment Adjusted EBITDA was in line with our expectations at a loss of $11.7 million, or 106 percent of segment revenue[1].

During the third quarter of 2018, Zillow purchased 168 homes and sold 36 homes. All of the homes purchased and sold were in the Phoenix and Las Vegas markets. Zillow Offers launched in Atlanta in September and Denver in October. Demand for this service in our new markets is already exceeding our expectations, and the Denver launch was the most successful start so far. As of

September 30, 2018, we held 151 homes in inventory with $24.7 million drawn on our first credit facility.

Just a few months after launching this new business, Zillow Offers is ramping fast and our team is seamlessly executing the roll-out into new markets. The Zillow Offers team is managing renovations on time and under budget. On average, during the third quarter, homes were sold well ahead of our 90 day target. Our unique data set provides insight into the homes that consumers are shopping for and allows us to effectively advertise the homes we buy even before we are ready to relist them.

There are two important levers that we utilize to minimize the risks we assume when purchasing homes, as well as to ensure that we earn a small profit on the homes we sell. First, for every home that we buy, the seller pays a service fee in exchange for avoiding the hassle, time commitment and uncertainty of a traditional home sale. Currently, that fee ranges from 6 to 9 percent and considers the local real estate market, expected time it will take to rehab and resell the home, and anticipated carrying costs (e.g. utilities, taxes, maintenance, interest expense, etc.). Second, we leverage our competencies in valuing homes when buying and selling them. Our current intent is to break even on the sale of each home, for now. Longer-term, we are targeting 1 to 2 percent net profit on a per unit basis. For illustrative purposes, at scale, if 5 percent of homesellers in the U.S.[2] sold through Zillow Offers, and using $250,000 as the typical home value, that could result in a nearly $1 billion profit opportunity annually.

Zillow Offers Satisfied Home Seller

"We had such a fantastic experience. Zillow worked so well for us. They went above and beyond. We had a very challenging situation, and they really worked with us. The whole experience was great. They saved us a huge amount of headache." - Dawn Hamm, Anthem, AZ

Zillow Offers is designed to work in either a hot or cold real estate market. Typically, a market slowdown happens over time and, since Zillow Group has the best view into real time shopping activity from the traffic patterns and other data on our platform, we will be prepared for changes in advance. In the event of a shift in the market, we will adjust our offer amounts on homes, as well as the service fee and pricing valuation levers to help ensure we receive a reasonable average contribution margin from the homes we purchase. In a market where inventory is growing, the timing of a home sale is more uncertain and sellers are not receiving multiple offers. In that scenario, Zillow Offers may be even more desirable to sellers for the certainty it provides, even though our fee would likely be higher to compensate for the increased risk exposure.

Given our audience scale, coupled with the Zillow Offers service, we are uniquely positioned to deliver highly valuable seller listing lead opportunities for our Premier Agent and Broker partners.

[2] 275,000 homes in 2017: US Census Bureau and National Association of REALTORS ® 2017

Since launch, nearly 20,000 homeowners have taken direct action on our platform to sell their home. During the third quarter, we purchased just about 1 percent of homes submitted. Many of those consumers requesting an offer are potentially thinking of selling the traditional way through a listing agent, and likely are also in need of an agent to help find their next home to buy. That could be two commissions from one lead for a Premier Agent. As awareness of Zillow Offers grows, it has the opportunity to become the natural first step for homeowners who are thinking of selling their home to request a no obligation offer from us to see what they can get without any hassle. If they have not already engaged a selling agent, we can connect them with one of our partners who we know will provide a superior customer experience. We are now testing monetization models for the seller leads that are generated from Zillow Offers. Broker partners receiving those leads will pay Zillow Group an industry standard performance fee only when a transaction occurs. This is Zillow Offers' first attempt to monetize the selling side of U.S. real estate transactions, or roughly 50 percent of the $87 billion in commissions generated last year[3].

There is significant opportunity to generate revenue and profits from the various adjacent services that we can attach to the Homes business, including mortgage origination. Last week, we announced that we successfully completed the acquisition of MLOA. Soon, we can offer buyers of Zillow-owned homes a faster, more streamlined mortgage origination experience, and aim to further reduce our hold time of homes in inventory. The acquisition allows us to provide a more integrated buying experience as we continue to execute on our strategy to move further down the funnel and create better consumer experiences at every stage of the home life cycle.

