

Q4 2018 FINANCIAL RESULTS

FEBRUARY 2019

FORWARD LOOKING STATEMENT

This presentation contains “forward-looking” statements relating to RealPage, Inc.’s strategy, goals, future, focus areas, and expected, possible or assumed future results, including its financial outlook for the first quarter and calendar year ending December 31, 2019, continued execution and success of its strategy to emphasize suite sales over the sales of individual products, and the benefits of its Unity Platform, its areas of focus in 2019 related to embedding data driven science into its products and internal processes, growing capabilities in curating the innovation lifecycle, and simplifying internal processes to reduce the time from the sale of a suite to full deployment. 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. These 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 recent or future acquired businesses successfully or to achieve expected synergies, including the completed acquisitions of ClickPay, LeaseLabs and Rentlytics; (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 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 and its Quarterly Report on Form 10-Q previously filed with the SEC on November 6, 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.

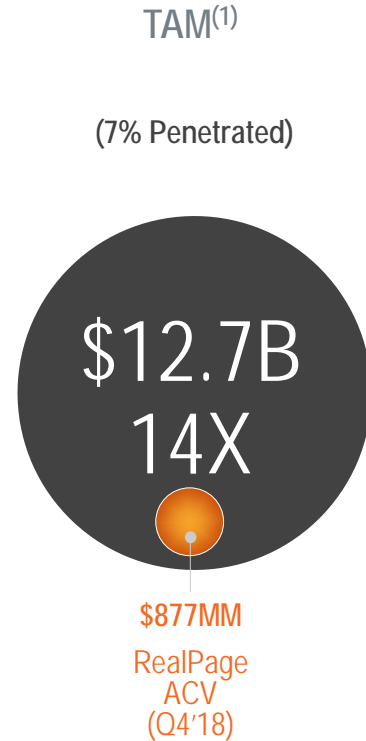
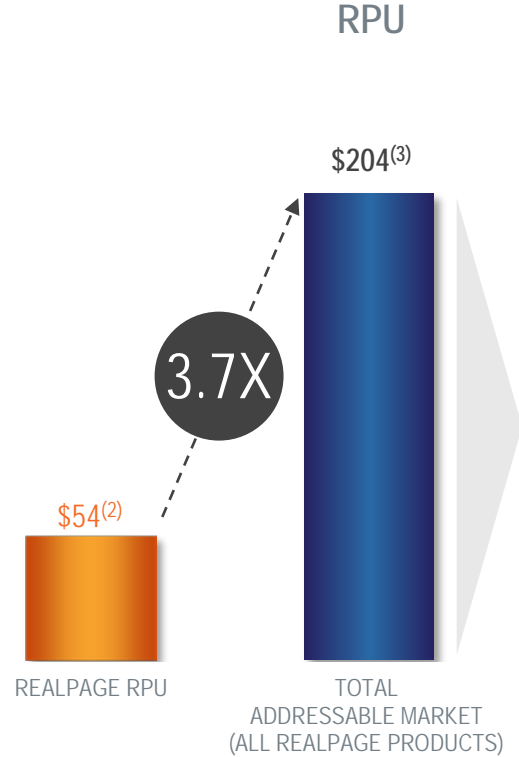
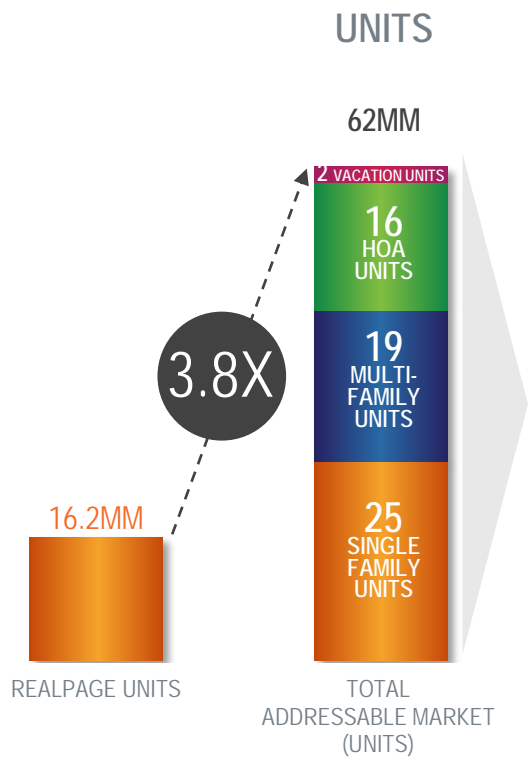
REALPAGE®

