

Q1 2018 FINANCIAL RESULTS

MAY 2018

FORWARD LOOKING STATEMENT

This presentation contains “forward-looking” statements relating to RealPage, Inc.’s strategy, goals and focus, expected, possible or assumed future results including its financial outlook for the second quarter ending June 30, 2018 and calendar year ending December 31, 2018, that RealPage is ahead of the pace needed to achieve its 2020 objective of \$1 billion in revenue and \$300 million in adjusted EBITDA, that RealPage expects to build on new sales momentum to drive deeper client adoption across its platform, and RealPage’s long-term revenue and adjusted EBITDA margin goals. These forward-looking statements are based on management’s beliefs and assumptions and on information currently available to management.

Forward-looking statements include all statements that are not historical facts and may be identified by terms such as “expects,” “believes,” “plans,” or similar expressions and the negatives of those terms. Those 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 contained herein upon finalizing its review of quarterly and full-year results and completion of the annual audit, which could cause or contribute to such differences. Additional factors that could cause or contribute to such differences include, but are not limited to, the following: (a) the possibility that general economic conditions, including leasing velocity or uncertainty, could cause information technology spending, particularly in the rental housing industry, to be reduced or purchasing decisions to be delayed; (b) an increase in insurance claims; (c) an increase in client cancellations; (d) the inability to increase sales to existing clients and to attract new clients; (e) RealPage’s failure to integrate acquired businesses and any recent or future acquisitions successfully or to achieve expected synergies, including the recently completed acquisition of ClickPay; (f) the timing and success of new product introductions by RealPage or its competitors; (g) changes in RealPage’s pricing policies or those of its competitors; (h) legal or regulatory proceedings; (i) the inability to achieve revenue growth or to enable margin expansion; (j) changes in RealPage’s estimates with respect to its long-term corporate tax rate or any other impact from the recently enacted Tax Cuts and Jobs Act; and (k) such other risks and uncertainties described more fully in documents filed with or furnished to the Securities and Exchange Commission (“SEC”) by RealPage, including its Annual Report on Form 10-K previously filed with the SEC on March 1, 2018. All information provided in this release is as of the date hereof and RealPage undertakes no duty to update this information except as required by law.

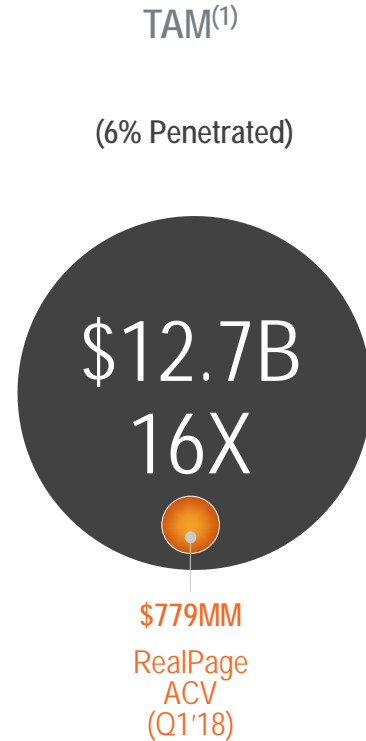
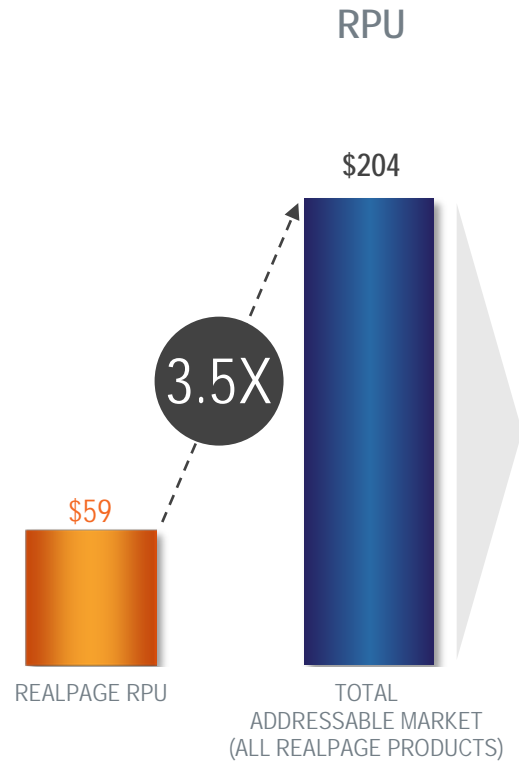
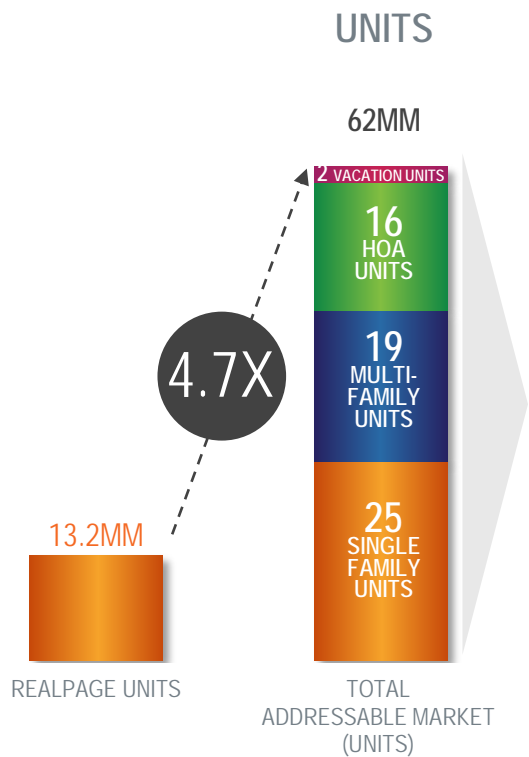
REALPAGE®

A global software and data analytics company that improves the operational and transactional performance of real estate assets.



SELL MORE NEW UNITS

CROSS-SELL HIGHER RPU



2018 PROGRESS

- Impressive financial results across the board
- Innovation & Simplification ~ North Star
- Ahead of pace needed to achieve 2020 goal of \$1 billion in revenue and \$300 million of adjusted EBITDA
- RealPage platform improves operational returns through increased revenue, reduced expenses and less risk
 - Expanding beyond operational hold period to transactional side of real estate
- Data-oriented vision resonating with existing and new clients

INVESTING IN THE FUTURE



- Strong new sales momentum driven by platform and data vision
 - Significant new sales bookings ~ Invesco (Revenue Management) & Carroll Management (BI)
 - Solid sales rep productivity
 - Strong suite sales
- Leveraging data from 13.2 million units to drive new innovation
 - New Spend Management functionality
 - New Leasing and Marketing functionality
 - Market Analytics / Underwriting Analytics launching soon
- Unity investments focused on simplifying platform, long-term scale, accelerating revenue and increasing client satisfaction

ACQUISITIONS

- 2017 acquisition cohort exceeding revenue expectations
- Back-office and client-facing integration nearing completion
- IT integration nearing completion for AxioMetrics and AUM, LRO and On-Site on schedule for completion in 2H'18
- Q1'18 Adjusted EBITDA run-rate purchase price valuation for 2017 cohort of just under 13x, great line of sight to target of 10x by end of 2018

