

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO  
COMPARABLE GAAP MEASURES  
(unaudited, in thousands, except per share data)**

The following is a reconciliation of the non-GAAP financial measures used by RealPage to describe its financial results determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"). An explanation of these measures is also included under the heading "Explanation of Non-GAAP Financial Measures."

While the company believes that these non-GAAP financial measures provide useful supplemental information to investors regarding the underlying performance of our business operations, investors are reminded to consider these non-GAAP measures in addition to, and not as a substitute for, financial performance measures prepared in accordance with GAAP. In addition, it should be noted that these non-GAAP financial measures may be different from non-GAAP measures used by other companies, and the company may utilize other measures to illustrate performance in the future. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP.

**Non-GAAP Total Revenue**

Set forth below is a presentation of the company's "Non-GAAP Total Revenue." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Revenue (GAAP)	\$ 226,974	\$ 187,680	\$ 869,480	\$ 670,963
Acquisition-related and other deferred revenue	1,056	710	1,890	3,058
Non-GAAP Total Revenue	<u>\$ 228,030</u>	<u>\$ 188,390</u>	<u>\$ 871,370</u>	<u>\$ 674,021</u>

**Adjusted Gross Profit**

Set forth below is a presentation of the company's "Adjusted Gross Profit." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Gross profit (GAAP)	\$ 129,482	\$ 111,132	\$ 505,301	\$ 390,665
Acquisition-related and other deferred revenue	1,056	710	1,890	3,058
Depreciation	3,048	2,935	12,072	11,790
Amortization of product technologies	9,429	7,413	35,797	22,163
Stock-based expense	1,254	899	4,403	3,842
Adjusted Gross Profit	<u>\$ 144,269</u>	<u>\$ 123,089</u>	<u>\$ 559,463</u>	<u>\$ 431,518</u>

**Adjusted EBITDA**

Set forth below is a presentation of the company's "Adjusted EBITDA." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Net income (loss) (GAAP)	\$ 6,272	\$ (20,865)	\$ 34,725	\$ 377
Acquisition-related and other deferred revenue	1,056	710	1,890	3,058
Depreciation, asset impairment, and loss on disposal of assets	10,445	6,817	35,211	27,752
Amortization of product technologies and intangible assets	19,017	14,567	71,708	39,918
Loss due to cyber incident, net of recoveries	4,952	-	4,952	-
Acquisition-related (income) expense	(257)	2,508	2,437	5,557
Costs related to the Hart-Scott-Rodino review process	-	2,310	78	11,012
Interest expense, net	6,780	6,335	29,959	15,072
Income tax (benefit) expense	(618)	24,458	(425)	14,864
Stock-based expense	13,149	10,103	50,641	45,835
Adjusted EBITDA	<u>\$ 60,796</u>	<u>\$ 46,943</u>	<u>\$ 231,176</u>	<u>\$ 163,445</u>

**Non-GAAP Product Development Expense**

Set forth below is a presentation of the company's "Non-GAAP Product Development Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Product development expense (GAAP)	\$ 29,772	\$ 25,890	\$ 118,525	\$ 89,452
Less: Stock-based expense	2,595	1,992	9,923	8,423
Non-GAAP Product Development Expense	<u>\$ 27,177</u>	<u>\$ 23,898</u>	<u>\$ 108,602</u>	<u>\$ 81,029</u>

**Non-GAAP Sales and Marketing Expense**

Set forth below is a presentation of the company's "Non-GAAP Sales and Marketing Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Sales and marketing expense (GAAP)	\$ 45,084	\$ 37,925	\$ 166,607	\$ 140,473
Less: Asset impairment and loss on disposal of assets	2,720	-	2,720	-
Stock-based expense	4,320	3,351	16,573	14,592
Non-GAAP Sales and Marketing Expense	<u>\$ 38,044</u>	<u>\$ 34,574</u>	<u>\$ 147,314</u>	<u>\$ 125,881</u>

**Non-GAAP General and Administrative Expense**

Set forth below is a presentation of the company's "Non-GAAP General and Administrative Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
General and administrative expense (GAAP)	\$ 32,638	\$ 30,350	\$ 118,208	\$ 112,975
Less: Asset impairment and loss on disposal of assets	574	52	2,013	524
Loss due to cyber incident, net of recoveries	4,952	-	4,952	-
Acquisition-related (income) expense	(257)	2,508	2,437	5,557
Costs related to the Hart-Scott-Rodino review process	-	2,310	78	11,012
Stock-based expense	4,980	3,861	19,742	18,978
Non-GAAP General and Administrative Expense	<u>\$ 22,389</u>	<u>\$ 21,619</u>	<u>\$ 88,986</u>	<u>\$ 76,904</u>

