

**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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenue (GAAP)	\$ 216,252	\$ 161,306	\$ 417,553	\$ 314,225
Acquisition-related and other deferred revenue	103	945	416	1,650
Non-GAAP total revenue	<u>\$ 216,355</u>	<u>\$ 162,251</u>	<u>\$ 417,969</u>	<u>\$ 315,875</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Gross profit (GAAP)	\$ 130,511	\$ 93,762	\$ 255,152	\$ 183,639
Acquisition-related and other deferred revenue	103	945	416	1,650
Depreciation	3,099	3,063	6,033	5,946
Amortization of intangible assets	3,799	3,691	7,622	7,380
Stock-based expense	1,168	1,050	2,003	1,903
Adjusted gross profit	<u>\$ 138,680</u>	<u>\$ 102,511</u>	<u>\$ 271,226</u>	<u>\$ 200,518</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income (GAAP)	\$ 8,479	\$ 6,213	\$ 19,380	\$ 14,408
Acquisition-related and other deferred revenue	103	945	416	1,650
Depreciation, asset impairment, and loss on disposal of assets	7,662	6,929	15,480	13,604
Amortization of intangible assets	17,623	8,227	34,007	16,016
Acquisition-related expense	1,168	1,354	2,175	2,564
Costs related to the Hart-Scott-Rodino review process	-	2,228	-	2,709
Interest expense, net	8,584	2,804	16,305	3,924
Income tax benefit	(189)	(3,132)	(490)	(2,321)
Stock-based expense	13,695	13,876	24,013	23,968
Adjusted EBITDA	<u>\$ 57,125</u>	<u>\$ 39,444</u>	<u>\$ 111,286</u>	<u>\$ 76,522</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Product development expense (GAAP)	\$ 30,771	\$ 21,290	\$ 59,811	\$ 41,677
Less: Stock-based expense	2,645	2,454	4,808	4,333
Non-GAAP product development expense	<u>\$ 28,126</u>	<u>\$ 18,836</u>	<u>\$ 55,003</u>	<u>\$ 37,344</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Sales and marketing expense (GAAP)	\$ 54,488	\$ 39,235	\$ 104,729	\$ 74,382
Less: Amortization of intangible assets	13,824	4,536	26,385	8,636
Stock-based expense	4,470	4,266	8,011	7,394
Non-GAAP sales and marketing expense	<u>\$ 36,194</u>	<u>\$ 30,433</u>	<u>\$ 70,333</u>	<u>\$ 58,352</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
General and administrative expense (GAAP)	\$ 28,444	\$ 27,370	\$ 55,534	\$ 51,621
Less: Loss on disposal of assets	156	63	1,098	87
Acquisition-related expense	1,168	1,354	2,175	2,564
Costs related to the Hart-Scott-Rodino review process	-	2,228	-	2,709
Stock-based expense	5,412	6,106	9,191	10,338
Non-GAAP general and administrative expense	<u>\$ 21,708</u>	<u>\$ 17,619</u>	<u>\$ 43,070</u>	<u>\$ 35,923</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Operating expense (GAAP)	\$ 113,703	\$ 87,895	\$ 220,074	\$ 167,680
Less: Asset impairment and loss on disposal of assets	156	63	1,098	87
Amortization of intangible assets	13,824	4,536	26,385	8,636
Acquisition-related expense	1,168	1,354	2,175	2,564
Costs related to the Hart-Scott-Rodino review process	-	2,228	-	2,709
Stock-based expense	12,527	12,826	22,010	22,065
Non-GAAP operating expense	<u>\$ 86,028</u>	<u>\$ 66,888</u>	<u>\$ 168,406</u>	<u>\$ 131,619</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Operating income (GAAP)	\$ 16,808	\$ 5,867	\$ 35,078	\$ 15,959
Acquisition-related and other deferred revenue	103	945	416	1,650
Asset impairment and loss on disposal of assets	156	63	1,098	87
Amortization of intangible assets	17,623	8,227	34,007	16,016
Acquisition-related expense	1,168	1,354	2,175	2,564
Costs related to the Hart-Scott-Rodino review process	-	2,228	-	2,709
Stock-based expense	13,695	13,876	24,013	23,968
Non-GAAP operating income	<u>\$ 49,553</u>	<u>\$ 32,560</u>	<u>\$ 96,787</u>	<u>\$ 62,953</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 Diluted Share." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income (GAAP)	\$ 8,479	\$ 6,213	\$ 19,380	\$ 14,408
Income tax benefit	(189)	(3,132)	(490)	(2,321)
Income before income taxes	8,290	3,081	18,890	12,087
Acquisition-related and other deferred revenue	103	945	416	1,650
Asset impairment and loss on disposal of assets	156	63	1,098	87
Amortization of intangible assets	17,623	8,227	34,007	16,016
Acquisition-related expense	1,168	1,354	2,175	2,564
Costs related to the Hart-Scott-Rodino review process	-	2,228	-	2,709
Amortization of convertible note discount	2,562	1,052	5,086	1,052
Stock-based expense	13,695	13,876	24,013	23,968
Non-GAAP income before income taxes	43,597	30,826	85,685	60,133
Assumed rate for income tax expense ⁽¹⁾	26.0 %	40.0 %	26.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	11,335	12,330	22,278	24,053
Non-GAAP net income	<u>\$ 32,262</u>	<u>\$ 18,496</u>	<u>\$ 63,407</u>	<u>\$ 36,080</u>
Net income per diluted share	\$ 0.09	\$ 0.08	\$ 0.22	\$ 0.18
Non-GAAP net income per diluted share	\$ 0.37	\$ 0.23	\$ 0.74	\$ 0.44
Weighted average outstanding shares - basic	85,124	79,018	83,156	78,642
Non-GAAP adjusted diluted weighted average shares outstanding:				
Weighted average outstanding shares - diluted	90,005	81,925	87,332	81,644
Dilution offset from convertible note hedge transactions	(2,116)	-	(1,720)	-
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	<u>87,889</u>	<u>81,925</u>	<u>85,612</u>	<u>81,644</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
On demand revenue (GAAP)	\$ 206,945	\$ 154,727	\$ 400,245	\$ 300,940
Acquisition-related and other deferred revenue	103	945	416	1,650
Non-GAAP on demand revenue	<u>\$ 207,048</u>	<u>\$ 155,672</u>	<u>\$ 400,661</u>	<u>\$ 302,590</u>