2017 Acquisition Cohort

Purchase Price	\$701MM
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Transaction Revenue Multiple	5.2x
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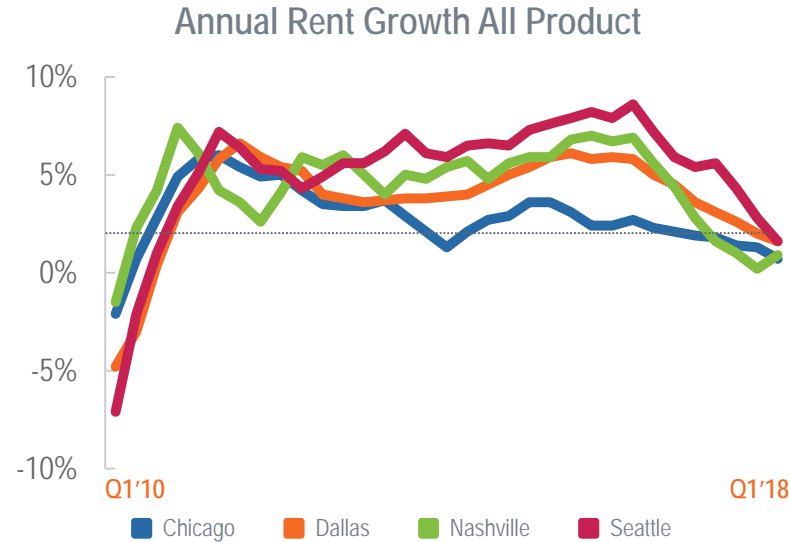
Transaction EBITDA Multiple	32.3x
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Target EBITDA Valuation	10.0x
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Q1 Implied EBITDA Valuation	12.6x
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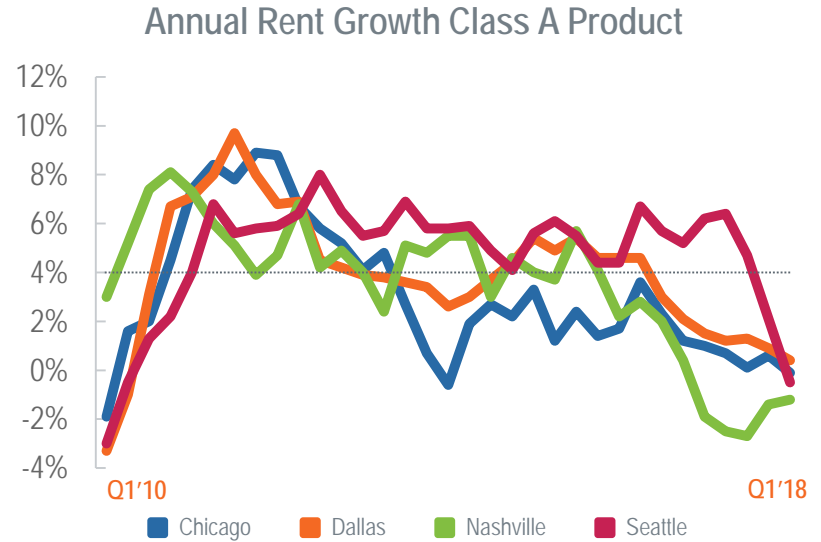
MACROECONOMIC TRENDS: RENTAL APARTMENT HOUSING MARKET STABILIZING

- Rents grew 2.6% in Q1'18, one of the lowest levels since Q3'10



Source: MPF Research and AxioMetrics data.

- Occupancy at 95.0%, flat with 95.0% in Q1'17



Source: MPF Research and AxioMetrics data.

Q1'18 FINANCIAL SUMMARY

- Impressive Q1'18 financial results
- Total Non-GAAP revenue growth of 31% YOY
- Adjusted EBIDTA margin expansion of 270 basis points YOY
- Operating cash flow growth of 59%⁽²⁾
- Experiencing new sales momentum
- Focusing on innovation and financial discipline while investing for the future

Non-GAAP Total Revenue



*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

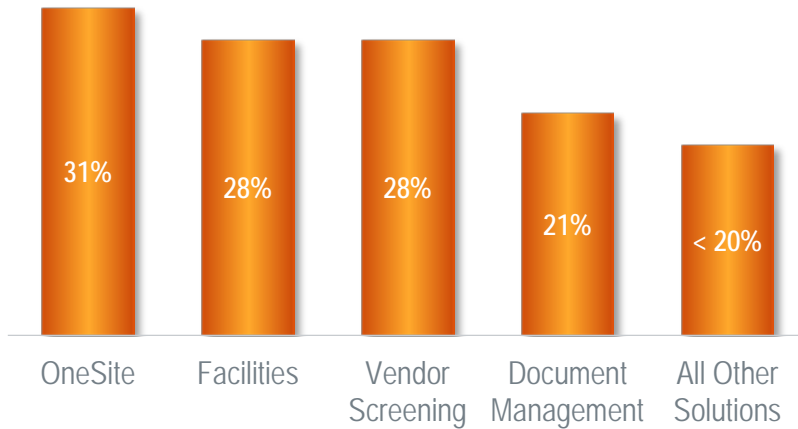
⁽¹⁾ Includes a \$3.4 million impact from the company's renters' insurance solution related to hurricanes Harvey and Irma.

⁽²⁾ Excludes the benefit resulting from changes in restricted cash relating to accounting treatment changes.

PROPERTY MANAGEMENT

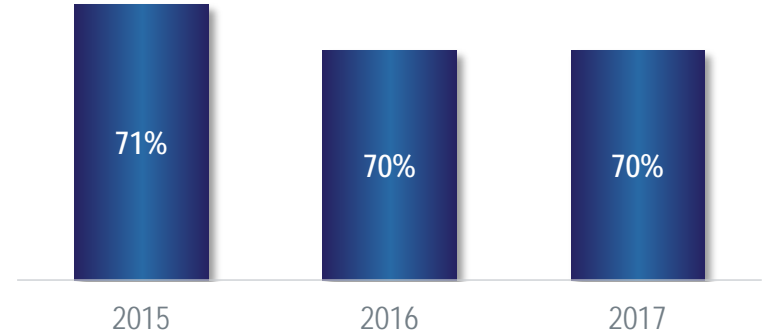
Percent Penetrated Into 13.2MM Units⁽¹⁾

%



Estimated Relative Gross Margin⁽²⁾

%



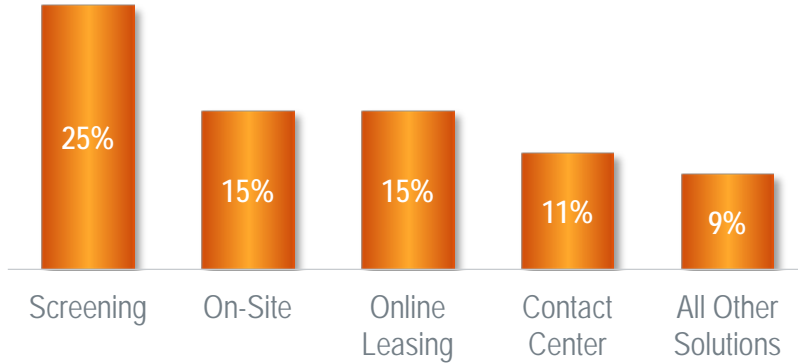
⁽¹⁾ Unit overlap exists across solutions.

⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution, which may not be reflective of actual GAAP gross margin.

LEASING AND MARKETING

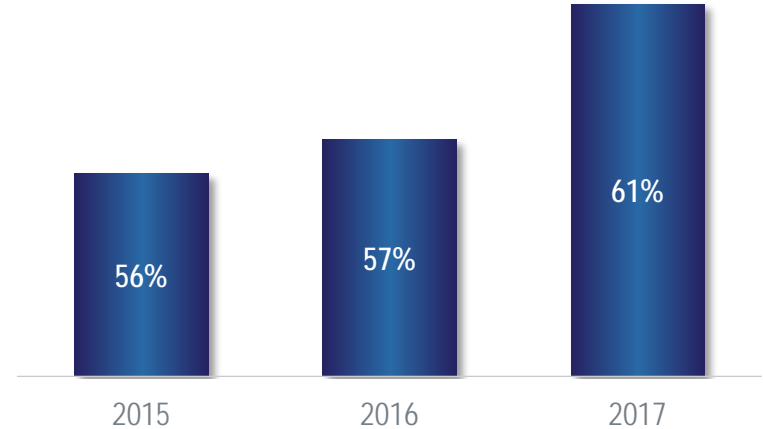
Percent Penetrated Into 13.2MM Units⁽¹⁾

%



Estimated Relative Gross Margin⁽²⁾

%



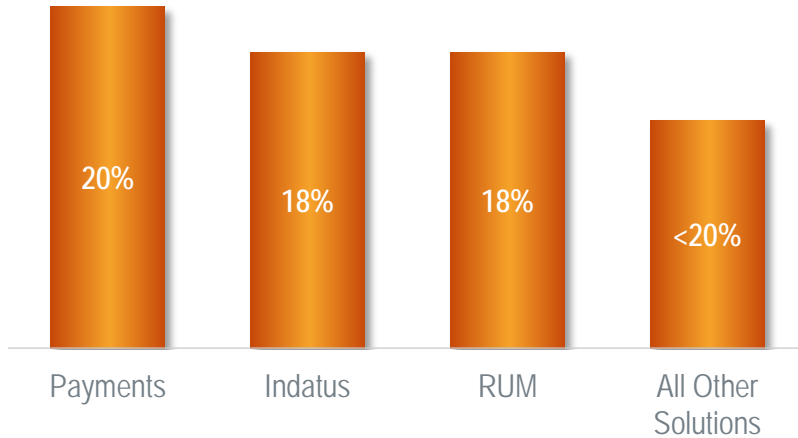
⁽¹⁾ Unit overlap exists across solutions.

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RESIDENT SERVICES

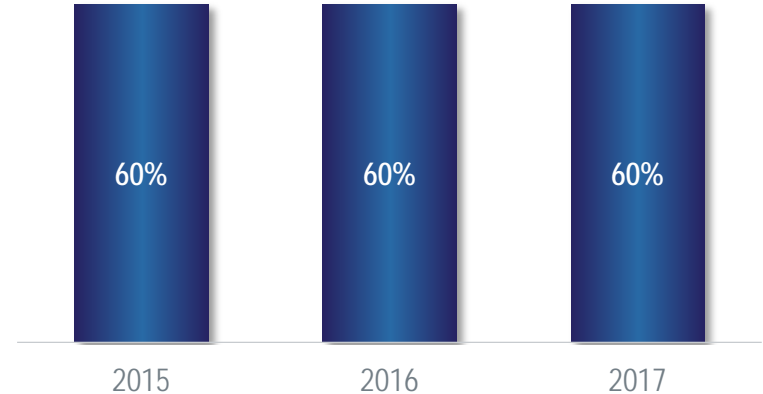
Percent Penetrated Into 13.2MM Units⁽¹⁾

%



Estimated Relative Gross Margin⁽²⁾

%



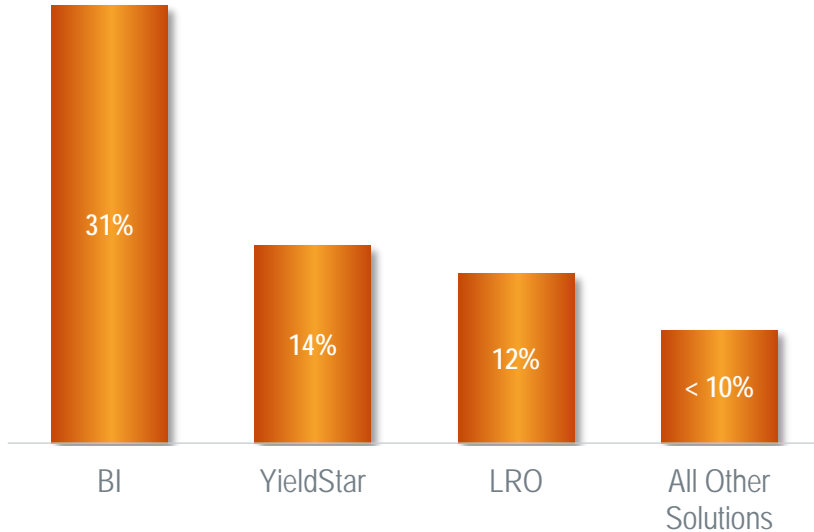
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ASSET OPTIMIZATION