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



DRIVING ORGANIC GROWTH IN 2019

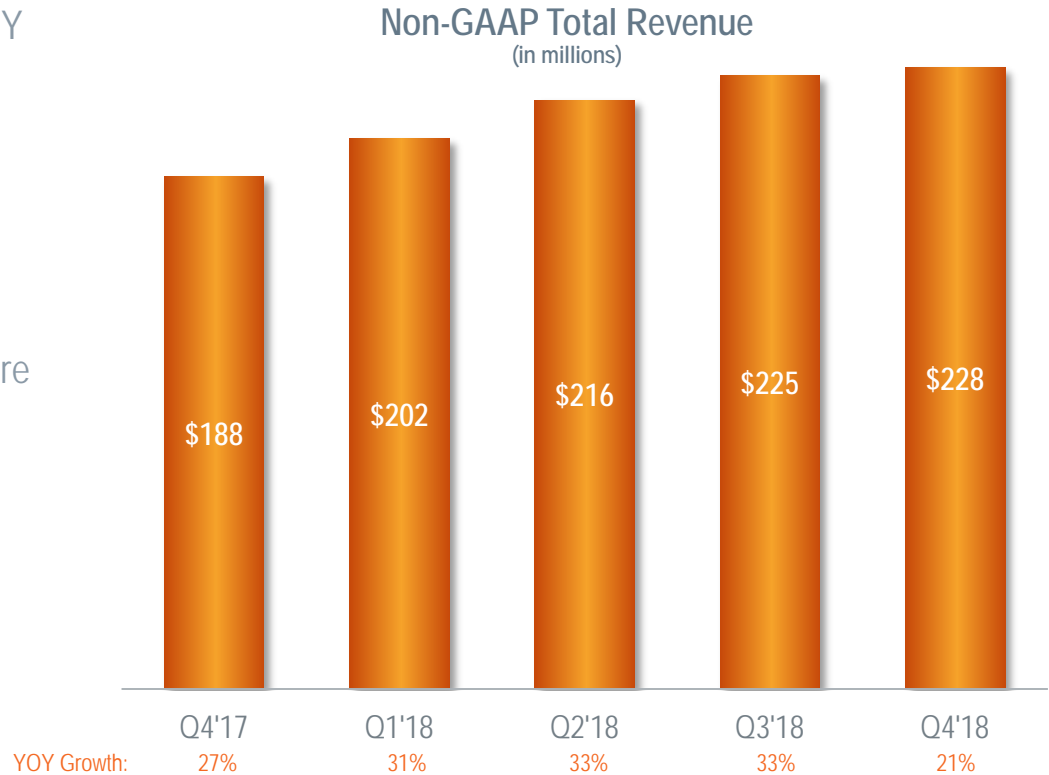
- Core themes in year ahead:
 - Strategic, comprehensive platform partner
 - Unique industry data
 - Innovation (beyond product development)
 - Simplicity (beyond margin expansion) ~ includes improved efficiency in implementations and more streamlined, unified configuration
- Targets of \$1.5 billion in revenue and \$500 million adjusted EBITDA by 2022

2018: REFLECTING ON INNOVATIONS AND SIMPLIFICATIONS

- Product innovations:
 - Initial functionality for long-term Unity initiative
 - Expense benchmarking as part of Asset Optimization
 - New features in Spend Management
- Centralized Product Development to access talent across organization
- Simplification of client's service experience and unification of Client Support teams
- Strong employee engagement around North Star vision of innovation and simplification
- Increasing client adoption of suite sales / bundles

Q4'18 FINANCIAL SUMMARY

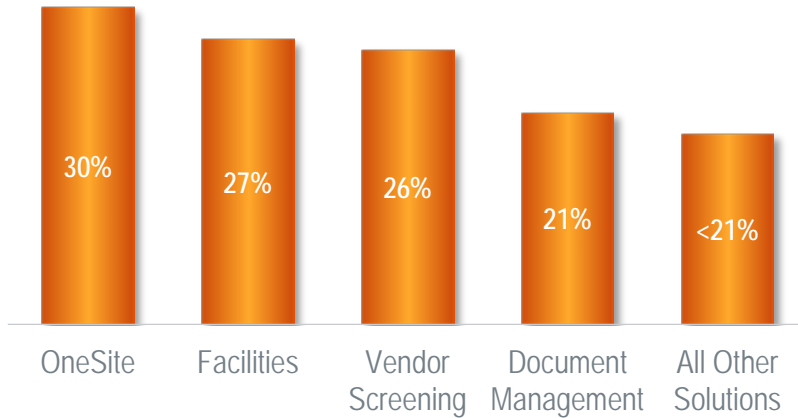
- Total Non-GAAP revenue growth of 21% YOY
- Adjusted EBITDA margin expansion of approximately 170 basis points YOY
- North Star focus driving profitability and accelerating organic revenue growth
- Capital strategy driving cost-effective structure and deployment of capital to drive highest risk-adjusted returns



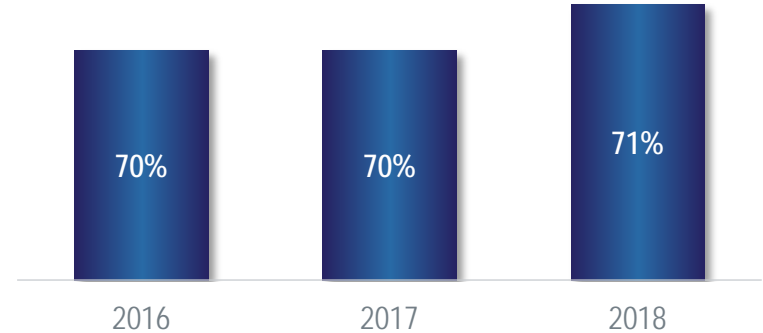
*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

PROPERTY MANAGEMENT

Percent Penetrated Into 14.2MM Rental Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾

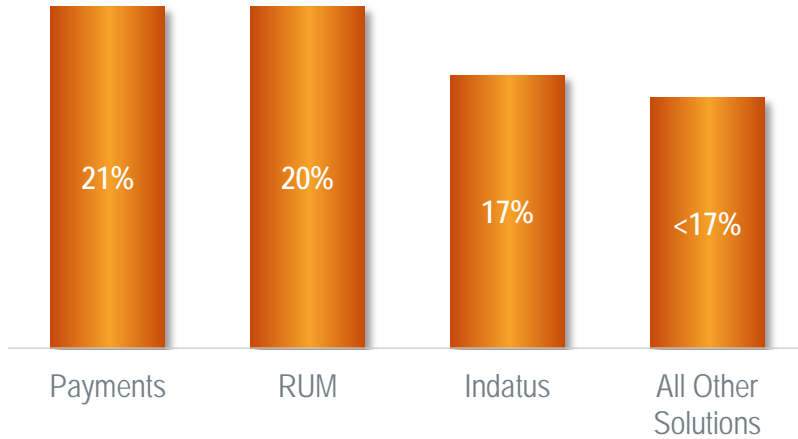


⁽¹⁾ Unit overlap exists across solutions.