HOUSING MARKET UPDATE

We often get asked how the changing real estate market affects our business, especially as we have moved down-funnel in several of our marketplaces. Housing is slowing, in terms of transaction volume, home value appreciation growth rates, and other metrics. A full review of Zillow Group's economists' housing data and analysis can be found on the Zillow Research section of our website.

For the Premier Agent business, the 2008 to 2010 housing recession accelerated the shift away from offline advertising (e.g., newspapers, billboards, direct mail) towards digital advertising, such as Zillow and Trulia. The next housing downturn - should it occur - will likely drive underperforming agents out of the industry, and transaction share will consolidate toward top performing agents and brokers, who are likely to be Premier Agents, and who understand how to leverage digital advertising and real estate software more than their competitors. That having been said, slower transaction volume will negatively impact agent psychology and return on investment. It's impossible to know how these two trends will net against each other. For Zillow Offers, we think that a housing slowdown - should it occur - will accelerate homeowners' adoption to this new way of selling.

[3] Internal estimate (total new and existing homes sold, National Association of REALTORS ® 2017 x average agent commissions, REAL Trends)

THIRD QUARTER 2018 FINANCIAL DETAILS

Total operating expenses increased 32 percent year-over-year to $353.4 million.

Consolidated cost of revenue increased 66 percent year-over-year to $36.7 million, or 11 percent of revenue. IMT segment cost of revenue increased 19 percent year-over-year to $26.4 million, or 8 percent of segment revenue. Homes segment cost of revenue was $10.3 million, or 93 percent of segment revenue, consisting of $9.9 million related to home acquisition costs, $0.3 in home renovation costs, and $0.1 million in miscellaneous expenses.

Consolidated sales and marketing (S&M) expenses increased 20 percent year-over-year to $128.7 million, or 38 percent of revenue. IMT segment S&M expenses increased 16 percent year-over-year to $123.8 million, or 37 percent of segment revenue. Homes segment S&M expenses were $5.0 million, or 45 percent of segment revenue. S&M expenses include our advertising costs, which are on track to increase in 2018 by less than 20 percent year-over-year on a consolidated basis.

Consolidated technology and development (T&D) expenses increased 26 percent year-over-year to $105.3 million, or 31 percent of revenue. IMT segment T&D expenses increased 19 percent year-over-year to $99.6 million, or 30 percent of segment revenue. Homes segment T&D expenses were $5.7 million, or 52 percent of segment revenue.

Consolidated general and administrative (G&A) expenses increased 30 percent year-over-year to $70.7 million, or 21 percent of revenue. IMT segment G&A expenses increased 20 percent year-over-year to $65.2 million, or 20 percent of segment revenue. Homes segment G&A expenses were $5.6 million, or 51 percent of segment revenue.

During the third quarter of 2018, we recognized a non-cash impairment charge of $10.0 million related to our June 2017 investment in a privately held corporation. The impairment charge is included in Impairment costs within our condensed consolidated statements of operations.

PEOPLE AND CULTURE

Zillow Group ended the third quarter with 3,809 employees across all of our offices. The acquisition of MLOA brings approximately 300 additional employees to Zillow Group.

Zillow Group was recently recognized as a top global employer in Hired's second annual Brand Health Report, as one of Fortune's Best Workplaces for Women, and was ranked on Comparably's list of Best Large Companies for Perks & Benefits. These recognitions are extremely valuable and support our initiatives to attract and retain the top talent in the industry.

Our fall 2018 anonymous employee engagement survey was just completed by 86 percent of Zillow Group's employees. The survey was conducted by a third-party vendor that specializes in employee engagement. Nearly all -- 94 percent -- of our employees say they would recommend working at Zillow Group to a friend, a recommendation rate that is significantly higher than even some of the best employee-rated companies.

We are proud of our high level of employee engagement and ability to maintain a company culture focused on innovation. It has always been Zillow Group's belief that making investments in our people and culture will create an environment where people can do their best work, and will create long-term shareholder value as a result.

Today, we announced the appointment of our new Chief Financial Officer, Allen Parker. We began the search for a new CFO this past spring, and Allen rose to the top of a very impressive group of candidates, all of whom were excited by the long-term potential of Zillow Group. Allen brings nearly 30 years of finance and operations leadership experience to Zillow Group. He joins us from Amazon, where he spent almost 13 years and most recently was Vice President of Finance overseeing its worldwide Amazon Devices, Appstore & Amazon Pay businesses. His expertise will be particularly valuable as we move into businesses like mortgage origination and real estate transactions. Allen will replace Jenn Rock, who has been serving as Interim Chief Financial Officer since May and has become our permanent Chief Accounting Officer.