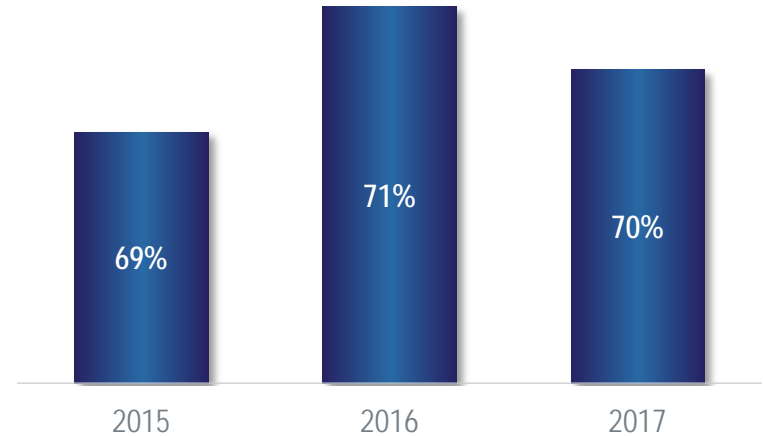
Percent Penetrated Into 13.2MM Units⁽¹⁾

%



Estimated Relative Gross Margin⁽²⁾

%



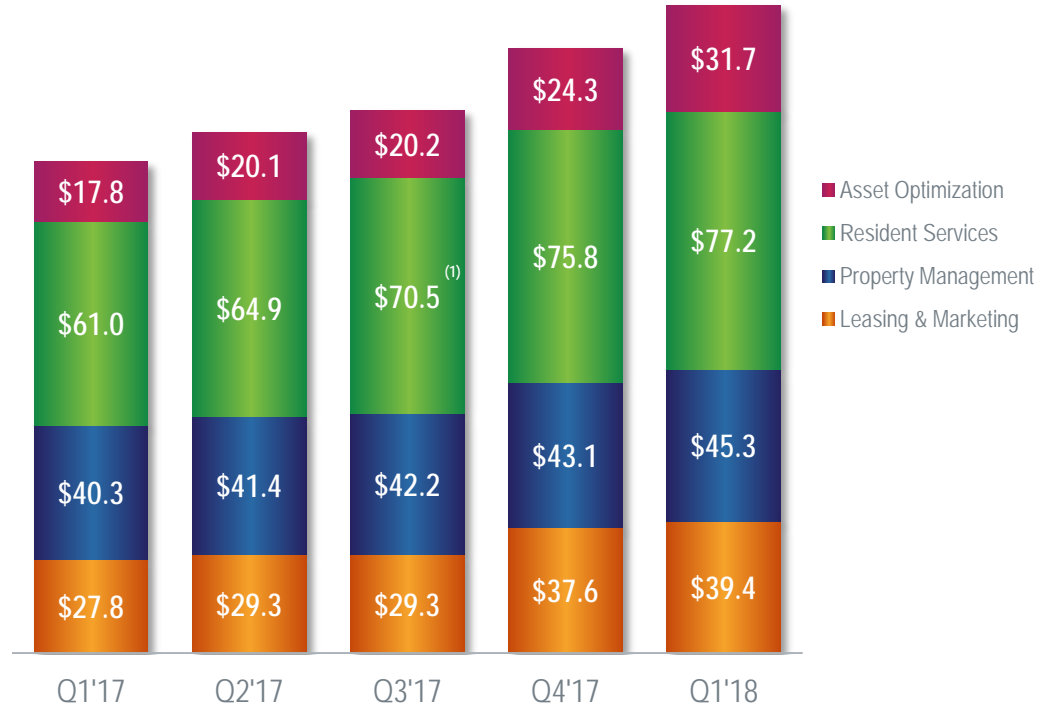
⁽¹⁾ Unit overlap exists across solutions.

⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution, which may not be reflective of actual GAAP gross margin.

PRODUCT FAMILY QUARTERLY FINANCIAL HIGHLIGHTS

• Q1'18 Non-GAAP on-demand growth of 32% driven by:

- Resident Services – 27% YOY growth
- Property Management – 12% YOY growth
- Asset Optimization – 78% YOY growth
- Leasing & Marketing – 42% YOY growth



*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

⁽¹⁾ Includes a \$3.4 million impact from the company's renters' insurance solution related to hurricanes Harvey and Irma.

LAND AND EXPAND

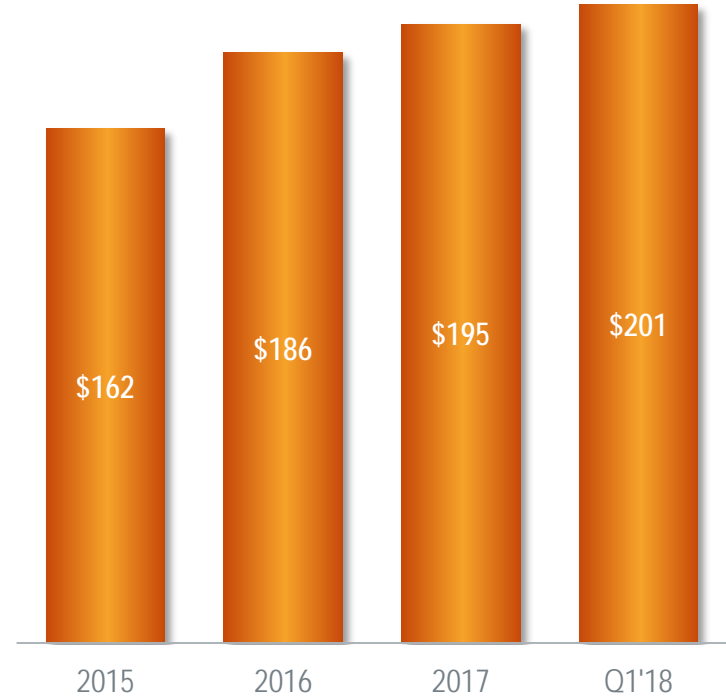
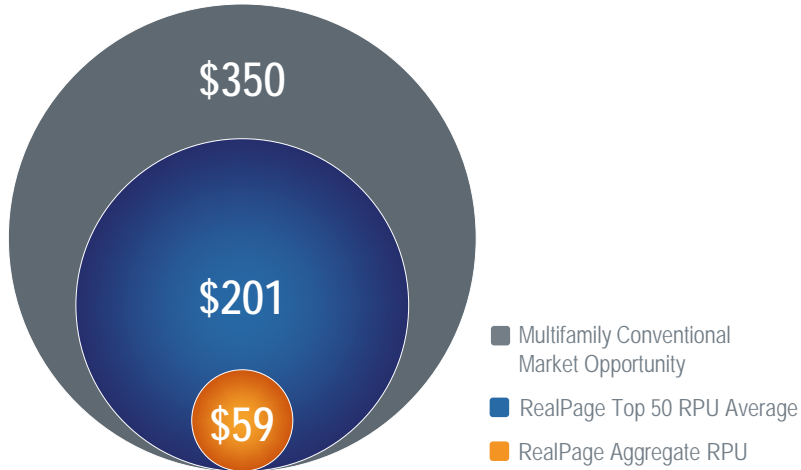
- Total ACV of \$779 million – 31% YOY growth
- Top 100 ACV clients average RPU of \$86
- Consistent growth across all client segments