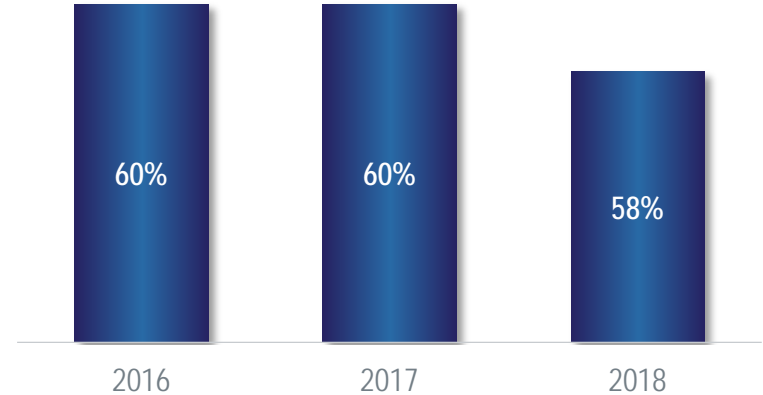
⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

RESIDENT SERVICES

Percent Penetrated Into 14.2MM Rental Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾

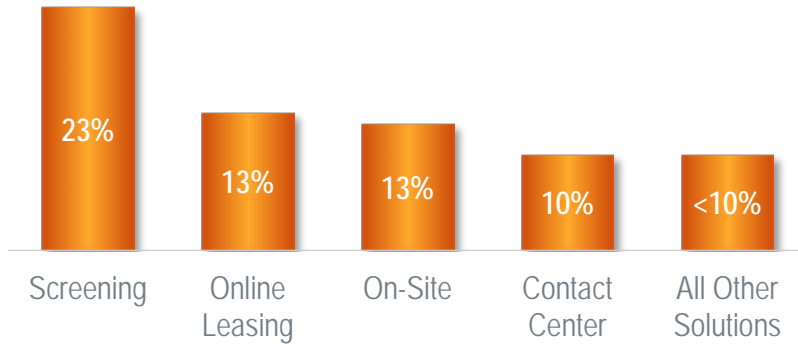


⁽¹⁾ Unit overlap exists across solutions.

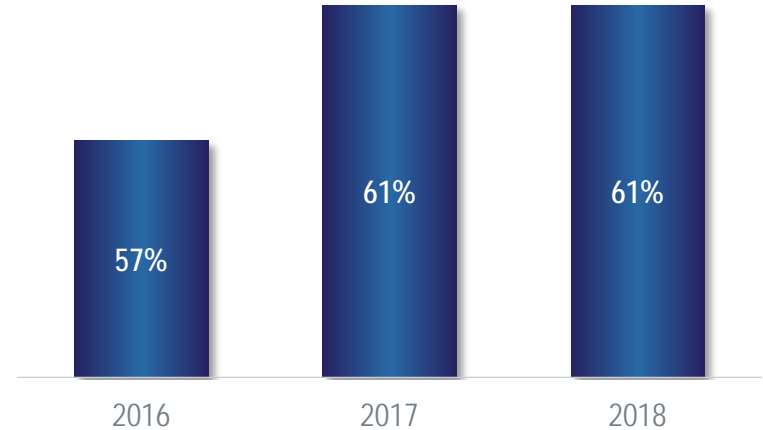
⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

LEASING AND MARKETING

Percent Penetrated Into 14.2MM Rental Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾

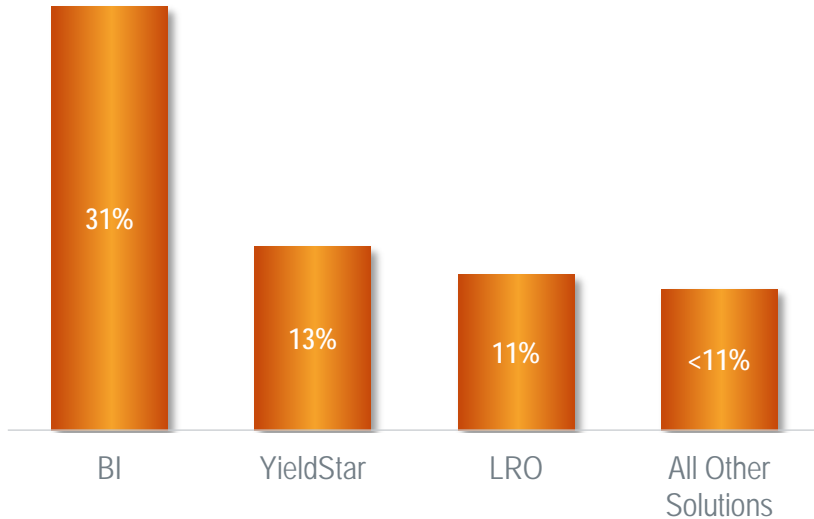


⁽¹⁾ Unit overlap exists across solutions.