In addition, Aimee Johnson, most recently Senior Vice President, Customer Relationship Management at Starbucks, will join Zillow Group as Chief Marketing Officer in November. Finally, our Chief Operating Officer, Amy Bohutinsky, will be stepping down from her role in January, but we are delighted that she has been elected to join Zillow Group's Board of Directors. We look forward to welcoming these new members of our senior leadership team who were eager to join Zillow Group at such an exciting and important time for us and the residential real estate industry as a whole.

OUTLOOK

The following table presents our outlook for the periods presented (in millions, unaudited):

Zillow Group Outlook as of November 6, 2018	Three Months Ending December 31, 2018			Year Ending December 31, 2018		
Revenue:						
IMT segment:						
Premier Agent	$221	to	$225	$898	to	$902
Rentals	$35	to	$36	$135	to	$136
Mortgages	$21	to	$22	$77	to	$78
Other	$43	to	$44	$167	to	$168
Total IMT segment revenue	$320	to	$327	$1,277	to	$1,284
Homes segment	$20	to	$30	$30	to	$40
Total revenue	$340	to	$357	$1,307	to	$1,324
Adjusted EBITDA:						
IMT segment	$44	to	$51	$238	to	$245
Homes segment	$(18)	to	$(13)	$(43)	to	$(38)
Total Adjusted EBITDA*	$26	to	$38	$195	to	$207
Weighted average shares outstanding — basic	203.0	to	205.0	197.0	to	199.0
Weighted average shares outstanding — diluted	212.0	to	214.0	206.0	to	208.0

In addition, Zillow Group expects to hold 300 to 550 homes in inventory as related to the Homes segment as of December 31, 2018.

* Zillow Group has not provided a quantitative reconciliation of forecasted Adjusted EBITDA to forecasted GAAP net income (loss) for total Adjusted EBITDA or to forecasted GAAP income (loss) before income taxes for segment Adjusted EBITDA within this communication because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence. These items include, but are not limited to: income taxes which are directly impacted by unpredictable fluctuations in the market price of the company's capital stock; depreciation and amortization expense from new acquisitions; impairments of assets; and acquisition-related costs. These items, which could materially affect the computation of forward-looking GAAP net income (loss) and income (loss) before income taxes, are inherently uncertain and depend on various factors, many of which are outside of Zillow Group's control. For more information regarding the non-GAAP financial measure discussed in this communication, please see "Use of Non-GAAP Financial Measure" below.

We have lowered our Premier Agent revenue guidance range to reflect the impact of increased advertiser churn in the fourth quarter. The higher level of churn results from two factors. First, auction-based pricing drove appropriate price discovery in highly competitive markets nationwide during the first half of 2018. As pricing for share of voice and contacts rose sharply throughout the year, advertiser ROI decreased noticeably as tighter housing market conditions extended buying cycles for consumers and as leads seasonally declined in the second half of the year. In response, some agents have reduced their budgets. Second, the roll out of our new lead validation and distribution process reduced low-quality contacts, which created a perceived price increase without an immediate increase in transactions. The new process, including the recent changes we added, should meaningfully increase the amount of commissions generated by our Premier Agents, as they successfully close more transactions from these higher quality live phone connections. Agents and brokers may not fully recognize these benefits until they begin closing more deals, which can take several months post connection. We chose to implement all of these changes at once to allow Premier Agents to adapt to our future state more quickly, to set us up for 2019, and to provide a better experience for consumers.

Our fourth quarter and full year 2018 Mortgage revenue outlook includes two months of contributions from MLOA, or approximately $5 million. In addition, our Mortgages revenue for the quarter will be impacted by fewer leads sold to MLOA as a result of the acquisition, as well as increases in interest rates reducing conversion in our custom quotes product. Starting with our quarterly report for the first quarter of 2019, Mortgages will become our third reportable segment and will include financial results for advertising sold to mortgage lenders and other mortgage professionals, mortgage originations through MLOA and Mortech mortgage software solutions.

Finally, we are adjusting our full year 2018 consolidated Adjusted EBITDA outlook to reflect lower than anticipated Premier Agent revenue and increased expenses, primarily headcount-related, as a result of higher-than-anticipated recruiting and relocation costs, and the impact of compensation inflation from the highly competitive job market. Higher costs for recruiting tech talent continues to be one of the main drivers of our increased expenses. This impacts our IMT segment more than Homes because we initially seeded the Homes segment with employees from IMT and incurred additional recruiting expenses as we back-filled IMT with new hires.