	2015	2016	2017	Q1'18
ACV	\$469.7	\$566.3	\$751.2	\$779.4
UNITS	10.6	11.0	13.0	13.2
RPU	\$44.45	\$51.53	\$57.77	\$59.17



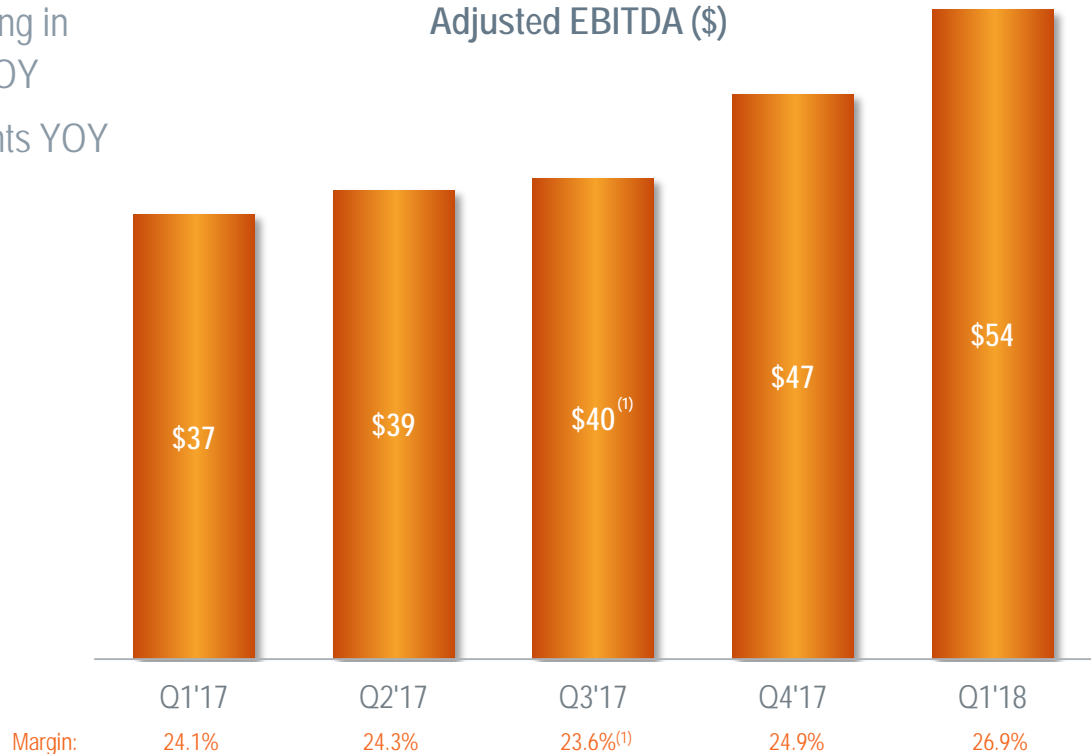
TOP 50 RPU CLIENTS

- Average \$201 in RPU in Q1'18
- Average RPU of \$201 is over 3.4X aggregate RPU of \$59



QUARTERLY PROFITABILITY

- Adjusted EBITDA growth of 46%, resulting in 270 basis points of margin expansion YOY
- Margin expansion diluted 130 basis points YOY by Unity and other platform innovation investments



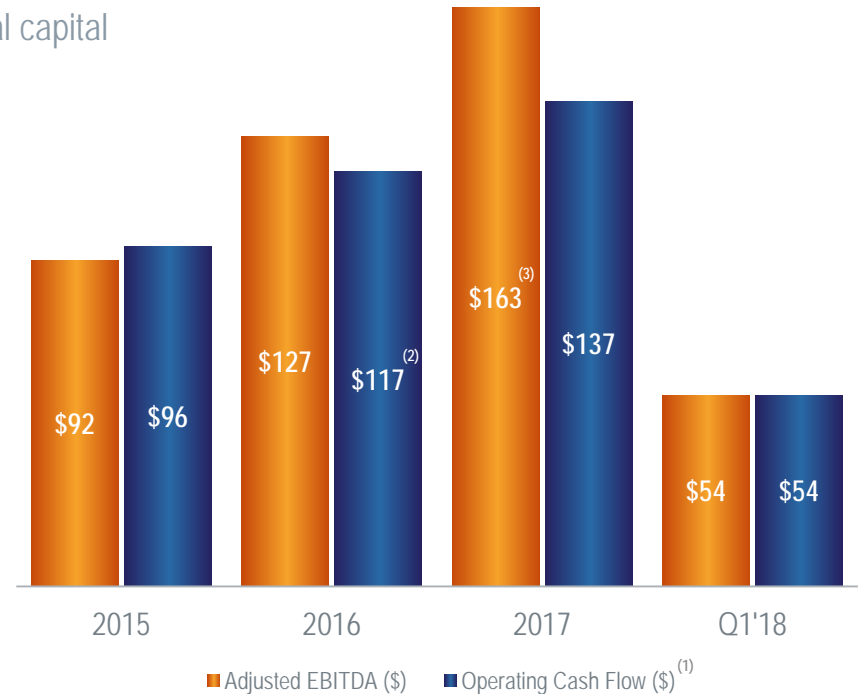
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⁽¹⁾ Includes a \$3.4 million impact from the company's renters' insurance solution related to hurricanes Harvey and Irma.

LIQUIDITY AND OPERATING CASH FLOW

- Cash flow from operations was \$54⁽¹⁾ million in Q1'18
- Capital expenditures of \$12.7 million in Q1'18
- Recently strengthened capital structure and added incremental capital

(millions)	Q1 '17	Q1 '18
BALANCE SHEET		
CASH AND CASH EQUIVALENTS	\$59.5	\$101.6
DEBT	\$120.9	\$649.5
CASH FLOW		
OPERATING CASH FLOW ⁽¹⁾	\$34.2	\$54.3
CAPITAL EXPENDITURES	\$9.9	\$12.7
LEVERAGE		
PROFORMA LEVERAGE	--	3.4x



⁽¹⁾ Excludes the benefit resulting from changes in restricted cash relating to accounting treatment changes.

⁽²⁾ Includes the accounting treatment of tenant reimbursements related to headquarters of ~\$19 million.

⁽³⁾ Includes a \$3.4 million impact from the company's renters' insurance solution related to hurricanes Harvey and Irma.

*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

2018 EXPECTATIONS & FINANCIAL SUMMARY

- Q2'18 GAAP total revenue of \$213.9 million to \$215.9 million
- Q2'18 Non-GAAP total revenue of \$214.0 million to \$216.0 million
- Q2'18 GAAP net income per diluted share is expected to be in the range of \$0.09 to \$0.11
- Q2'18 Adjusted EBITDA of \$55.5 million to \$57.0 million
- Q2'18 Non-GAAP diluted EPS of \$0.37 to \$0.38
- FY'18 GAAP total revenue of \$859.3 million to \$867.5 million
- FY'18 Non-GAAP total revenue of \$860.0 million to \$868.0 million
- FY'18 GAAP net income per diluted share is expected to be range of \$0.38 to \$0.44
- FY'18 Adjusted EBITDA of \$223.0 million to \$228.0 million
- FY'18 Non-GAAP diluted EPS of \$1.46 to \$1.51



*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

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.

	2013	2014	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18
Revenue (GAAP)	\$ 377,022	\$ 404,551	\$ 468,520	\$ 128,383	\$ 142,719	\$ 147,955	\$ 149,071	\$ 568,128	\$ 152,919	\$ 161,306	\$ 169,058	\$ 187,680	\$ 670,963	\$ 201,301
Acquisition-related and other deferred revenue	2,717	435	(2,157)	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313
Non-GAAP Total Revenue	\$ 379,739	\$ 404,986	\$ 466,363	\$ 128,040	\$ 142,461	\$ 147,794	\$ 148,884	\$ 567,179	\$ 153,624	\$ 162,251	\$ 169,756	\$ 188,390	\$ 674,021	\$ 201,614