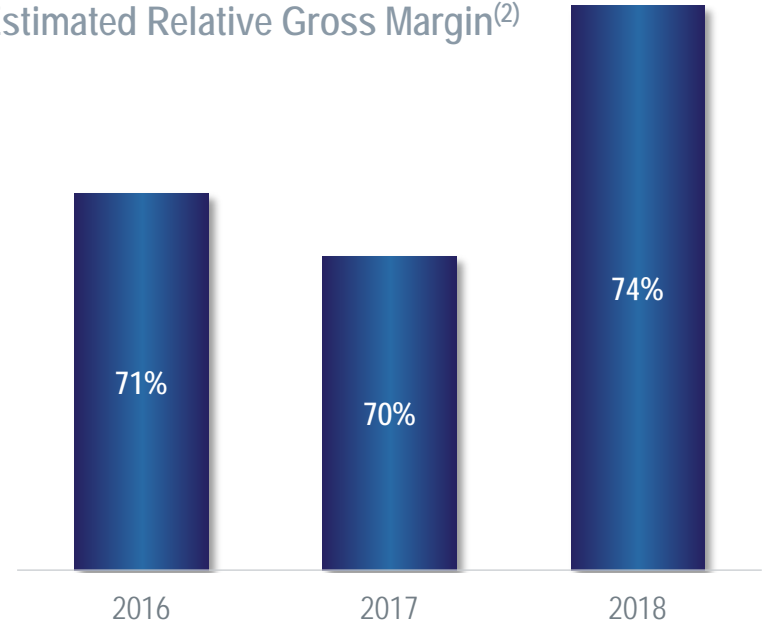
⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

ASSET OPTIMIZATION

Percent Penetrated Into 14.2MM Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾



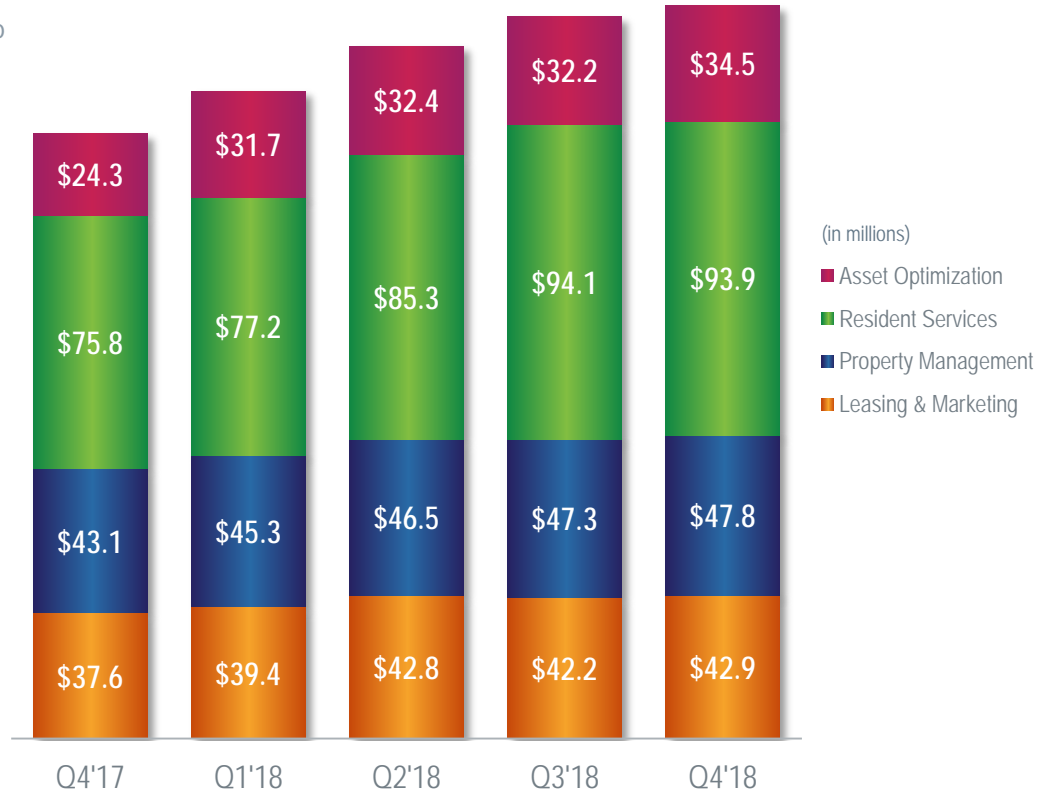
⁽¹⁾ Unit overlap exists across solutions.

⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

PRODUCT FAMILY QUARTERLY FINANCIAL HIGHLIGHTS

• Q4'18 Non-GAAP on-demand growth of 21% driven by:

- Property Management – 11% YOY growth
- Resident Services – 24% YOY growth
- Leasing & Marketing – 14% YOY growth
- Asset Optimization – 42% YOY growth



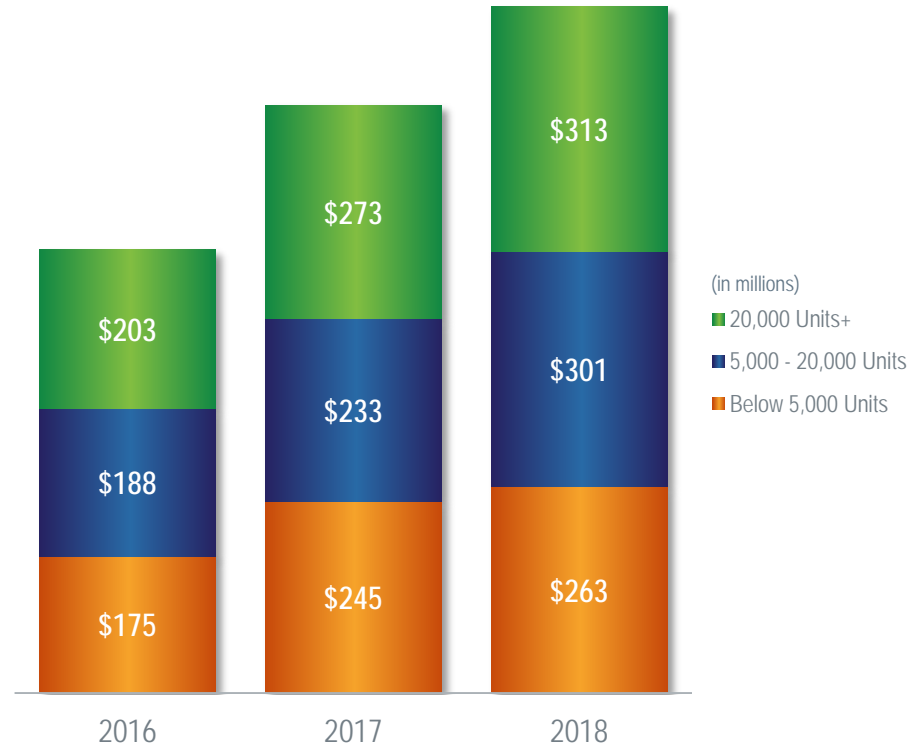
*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

LAND AND EXPAND

- Total ACV of \$877 million – 17% YOY growth
- Top 100 ACV clients average RPU of \$69 or \$92 excluding HOA
- Consistent growth across all client segments

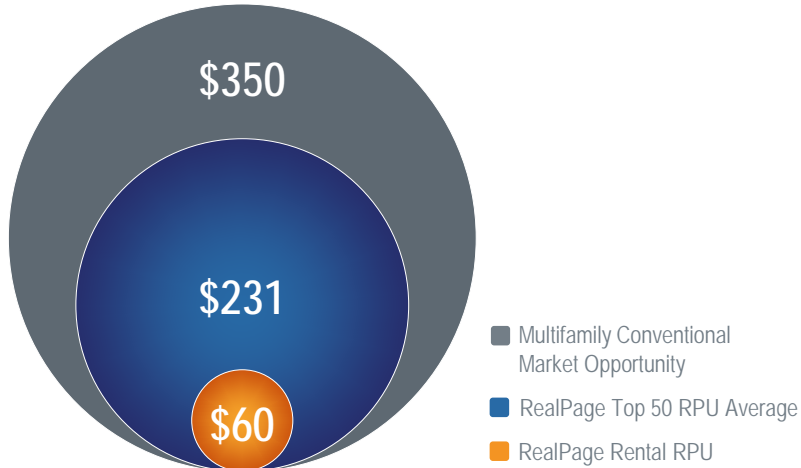
	2015	2016	2017	2018
ACV	\$469.7	\$566.3	\$751.2	\$876.6
UNITS	10.6	11.0	13.0	16.2
RPU	\$44.45	\$51.53	\$57.77	\$54.05

ACV (in millions)