**Non-GAAP Operating Expense**

Set forth below is a presentation of the company's "Non-GAAP Operating Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Operating expense (GAAP)	\$ 117,082	\$ 101,319	\$ 439,251	\$ 360,655
Less: Asset impairment and loss on disposal of assets	3,294	52	4,733	524
Amortization of intangible assets	9,588	7,154	35,911	17,755
Loss due to cyber incident, net of recoveries	4,952	-	4,952	-
Acquisition-related (income) expense	(257)	2,508	2,437	5,557
Costs related to the Hart-Scott-Rodino review process	-	2,310	78	11,012
Stock-based expense	11,895	9,204	46,238	41,993
Non-GAAP Operating Expense	<u>\$ 87,610</u>	<u>\$ 80,091</u>	<u>\$ 344,902</u>	<u>\$ 283,814</u>

**Non-GAAP Operating Income**

Set forth below is a presentation of the company's "Non-GAAP Operating Income." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Operating income (GAAP)	\$ 12,400	\$ 9,813	\$ 66,050	\$ 30,010
Acquisition-related and other deferred revenue	1,056	710	1,890	3,058
Asset impairment and loss on disposal of assets	3,294	52	4,733	524
Amortization of product technologies and intangible assets	19,017	14,567	71,708	39,918
Loss due to cyber incident, net of recoveries	4,952	-	4,952	-
Acquisition-related (income) expense	(257)	2,508	2,437	5,557
Costs related to the Hart-Scott-Rodino review process	-	2,310	78	11,012
Stock-based expense	13,149	10,103	50,641	45,835
Non-GAAP Operating Income	<u>\$ 53,611</u>	<u>\$ 40,063</u>	<u>\$ 202,489</u>	<u>\$ 135,914</u>

**Non-GAAP Net Income**

Set forth below is a presentation of the company's "Non-GAAP Net Income" and "Non-GAAP Net Income per Non-GAAP Diluted Share." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Net income (loss) (GAAP)	\$ 6,272	\$ (20,865)	\$ 34,725	\$ 377
Income tax (benefit) expense	(618)	24,458	(425)	14,864
Income before income taxes	5,654	3,593	34,300	15,241
Acquisition-related and other deferred revenue	1,056	710	1,890	3,058
Asset impairment and loss on disposal of assets	3,294	52	6,733	524
Amortization of product technologies and intangible assets	19,017	14,567	71,708	39,918
Loss due to cyber incident, net of recoveries	4,952	-	4,952	-
Acquisition-related (income) expense	(257)	2,508	2,437	5,557
Costs related to the Hart-Scott-Rodino review process	-	2,310	78	11,012
Amortization of convertible note discount	2,639	2,488	10,324	5,991
Stock-based expense	13,149	10,103	50,641	45,835
Non-GAAP income before income taxes	49,504	36,331	183,063	127,136
Assumed rate for income tax expense <sup>(1)</sup>	26.0 %	40.0 %	26.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	12,871	14,532	47,596	50,854
Non-GAAP Net Income	<u>\$ 36,633</u>	<u>\$ 21,799</u>	<u>\$ 135,467</u>	<u>\$ 76,282</u>
Net income (loss) per diluted share	\$ 0.07	\$ (0.26)	\$ 0.38	\$ 0.00
Non-GAAP Net Income per Non-GAAP Diluted Share	\$ 0.39	\$ 0.26	\$ 1.51	\$ 0.93
Weighted average outstanding shares - basic	91,492	80,583	87,290	79,433
Non-GAAP adjusted diluted weighted average shares outstanding:				
Weighted average outstanding shares - diluted	95,108	83,464	91,531	82,398
Dilution offset from convertible note hedge transactions	(1,621)	(321)	(1,876)	(81)
Non-GAAP diluted weighted average shares outstanding <sup>(2)</sup>	<u>93,487</u>	<u>83,143</u>	<u>89,655</u>	<u>82,317</u>

**Non-GAAP On Demand Revenue**

Set forth below is a presentation of the company's "Non-GAAP On Demand Revenue." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
On demand revenue (GAAP)	\$ 218,051	\$ 180,104	\$ 833,709	\$ 642,622
Acquisition-related and other deferred revenue	1,056	710	1,890	3,058
Non-GAAP On Demand Revenue	<u>\$ 219,107</u>	<u>\$ 180,814</u>	<u>\$ 835,599</u>	<u>\$ 645,680</u>

**Ending On Demand Units, Average On Demand Units, ACV, and RPU**

Set forth below is a presentation of the company's "Ending On Demand Units," "Average On Demand Units," "ACV," and "RPU." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Ending on demand units	16,219	13,003	16,219	13,003
Average on demand units	16,146	12,628	14,847	11,711
ACV	\$ 876,637	\$ 751,183		
RPU	\$ 54.05	\$ 57.77		