Adjusted EBITDA

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

	2013	2014	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18
Net income (loss) (GAAP)	\$ 20,692	\$ (10,274)	\$ (9,218)	\$ 2,996	\$ 2,083	\$ 4,210	\$ 7,361	\$ 16,650	\$ 8,195	\$ 6,213	\$ 6,834	\$ (20,865)	\$ 377	\$ 10,901
Acquisition-related and other deferred revenue	2,717	435	(2,157)	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313
Depreciation, asset impairment, and loss on disposal of assets	14,411	19,288	44,385	5,496	6,563	7,119	6,635	25,813	6,675	6,929	7,331	6,817	27,752	7,818
Amortization of intangible assets	17,648	22,404	25,377	7,111	7,737	7,847	7,573	30,268	7,789	8,227	9,335	14,567	39,918	16,384
Acquisition-related (income) expense	3,269	1,987	(1,841)	(57)	(9)	(266)	695	363	1,210	1,354	485	2,508	5,557	1,007
Costs related to the Hart-Scott-Rodino review process	—	—	—	—	—	—	—	—	481	2,228	5,993	2,310	11,012	—
Interest expense, net	1,427	1,117	1,367	719	1,090	1,079	937	3,825	1,120	2,804	4,813	6,335	15,072	7,721
Income tax expense (benefit)	(210)	(6,333)	(3,846)	2,114	1,545	3,540	3,637	10,836	811	(3,132)	(7,273)	24,458	14,864	(301)
Litigation-related expense	661	4,915	2	—	—	—	—	—	—	—	—	—	—	—
Headquarters relocation costs	—	—	—	1,025	1,174	1,353	—	3,552	—	—	—	—	—	—
Stock-based expense	29,697	37,050	38,122	8,391	10,737	8,255	9,469	36,852	10,092	13,876	11,764	10,103	45,835	10,318
Adjusted EBITDA	\$ 90,312	\$ 70,589	\$ 92,191	\$ 27,452	\$ 30,662	\$ 32,976	\$ 36,120	\$ 127,210	\$ 37,078	\$ 39,444	\$ 39,980	\$ 46,943	\$ 163,445	\$ 54,161

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

Non-GAAP Net Income

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

	2013	2014	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18
Net income (loss) (GAAP)	\$ 20,692	\$ (10,274)	\$ (9,218)	\$ 2,996	\$ 2,083	\$ 4,210	\$ 7,361	\$ 16,650	\$ 8,195	\$ 6,213	\$ 6,834	\$ (20,865)	\$ 377	\$ 10,901
Income tax (benefit) expense	(210)	(6,333)	(3,846)	2,114	1,545	3,540	3,637	10,836	811	(3,132)	(7,273)	24,458	14,864	(301)
Income (loss) before income taxes	20,482	(16,607)	(13,064)	5,110	3,628	7,750	10,998	27,486	9,006	3,081	(439)	3,593	15,241	10,600
Acquisition-related and other deferred revenue	2,717	435	(2,157)	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313
Asset impairment and loss on disposal of assets	314	386	23,871	-	85	914	248	1,247	24	63	385	52	524	942
Amortization of intangible assets	17,648	22,404	25,377	7,111	7,737	7,847	7,573	30,268	7,789	8,227	9,335	14,567	39,918	16,384
Acquisition-related expense (income)	3,269	1,987	(1,841)	(57)	(9)	(266)	695	363	1,210	1,354	485	2,508	5,557	1,007
Costs related to the Hart-Scott-Rodino review process	—	—	—	—	—	—	—	—	481	2,228	5,993	2,310	11,012	—
Litigation-related expense	661	4,915	2	—	—	—	—	—	—	—	—	—	—	—
Headquarters relocation costs	—	—	—	1,025	1,174	1,353	—	3,552	—	—	—	—	—	—
Amortization of convertible note discount	—	—	—	—	—	—	—	—	—	1,052	2,451	2,488	5,991	2,524
Stock-based expense	29,697	37,050	38,122	8,391	10,737	8,255	9,469	36,852	10,092	13,876	11,764	10,103	45,835	10,318
Non-GAAP income before income taxes	74,788	50,570	70,310	21,237	23,094	25,692	28,796	98,819	29,307	30,826	30,672	36,331	127,136	42,088
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	26.0 %
Assumed provision for income tax expense	29,915	20,228	28,124	8,495	9,238	10,277	11,518	39,528	11,723	12,330	12,269	14,532	50,854	10,943
Non-GAAP net income	\$ 44,873	\$ 30,342	\$ 42,186	\$ 12,742	\$ 13,856	\$ 15,415	\$ 17,278	\$ 59,291	\$ 17,584	\$ 18,496	\$ 18,403	\$ 21,799	\$ 76,282	\$ 31,145
Net income (loss) per diluted share	\$ 0.27	\$ (0.13)	\$ (0.12)	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.09	\$ 0.21	\$ 0.10	\$ 0.08	\$ 0.08	\$ (0.26)	\$ 0.00	\$ 0.13
Non-GAAP net income per diluted share	\$ 0.59	\$ 0.39	\$ 0.55	\$ 0.17	\$ 0.18	\$ 0.20	\$ 0.22	\$ 0.76	\$ 0.22	\$ 0.23	\$ 0.22	\$ 0.26	\$ 0.93	\$ 0.37
Weighted average outstanding shares - basic	74,962	76,991	76,689	76,656	76,363	76,823	77,566	76,854	78,263	79,018	79,838	80,583	79,433	81,166
Weighted average outstanding shares - diluted	76,187	77,716	77,300	77,147	77,161	78,124	79,116	77,843	81,386	81,925	82,760	83,464	82,398	84,817
Dilution offset from convertible note hedge transactions	—	—	—	—	—	—	—	—	—	—	—	(321)	(81)	(1,319)
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	76,187	77,716	77,300	77,147	77,161	78,124	79,116	77,843	81,386	81,925	82,760	83,143	82,317	83,498

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

Non-GAAP On Demand Revenue, Ending On Demand Units, RPU and ACV

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

	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18
On demand revenue (GAAP)	\$ 123,411	\$ 136,610	\$ 140,883	\$ 141,627	\$ 542,531	\$ 146,213	\$ 154,727	\$ 161,578	\$ 180,104	\$ 642,622	\$ 193,300
Acquisition-related and other deferred revenue	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313
Non-GAAP on demand revenue	123,068	136,352	140,722	141,440	541,582	146,918	155,672	162,276	180,814	645,680	193,613
Ending on demand units	10,999	11,141	11,251	10,989	10,989	11,112	11,485	12,253	13,003	13,003	13,173
Average on demand units	10,783	11,070	11,196	11,120	11,042	11,050	11,298	11,869	12,628	11,711	13,088
RPU	\$ 48.10	\$ 49.27	\$ 50.28	\$ 51.53	\$ 51.53	\$ 53.65	\$ 56.51	\$ 57.85	\$ 57.77	\$ 57.77	\$ 59.17
ACV	\$ 529,052	\$ 548,917	\$ 565,700	\$ 566,263	\$ 566,263	\$ 596,159	\$ 649,017	\$ 708,836	\$ 751,183	\$ 751,183	\$ 779,446