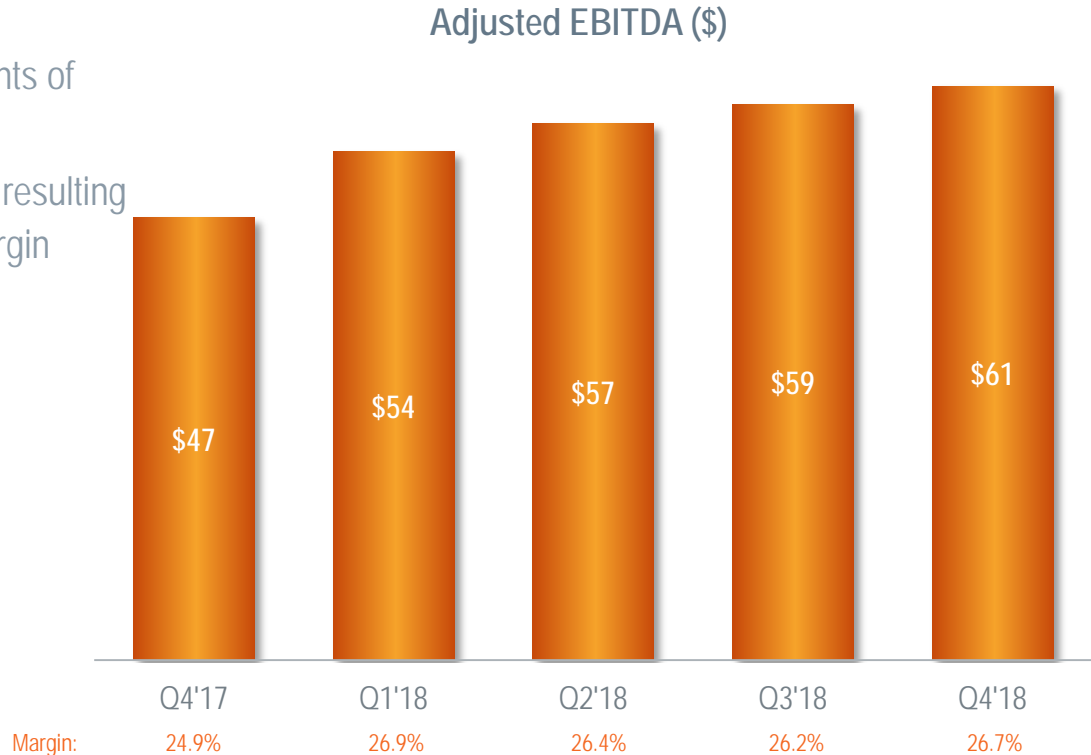
TOP 50 RPU CLIENTS

- Average \$231 in RPU in Q4'18
- Average RPU of \$231 is nearly 4.3X aggregate RP RPU of \$54



QUARTERLY PROFITABILITY

- Q4'18 Adjusted EBITDA growth of 30%, resulting in approximately 170 basis points of margin expansion YOY
- FY'18 Adjusted EBITDA growth of 41%, resulting in approximately 230 basis points of margin expansion YOY



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

LIQUIDITY AND OPERATING CASH FLOW

- Cash flow from operations was \$187.5⁽¹⁾ million for FY'18
- Capital expenditures of \$50.9 million for FY'18, 5.8% of Non-GAAP total revenue

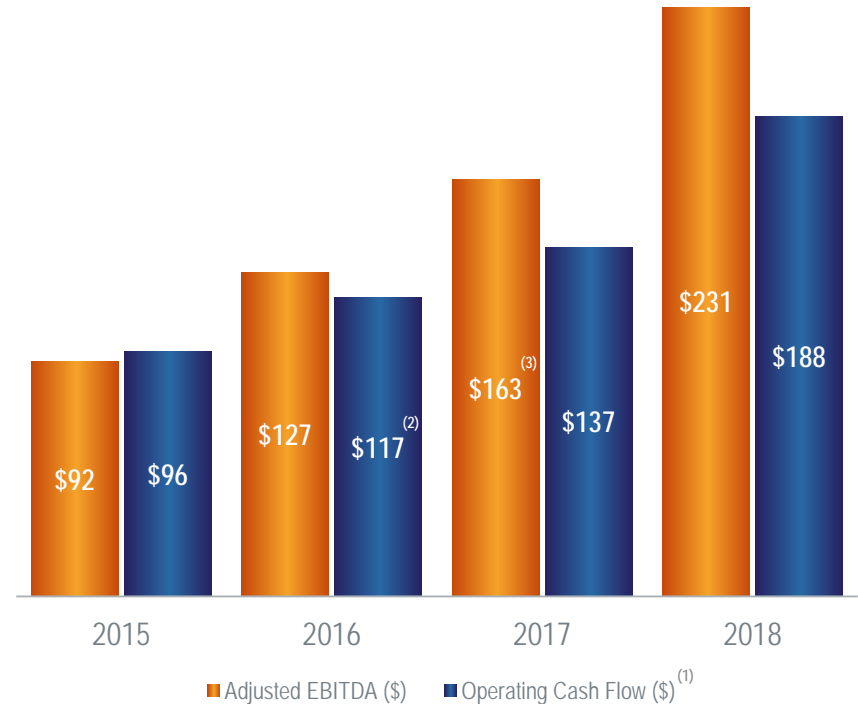
(millions)	Q4 '17	Q4 '18
BALANCE SHEET		
CASH AND CASH EQUIVALENTS	\$69.3	\$228.2
DEBT	\$648.6	\$596.6
CASH FLOW		
OPERATING CASH FLOW ⁽¹⁾	\$31.0	\$46.2
CAPITAL EXPENDITURES	\$11.2	\$13.6
LEVERAGE		
PROFORMA LEVERAGE	3.4x	1.5x

⁽¹⁾ Excludes the impact 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. 17

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



2019 EXPECTATIONS & FINANCIAL SUMMARY

- Q1'19 Non-GAAP total revenue of \$233 million to \$235 million
- Q1'19 Adjusted EBITDA of \$64 million to \$66 million
- Q1'19 Non-GAAP diluted EPS of \$0.39 to \$0.41
- FY'19 Non-GAAP total revenue of \$980 million to \$1.0 billion
- FY'19 Adjusted EBITDA of \$275 million to \$285 million
- FY'19 Non-GAAP diluted EPS of \$1.70 to \$1.79

*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.

	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	YTD'18
Revenue (GAAP)	\$ 128,383	\$ 142,719	\$ 147,955	\$ 149,071	\$ 568,128	\$ 152,919	\$ 161,306	\$ 169,058	\$ 187,680	\$ 670,963	\$ 201,301	\$ 216,252	\$ 224,953	\$ 226,974	\$ 869,480
Acquisition-related and other deferred revenue	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313	103	418	1,056	1,890
Non-GAAP Total Revenue	\$ 128,040	\$ 142,461	\$ 147,794	\$ 148,884	\$ 567,179	\$ 153,624	\$ 162,251	\$ 169,756	\$ 188,390	\$ 674,021	\$ 201,614	\$ 216,355	\$ 225,371	\$ 228,030	\$ 871,370