**Non-GAAP Total Revenue Guidance**

Set forth below is a presentation of the company's "Non-GAAP Total Revenue" guidance for the three months ending March 31, 2019, and the twelve months ending December 31, 2019. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending		Guidance Range for the Twelve Months Ending	
	March 31, 2019		December 31, 2019	
	Low <sup>(3)</sup>	High <sup>(3)</sup>	Low <sup>(3)</sup>	High <sup>(3)</sup>
Revenue (GAAP)	\$ 232,790	\$ 234,790	\$ 979,600	\$ 999,600
Acquisition-related and other deferred revenue	210	210	400	400
Non-GAAP Total Revenue	\$ 233,000	\$ 235,000	\$ 980,000	\$ 1,000,000

**Non-GAAP Net Income Guidance**

Set forth below is a presentation of the company's "Non-GAAP Net Income" and "Non-GAAP Net Income per Diluted Share" guidance for the three months ending March 31, 2019, and the twelve months ending December 31, 2019. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending		Guidance Range for the Twelve Months Ending	
	March 31, 2019		December 31, 2019	
	Low <sup>(3)</sup>	High <sup>(3)</sup>	Low <sup>(3)</sup>	High <sup>(3)</sup>
Non-GAAP Net Income:				
Net income (GAAP)	\$ 8,520	\$ 10,540	\$ 43,550	\$ 52,990
Income tax expense	3,320	4,100	17,360	21,120
Income before income taxes	11,840	14,640	60,910	74,110
Acquisition-related and other deferred revenue	210	210	400	400
Amortization of product technologies and intangible assets	19,800	19,600	79,200	78,400
Amortization of convertible note discount	2,680	2,680	10,960	10,960
Stock-based expense	15,200	15,000	65,400	64,600
Non-GAAP income before income taxes	49,730	52,130	216,870	228,470
Expected effective tax rate <sup>(1)</sup>	26.0%	26.0%	26.0%	26.0%
Assumed provision for income tax expense	12,930	13,554	56,386	59,402
Non-GAAP Net Income	\$ 36,800	\$ 38,576	\$ 160,484	\$ 169,068
Net income per diluted share	\$ 0.09	\$ 0.11	\$ 0.45	\$ 0.55
Non-GAAP net income per diluted share	\$ 0.39	\$ 0.41	\$ 1.70	\$ 1.79
Non-GAAP adjusted diluted weighted average shares outstanding:				
Weighted average outstanding shares - diluted	96,375	96,375	97,026	97,026
Dilution offset from convertible note hedge transactions	(2,475)	(2,475)	(2,538)	(2,538)
Non-GAAP diluted weighted average shares outstanding <sup>(2)</sup>	93,900	93,900	94,488	94,488

### Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending March 31, 2019, and the twelve months ending December 31, 2019. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending		Guidance Range for the Twelve Months Ending	
	March 31, 2019		December 31, 2019	
	Low <sup>(3)</sup>	High <sup>(3)</sup>	Low <sup>(3)</sup>	High <sup>(3)</sup>
Adjusted EBITDA:				
Net income (GAAP)	\$ 8,520	\$ 10,540	\$ 43,550	\$ 52,990
Acquisition-related and other deferred revenue	210	210	400	400
Depreciation, asset impairment, and loss on disposal of assets	8,700	8,500	36,200	35,400
Amortization of product technologies and intangible assets	19,800	19,600	79,200	78,400
Interest expense, net	8,250	8,050	32,890	32,090
Income tax expense	3,320	4,100	17,360	21,120
Stock-based expense	15,200	15,000	65,400	64,600
Adjusted EBITDA	<u>\$ 64,000</u>	<u>\$ 66,000</u>	<u>\$ 275,000</u>	<u>\$ 285,000</u>

- (1) A 26.0% tax rate is assumed in order to approximate the Company's long-term effective corporate tax rate. Please reference the "Explanation of Non-GAAP Financial Measures" section.
- (2) It is the current intent of the Company to settle conversions of the Convertible Notes through combination settlement, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of our common stock. We exclude these shares that are issuable upon conversions of our convertible notes because we expect that the dilution from such shares will be offset by the convertible note hedge transactions entered into in May 2017 in connection with the issuance of the convertible notes.
- (3) Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The company may be required to revise its results upon finalizing its review of quarterly and full year results, which could cause or contribute to such differences. All information provided in this release is as of the date hereof and RealPage, Inc. undertakes no duty to update this information except as required by law. See additional discussion under "Cautionary Statement Regarding Forward-Looking Statements" above.