	2014	2015	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18
Property Management	\$ 121,433	\$ 137,239	\$ 36,282	\$ 38,467	\$ 39,023	\$ 39,118	\$ 152,890	\$ 40,341	\$ 41,404	\$ 42,175	\$ 43,082	\$ 167,002	\$ 45,319
% of Total	31%	31%	29%	28%	28%	28%	28%	27%	26%	26%	24%	26%	24%
Y-O-Y growth	12%	13%	11%	14%	11%	10%	11%	11%	8%	8%	10%	9%	12%
Resident Services	\$ 110,106	\$ 146,138	\$ 45,071	\$ 54,613	\$ 58,351	\$ 60,062	\$ 218,097	\$ 60,968	\$ 64,860	\$ 70,527	\$ 75,822	\$ 272,177	\$ 77,175
% of Total	28%	33%	37%	40%	41%	42%	40%	42%	42%	43%	42%	42%	40%
Y-O-Y growth	15%	33%	36%	60%	50%	49%	49%	35%	19%	21%	26%	25%	27%
Leasing and Marketing	\$ 118,183	\$ 118,697	\$ 28,925	\$ 29,618	\$ 29,451	\$ 27,562	\$ 115,556	\$ 27,815	\$ 29,324	\$ 29,334	\$ 37,563	\$ 124,036	\$ 39,434
% of Total	30%	26%	24%	22%	21%	20%	22%	19%	19%	18%	21%	19%	20%
Y-O-Y growth	-5%	0%	-2%	-3%	-2%	-3%	-3%	-4%	-1%	0%	3%	7%	42%
Asset Optimization	\$ 41,335	\$ 46,731	\$ 12,790	\$ 13,654	\$ 13,897	\$ 14,698	\$ 55,039	\$ 17,794	\$ 20,084	\$ 20,240	\$ 24,347	\$ 82,465	\$ 31,685
% of Total	11%	10%	10%	10%	10%	10%	10%	12%	13%	13%	13%	13%	16%
Y-O-Y growth	13%	13%	18%	17%	15%	20%	18%	39%	47%	46%	66%	50%	78%
Subscription	\$ 343,884	\$ 399,211	\$ 110,464	\$ 123,404	\$ 127,155	\$ 128,455	\$ 489,478	\$ 134,325	\$ 141,459	\$ 152,564	\$ 158,958	\$ 587,306	\$ 169,687
% of Total	88%	89%	90%	91%	90%	91%	90%	91%	91%	94%	91%	88%	88%
Y-O-Y growth	15%	16%	18%	27%	24%	22%	23%	22%	15%	20%	24%	20%	26%
Transactional	\$ 47,173	\$ 49,594	\$ 12,604	\$ 12,948	\$ 13,567	\$ 12,985	\$ 52,104	\$ 12,593	\$ 14,213	\$ 9,712	\$ 21,856	\$ 58,374	\$ 23,926
% of Total	12%	11%	10%	9%	10%	9%	10%	9%	9%	6%	12%	9%	12%
Y-O-Y growth	-29%	5%	5%	1%	3%	13%	5%	0%	10%	-28%	68%	12%	90%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

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 June 30, 2018, and the twelve months ending December 31, 2018. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending June 30, 2018		Guidance Range for the Twelve Months Ending December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Revenue (GAAP)	\$ 213,850	\$ 215,900	\$ 859,300	\$ 867,450
Acquisition-related and other deferred revenue	150	100	700	550
Non-GAAP total revenue	<u>\$ 214,000</u>	<u>\$ 216,000</u>	<u>\$ 860,000</u>	<u>\$ 868,000</u>

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 June 30, 2018, and the twelve months ending December 31, 2018. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending June 30, 2018		Guidance Range for the Twelve Months Ending December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Net income (GAAP)	\$ 7,650	\$ 9,330	\$ 33,082	\$ 38,652
Income tax expense	400	1,270	3,969	6,949
Income before income taxes	8,050	10,600	37,051	45,601
Acquisition-related and other deferred revenue	150	100	700	550
Asset impairment and loss on disposal of assets	—	—	942	942
Amortization of intangible assets	17,500	17,400	68,000	67,500
Acquisition-related (income) expense	500	200	1,507	1,207
Amortization of convertible note discount	2,550	2,550	10,300	10,300
Stock-based expense	13,300	13,100	50,000	49,000
Non-GAAP income before income taxes	42,050	43,950	168,500	175,100
Assumed rate for income tax expense ⁽¹⁾	26.0%	26.0%	26.0%	26.0%
Assumed provision for non-GAAP income tax expense	10,933	11,427	43,810	45,526
Non-GAAP Net Income	<u>\$ 31,117</u>	<u>\$ 32,523</u>	<u>\$ 124,690</u>	<u>\$ 129,574</u>
Net income per diluted share	\$ 0.09	\$ 0.11	\$ 0.38	\$ 0.44
Non-GAAP net income per diluted share	\$ 0.37	\$ 0.38	\$ 1.46	\$ 1.51
Weighted average outstanding shares - diluted	86,850	86,850	87,315	87,315
Dilution offset from convertible note hedge transactions	(1,600)	(1,600)	(1,755)	(1,755)
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	85,250	85,250	85,560	85,560

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending June 30, 2018, and the twelve months ending December 31, 2018. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending June 30, 2018		Guidance Range for the Twelve Months Ending December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
	Net income (GAAP)	\$ 7,650	\$ 9,330	\$ 33,082
Acquisition-related and other deferred revenue	150	100	700	550
Depreciation, asset impairment, and loss on disposal of assets	7,300	7,100	30,742	30,142
Amortization of intangible assets	17,500	17,400	68,000	67,500
Acquisition-related income	500	200	1,507	1,207
Interest expense, net	8,700	8,500	35,000	34,000
Income tax expense	400	1,270	3,969	6,949
Stock-based expense	13,300	13,100	50,000	49,000
Adjusted EBITDA	<u>\$ 55,500</u>	<u>\$ 57,000</u>	<u>\$ 223,000</u>	<u>\$ 228,000</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) For periods with GAAP net losses and non-GAAP net income, the weighted-average outstanding shares used to calculate non-GAAP net income per share includes potentially dilutive securities that were excluded from the calculation of GAAP net income per share as the effect was anti-dilutive.

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.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

The company reports its financial results in accordance with accounting principles generally accepted in the United States of America, or GAAP. However, the company believes that, in order to properly understand its short-term and long-term financial, operational and strategic trends, it may be helpful for investors to exclude certain non-cash or non-recurring items when used as a supplement to financial performance measures in accordance with GAAP. These non-cash or non-recurring items result from facts and circumstances that vary in both frequency and impact on continuing operations. The company also uses results of operations excluding such items to evaluate the operating performance of RealPage and compare it against prior periods, make operating decisions, determine executive compensation, and serve as a basis for long-term strategic planning. These non-GAAP financial measures provide the company with additional means to understand and evaluate the operating results and trends in its ongoing business by eliminating certain non-cash expenses and other items that RealPage believes might otherwise make comparisons of its ongoing business with prior periods more difficult, obscure trends in ongoing operations, reduce management's ability to make useful forecasts, or obscure the ability to evaluate the effectiveness of certain business strategies and management incentive structures. In addition, the company also believes that investors and financial analysts find this information to be helpful in analyzing the company's financial and operational performance and comparing this performance to the company's peers and competitors.

The company defines "Non-GAAP Total Revenue" as total revenue plus acquisition-related and other deferred revenue adjustments. The company believes it is useful to include deferred revenue written down for GAAP purposes under purchase accounting rules and revenue deferred due to a lack of historical experience determining the settlement of the contractual obligation in order to appropriately measure the underlying performance of its business operations in the period of activity and associated expense. Further, the company believes this measure is useful to investors as a way to evaluate the company's ongoing performance because it provides a more accurate depiction of on demand revenue arising from our strategic acquisitions.