Adjusted EBITDA

Set forth below is a presentation of the company's "Adjusted EBITDA." 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	Q2'18	Q3'18	Q4'18	YTD'18
Net income (loss) (GAAP)	\$ 2,996	\$ 2,083	\$ 4,210	\$ 7,361	\$ 16,650	\$ 8,195	\$ 6,213	\$ 6,834	\$ (20,865)	\$ 377	\$ 10,901	\$ 8,479	\$ 9,073	\$ 6,272	\$ 34,725
Acquisition-related and other deferred revenue	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313	103	418	1,056	1,890
Depreciation, asset impairment, and loss on disposal of assets	5,496	6,563	7,119	6,635	25,813	6,675	6,929	7,331	6,817	27,752	7,818	7,662	9,286	10,445	35,211
Amortization of product technologies and intangible assets	7,111	7,737	7,847	7,573	30,268	7,789	8,227	9,335	14,567	39,918	16,384	17,623	18,684	19,017	71,708
Loss due to cyber incident, net of recoveries	—	—	—	—	—	—	—	—	—	—	—	—	—	4,952	4,952
Acquisition-related expense (income)	(57)	(9)	(266)	695	363	1,210	1,354	485	2,508	5,557	1,007	1,168	519	(257)	2,437
Costs related to the Hart-Scott-Rodino review process	—	—	—	—	—	481	2,228	5,993	2,310	11,012	—	—	78	—	78
Interest expense, net	719	1,090	1,079	937	3,825	1,120	2,804	4,813	6,335	15,072	7,721	8,584	6,874	6,780	29,959
Income tax expense (benefit)	2,114	1,545	3,540	3,637	10,836	811	(3,132)	(7,273)	24,458	14,864	(301)	(189)	683	(618)	(425)
Headquarters relocation costs	1,025	1,174	1,353	—	3,552	—	—	—	—	—	—	—	—	—	—
Stock-based expense	8,391	10,737	8,255	9,469	36,852	10,092	13,876	11,764	10,103	45,835	10,318	13,695	13,479	13,149	50,641
Adjusted EBITDA	\$ 27,452	\$ 30,662	\$ 32,976	\$ 36,120	\$ 127,210	\$ 37,078	\$ 39,444	\$ 39,980	\$ 46,943	\$ 163,445	\$ 54,161	\$ 57,125	\$ 59,094	\$ 60,796	\$ 231,176

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.

	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	YTD'18
Net income (loss) (GAAP)	\$ 2,996	\$ 2,083	\$ 4,210	\$ 7,361	\$ 16,650	\$ 8,195	\$ 6,213	\$ 6,834	\$ (20,865)	\$ 377	\$ 10,901	\$ 8,479	\$ 9,073	\$ 6,272	\$ 34,725
Income tax expense (benefit)	2,114	1,545	3,540	3,637	10,836	811	(3,132)	(7,273)	24,458	14,864	(301)	(189)	683	(618)	(425)
Income (loss) before income taxes	5,110	3,628	7,750	10,998	27,486	9,006	3,081	(439)	3,593	15,241	10,600	8,290	9,756	5,654	34,300
Acquisition-related and other deferred revenue	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313	103	418	1,056	1,890
Asset impairment and loss on disposal of assets	—	85	914	248	1,247	24	63	385	52	524	942	156	2,341	3,294	6,733
Amortization of product technologies and intangible assets	7,111	7,737	7,847	7,573	30,268	7,789	8,227	9,335	14,567	39,918	16,384	17,623	18,684	19,017	71,708
Loss due to cyber incident, net of recoveries	—	—	—	—	—	—	—	—	—	—	—	—	—	4,952	4,952
Acquisition-related expense (income)	(57)	(9)	(266)	695	363	1,210	1,354	485	2,508	5,557	1,007	1,168	519	(257)	2,437
Costs related to the Hart-Scott-Rodino review process	—	—	—	—	—	481	2,228	5,993	2,310	11,012	—	—	78	—	78
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	2,562	2,599	2,639	10,324
Stock-based expense	8,391	10,737	8,255	9,469	36,852	10,092	13,876	11,764	10,103	45,835	10,318	13,695	13,479	13,149	50,641
Non-GAAP income before income taxes	21,237	23,094	25,692	28,796	98,819	29,307	30,826	30,672	36,331	127,136	42,088	43,597	47,874	49,504	183,063
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 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %
Assumed provision for non-GAAP income tax expense	8,495	9,238	10,277	11,518	39,528	11,723	12,330	12,269	14,532	50,854	10,943	11,335	12,447	12,871	47,596
Non-GAAP net income	\$ 12,742	\$ 13,856	\$ 15,415	\$ 17,278	\$ 59,291	\$ 17,584	\$ 18,496	\$ 18,403	\$ 21,799	\$ 76,282	\$ 31,145	\$ 32,262	\$ 35,427	\$ 36,633	\$ 135,467
Net income (loss) per diluted share	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.09	\$ 0.21	\$ 0.10	\$ 0.08	\$ 0.08	\$ (0.26)	\$ 0.00	\$ 0.13	\$ 0.09	\$ 0.09	\$ 0.07	\$ 0.38
Non-GAAP net income per diluted share	\$ 0.17	\$ 0.18	\$ 0.20	\$ 0.22	\$ 0.76	\$ 0.22	\$ 0.23	\$ 0.22	\$ 0.26	\$ 0.93	\$ 0.37	\$ 0.37	\$ 0.38	\$ 0.39	\$ 1.51
Weighted average outstanding shares - basic	76,656	76,363	76,823	77,566	76,854	78,263	79,018	79,838	80,583	79,433	81,166	85,124	91,222	91,492	87,290
Weighted average outstanding shares - diluted	77,147	77,161	78,124	79,116	77,843	81,386	81,925	82,760	83,464	82,398	84,817	90,005	96,590	95,108	91,531
Dilution offset from convertible note hedge transactions	—	—	—	—	—	—	—	—	(321)	(81)	(1,319)	(2,116)	(2,440)	(1,621)	(1,876)
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	77,147	77,161	78,124	79,116	77,843	81,386	81,925	82,760	83,143	82,317	83,498	87,889	94,150	93,487	89,655