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

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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Ending on demand units	15,531	11,485	15,531	11,485
Average on demand units	14,352	11,298	13,720	11,174
ACV	\$ 837,897	\$ 649,017		
RPU	\$ 53.95	\$ 56.51		

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 September 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		Guidance Range for the Twelve Months Ending	
	September 30, 2018		December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Revenue (GAAP)	\$ 219,870	\$ 221,920	\$ 866,350	\$ 872,450
Acquisition-related and other deferred revenue	130	80	650	550
Non-GAAP total revenue	\$ 220,000	\$ 222,000	\$ 867,000	\$ 873,000

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 September 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		Guidance Range for the Twelve Months Ending	
	September 30, 2018		December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Non-GAAP net income:				
Net income (GAAP)	\$ 6,920	\$ 8,760	\$ 34,245	\$ 38,505
Income tax expense	1,790	2,800	2,980	5,320
Income before income taxes	8,710	11,560	37,225	43,825
Acquisition-related and other deferred revenue	130	80	650	550
Asset impairment and loss on disposal of assets	-	-	1,100	1,100
Amortization of intangible assets	17,660	17,460	70,200	69,800
Acquisition-related expense	500	200	2,975	2,475
Amortization of convertible note discount	2,600	2,600	10,300	10,300
Stock-based expense	14,200	14,000	52,450	52,050
Non-GAAP income before income taxes	43,800	45,900	174,900	180,100
Expected effective tax rate ⁽¹⁾	26.0%	26.0%	26.0%	26.0%
Assumed provision for income tax expense	11,388	11,934	45,474	46,826
Non-GAAP net income	\$ 32,412	\$ 33,966	\$ 129,426	\$ 133,274
Net income per diluted share	\$ 0.07	\$ 0.09	\$ 0.37	\$ 0.42
Non-GAAP net income per diluted share	\$ 0.34	\$ 0.36	\$ 1.44	\$ 1.48
Non-GAAP adjusted diluted weighted average shares outstanding:				
Weighted average outstanding shares - diluted	96,575	96,575	92,265	92,265
Dilution offset from convertible note hedge transactions	(2,475)	(2,475)	(2,165)	(2,165)
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	94,100	94,100	90,100	90,100

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending September 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 September 30, 2018		Guidance Range for the Twelve Months Ending December 31, 2018	
	Low⁽³⁾	High⁽³⁾	Low⁽³⁾	High⁽³⁾
	Adjusted EBITDA:			
Net income (GAAP)	\$ 6,920	\$ 8,760	\$ 34,245	\$ 38,505
Acquisition-related and other deferred revenue	130	80	650	550
Depreciation, asset impairment, and loss on disposal of assets	7,700	7,500	31,100	30,700
Amortization of intangible assets	17,660	17,460	70,200	69,800
Acquisition-related expense	500	200	2,975	2,475
Interest expense, net	7,600	7,200	31,400	30,600
Income tax expense	1,790	2,800	2,980	5,320
Stock-based expense	14,200	14,000	52,450	52,050
Adjusted EBITDA	<u>\$ 56,500</u>	<u>\$ 58,000</u>	<u>\$ 226,000</u>	<u>\$ 230,000</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.