CLOSING STATEMENT

Zillow Group is moving further down the funnel and closer to the transaction during this period of transformational innovation. In 2019, Zillow Group will be a larger business that is much more integrated into the consumer's entire home life cycle. Our addressable market today is an order of magnitude larger than it was just a year ago. We have the potential to transform the largest asset class of our economy with an end-to-end transaction. Within that transaction Zillow Group can be involved on multiple levels, from agent connections to buying and selling a home to mortgage lending - and the potential for even more adjacencies in the future.

Zillow Group’s mission remains the same: to build the largest, most trusted and vibrant home-related marketplace in the world. In 2018, we pledged to create better experiences for consumers as we accompanied them further down the funnel and closer to the transaction. We also said that we would evolve our business models to better align our results with our industry partners’. These were big promises and we kept them. Consumers using our platforms deserve a positive experience. Now we are ensuring they get that from searching listings all the way through closing on their dream home. Our industry partners deserve high-quality, validated leads. The changes we are making to our Premier Agent program are already dramatically improving connection rates, and we are now shifting our focus to helping agents increase conversion of those connections into transactions. Many homeowners want an easier way to sell their home. The Zillow Offers service relieves them of the hassle and stress of selling the traditional way. And some agents prefer flexible options for advertising on our platforms. With Flex Pricing, we can attract more agents to advertise with us in a way that fits with their marketing budget. The future for Zillow Group is bright. We are just getting started and are excited about what's next.

Sincerely,

Spencer Rascoff, CEO

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Zillow Group's third quarter 2018 supplemental financial results tables are available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/financials.cfm#results. They are also included as Exhibit 99.2 to its Current Report on Form 8-K as furnished to the SEC on November 6, 2018, which is available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/sec.cfm and the SEC's website at www.sec.gov.

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which involve risks and uncertainties, including, without limitation, statements regarding the acquisition of MLOA, plans for the integration of MLOA with Zillow Offers, Zillow Group's business and financial outlook, strategic priorities, market opportunities, legal proceedings, and operational plans for 2018 and beyond. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "estimate," "outlook," "guidance," and similar expressions constitute forward-looking statements. Forward-looking statements are made based on assumptions as of November 6, 2018, and although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee these results. Differences in Zillow Group's actual results from those described in these forward-looking statements may result from actions taken by Zillow Group, as well as from risks and uncertainties beyond Zillow Group's control. Factors that may contribute to such differences include, but are not limited to, Zillow Group's ability to execute on strategy; Zillow Group's ability to maintain and effectively manage an adequate rate of growth; Zillow Group's ability to innovate and provide products and services that are attractive to its users and advertisers; Zillow Group's investment of resources to pursue strategies that may not prove effective; Zillow Group's ability to compete successfully against existing or future competitors; the impact of the real estate industry on Zillow Group's business; the impact of pending legal proceedings described in Zillow Group's filings with the Securities and Exchange Commission, or SEC; Zillow Group's ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments; Zillow Group's ability to maintain or establish relationships with listings and data providers; the reliable performance of Zillow Group's network infrastructure and content delivery processes; and Zillow Group's ability to protect its intellectual property. The foregoing list of risks and uncertainties is illustrative but not exhaustive. For more information about potential factors that could affect Zillow Group's business and financial results, please review the "Risk Factors" described in Zillow Group's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the SEC and for the quarterly period ended September 30, 2018 to be filed with the SEC, and in Zillow Group's other filings with the SEC. Except as may be required by law, Zillow Group does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Use of Non-GAAP Financial Measure

This communication includes references to Adjusted EBITDA (on both a consolidated basis and for each segment, and including forecasted Adjusted EBITDA), which are non-GAAP financial measures not prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

Zillow Group urges readers to review its earnings press release and supplemental financial tables as they contain important information about the company's financial results, including reconciliation tables and related information about these non-GAAP financial measures. The earnings press release and supplemental financial tables are available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/financials.cfm#results. They are also included as Exhibit 99.1 and 99.2, respectively, to the company's Current Report on Form 8-K as furnished to the SEC on November 6, 2018, which is available on the Investor Relations section of the Zillow Group website at http://investors.zillowgroup.com/sec.cfm and the SEC's website at www.sec.gov.

Adjusted EBITDA is a key metric used by Zillow Group's management and board of directors to measure operating performance and trends, and to prepare and approve the company's annual budget. Zillow Group's use of Adjusted EBITDA has limitations as an analytical tool, which limitations are described in its earnings press release. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of Zillow Group's results as reported under GAAP.