The company defines "Adjusted Gross Profit" as gross profit, plus (1) acquisition-related and other deferred revenue adjustments, (2) depreciation, (3) amortization of intangible assets, and (4) stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Adjusted EBITDA" as net income (loss), plus (1) acquisition-related and other deferred revenue adjustments, (2) depreciation, asset impairment, and the loss on disposal of assets, (3) amortization of intangible assets, (4) acquisition-related expense, (5) costs related to the Hart-Scott-Rodino review process, (6) interest expense, net, (7) income tax (benefit) expense, and (8) stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Non-GAAP Product Development Expense" as product development expense, excluding stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ongoing expenditures related to product innovation.

The company defines "Non-GAAP Sales and Marketing Expense" as sales and marketing expense, excluding (1) amortization of intangible assets, and (2) stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ongoing expenditures related to its sales and marketing strategies.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

The company defines "Non-GAAP General and Administrative Expense" as general and administrative expense, excluding (1) loss on disposal of assets, (2) acquisition-related expense, (3) costs related to the Hart-Scott-Rodino review process, and (4) stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's underlying expense structure to support corporate activities and processes.

The company defines "Non-GAAP Operating Expense" as operating expense, excluding (1) asset impairment and loss on disposal of assets, (2) amortization of intangible assets, (3) acquisition-related expense, (4) costs related to the Hart-Scott-Rodino review process, and (5) stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's underlying expense structure to support ongoing operations.

The company defines "Non-GAAP Operating Income" as operating income, plus (1) acquisition-related and other deferred revenue adjustments, (2) asset impairment and loss on disposal of assets, (3) amortization of intangible assets, (4) acquisition-related expense, (5) costs related to the Hart-Scott-Rodino review process, and (6) stock-based expense. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Non-GAAP Net Income" as net income (loss), plus (1) income tax (benefit) expense, (2) acquisition-related and other deferred revenue adjustments, (3) asset impairment and loss on disposal of assets, (4) amortization of intangible assets, (5) acquisition-related expense, (6) costs related to the Hart-Scott-Rodino review process, (7) amortization of convertible note discount, (8) stock-based expense, and (9) provision for income tax expense based on an assumed rate in order to approximate the company's long-term effective corporate tax rate; and the company defines "Non-GAAP Net Income per Diluted Share" as Non-GAAP Net Income divided by Non-GAAP weighted average diluted shares outstanding. The company believes that investors and financial analysts find these non-GAAP financial measures to be useful in analyzing the company's financial and operational performance, comparing this performance to the company's peers and competitors, and understanding the company's ability to generate income from ongoing business operations.

The company defines "Non-GAAP On Demand Revenue" as total on demand revenue plus acquisition-related and other deferred revenue adjustments. The company believes it is useful to include deferred revenue written down for GAAP purposes under purchase accounting rules and revenue deferred due to a lack of historical experience determining the settlement of the contractual obligation in order to appropriately measure the underlying performance of the company's business operations in the period of activity and associated expense. Further, the company believes that investors and financial analysts find this measure to be useful in evaluating the company's ongoing performance because it provides a more accurate depiction of on demand revenue arising from our strategic acquisitions.

The company defines "Ending On Demand Units" as the number of rental housing units managed by our clients with one or more of our on demand software solutions at the end of the period. We use ending on demand units to measure the success of our strategy of increasing the number of rental housing units managed with our on demand software solutions. Property unit counts are provided to us by our customers as new sales orders are processed. Property unit counts may be adjusted periodically as information related to our clients' properties is updated or supplemented, which could result in adjustments to the number of units previously reported.

The company defines "Average On Demand Units" as the average of the beginning and ending on demand units for each quarter in the period presented. The company's management monitors this metric to measure its success in increasing the number of on demand software solutions utilized by our clients to manage their rental housing units, our overall revenue, and profitability.

The company defines "ACV," or Annual Client Value, as management's estimate of the annual value of the company's on demand revenue contracts. The company's management monitors this metric to measure its success in increasing the number of on demand units, and the amount of software solutions utilized by its clients to manage their rental housing units.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

The company defines "RPU," or Revenue Per Unit, as ACV divided by ending on demand units. The company monitors this metric to measure its success in increasing the penetration of on demand software solutions utilized by its clients to manage their rental housing units.

The company excludes or adjusts each of the items identified below from the applicable non-GAAP financial measure referenced above for the reasons set forth with respect to each excluded item:

- Non-GAAP tax rate – In 2017, the company used a 40.0% tax rate in order to approximate the company's long-term effective corporate tax rate. The GAAP tax rate includes certain tax items which may include, but are not limited to: income tax expenses or benefits that are not related to ongoing business operations in the current year; unusual or infrequently occurring items; benefits from stock compensation deductions for tax purposes that exceed the stock compensation expense recognized for GAAP; tax adjustments associated with fluctuations in foreign currency re-measurement; certain changes in estimates of tax matters related to prior fiscal years; certain changes in the realizability of deferred tax assets and liabilities; and changes in tax law. For 2018 guidance purposes, the company uses a Non-GAAP tax rate of approximately 26%, as a result of the recently enacted Tax Cuts and Jobs Act legislation, to approximate the company's long-term effective corporate tax rate. We believe excluding these items assists investors and analysts in understanding the tax provision and the effective tax rate related to ongoing operations.
- Acquisition-related and other deferred revenue – These items are included to reflect deferred revenue written down for GAAP purposes under purchase accounting rules and revenue deferred due to a lack of historical experience determining the settlement of the contractual obligation in order to appropriately measure the underlying performance of the company's business operations in the period of activity and associated expense.
- Asset impairment and loss on disposal of assets – These items comprise gains (losses) on the disposal and impairment of long-lived assets, which are not reflective of the company's ongoing operations. We believe exclusion of these items facilitates a more accurate comparison of the company's results of operations between periods.
- Amortization of intangible assets – These items are amortized over their estimated useful lives and generally cannot be changed or influenced by the company after acquisition. Accordingly, these items are not considered by the company in making operating decisions. The company does not believe such charges accurately reflect the performance of its ongoing operations for the period in which such charges are incurred.
- Acquisition-related expense – These items consist of direct costs incurred in our business acquisition transactions and the impact of changes in the fair value of acquisition-related contingent consideration obligations. We believe exclusion of these items facilitates a more accurate comparison of the results of the company's ongoing operations across periods and eliminates volatility related to changes in the fair value of acquisition-related contingent consideration obligations.
- Costs related to the Hart-Scott-Rodino review process – This item relates to the company's Hart-Scott-Rodino Antitrust Improvements Act review process regarding the recently completed acquisitions of On-Site and LRO. The company believes that these significant legal costs are not reflective of its ongoing operations.
- Amortization of the convertible note discount – This item consists of non-cash interest expense related to the amortization of the discount recognized on the convertible notes issued in May 2017. Management excludes this item as it is not indicative of the company's ongoing operating performance.
- Stock-based expense – This item is excluded because these are non-cash expenditures that the company does not consider part of ongoing operating results when assessing the performance of our business, and also because the total amount of the expenditure is partially outside of its control because it is based on factors such as stock price, volatility, and interest rates, which may be unrelated to the company's performance during the period in which the expenses are incurred.