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

Non-GAAP On Demand Revenue, Ending On Demand Units, Average 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," "Average 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	Q2'18	Q3'18	Q4'18	YTD'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	\$ 206,945	\$ 215,413	\$ 218,051	\$ 833,709
Acquisition-related and other deferred revenue	(343)	(258)	(161)	(187)	(949)	705	945	698	710	3,058	313	103	418	1,056	1,890
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	207,048	215,831	219,107	835,599
Average 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	15,531	16,073	16,219	16,219
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	14,352	15,802	16,146	14,847
RPU	\$ 48.10	\$ 49.27	\$ 50.28	\$ 51.53	\$ 51.53	\$ 53.65	\$ 56.51	\$ 57.85	\$ 57.77	\$ 57.77	\$ 59.17	\$ 53.95	\$ 55.17	\$ 54.05	\$ 54.05
ACV	\$ 529,052	\$ 548,917	\$ 565,700	\$ 566,263	\$ 566,263	\$ 596,159	\$ 649,017	\$ 708,836	\$ 751,183	\$ 751,183	\$ 779,446	\$ 837,897	\$ 886,747	\$ 876,637	\$ 876,637
	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	YTD'18
Property Management	\$ 36,282	\$ 38,467	\$ 39,023	\$ 39,118	\$ 152,890	\$ 40,341	\$ 41,404	\$ 42,175	\$ 43,082	\$ 167,002	\$ 45,319	\$ 46,522	\$ 47,307	\$ 47,826	\$ 186,974
Percent of total non-GAAP on demand revenue	29%	28%	28%	28%	28%	27%	26%	26%	24%	26%	24%	22%	22%	22%	22%
Year-over-year growth	11%	14%	11%	10%	11%	11%	8%	8%	10%	9%	12%	12%	12%	11%	12%
Resident Services	\$ 45,071	\$ 54,613	\$ 58,351	\$ 60,062	\$ 218,097	\$ 60,968	\$ 64,860	\$ 70,527	\$ 75,822	\$ 272,177	\$ 77,175	\$ 85,329	\$ 94,084	\$ 93,865	\$ 350,453
Percent of total non-GAAP on demand revenue	37%	40%	41%	42%	40%	42%	42%	43%	42%	42%	40%	41%	44%	43%	42%
Year-over-year growth	36%	60%	50%	49%	49%	35%	19%	21%	26%	25%	27%	32%	33%	24%	29%
Leasing and Marketing	\$ 28,925	\$ 29,618	\$ 29,451	\$ 27,562	\$ 115,556	\$ 27,815	\$ 29,324	\$ 29,334	\$ 37,563	\$ 124,036	\$ 39,434	\$ 42,845	\$ 42,198	\$ 42,882	\$ 167,359
Percent of total non-GAAP on demand revenue	24%	22%	21%	20%	22%	19%	19%	18%	21%	19%	20%	21%	19%	19%	20%
Year-over-year growth	-2%	-3%	-2%	-3%	-3%	-4%	-1%	0%	36%	7%	42%	46%	44%	14%	35%
Asset Optimization	\$ 12,790	\$ 13,654	\$ 13,897	\$ 14,698	\$ 55,039	\$ 17,794	\$ 20,084	\$ 20,240	\$ 24,347	\$ 82,465	\$ 31,685	\$ 32,352	\$ 32,242	\$ 34,534	\$ 130,813
Percent of total non-GAAP on demand revenue	10%	10%	10%	10%	10%	12%	13%	13%	13%	13%	16%	16%	15%	16%	16%
Year-over-year growth	18%	17%	15%	20%	18%	39%	47%	46%	66%	50%	78%	61%	59%	42%	59%
Subscription	\$ 110,464	\$ 123,404	\$ 127,155	\$ 128,455	\$ 489,478	\$ 134,325	\$ 141,459	\$ 152,564	\$ 158,958	\$ 587,306	\$ 169,687	\$ 179,082	\$ 189,458	\$ 196,799	\$ 735,026
Percent of total non-GAAP on demand revenue	90%	91%	90%	91%	90%	91%	91%	94%	88%	91%	88%	86%	88%	90%	88%
Year-over-year growth	18%	27%	24%	22%	23%	22%	15%	20%	24%	20%	26%	27%	24%	24%	25%
Transactional	\$ 12,604	\$ 12,948	\$ 13,567	\$ 12,985	\$ 52,104	\$ 12,593	\$ 14,213	\$ 9,712	\$ 21,856	\$ 58,374	\$ 23,926	\$ 27,966	\$ 26,373	\$ 22,308	\$ 100,573
Percent of total non-GAAP on demand revenue	10%	9%	10%	9%	10%	9%	9%	6%	12%	9%	12%	14%	12%	10%	12%
Year-over-year growth	5%	1%	3%	13%	5%	0%	10%	-28%	68%	12%	90%	97%	172%	2%	72%

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 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 March 31, 2019		Guidance Range for the Twelve Months Ending December 31, 2019	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Revenue (GAAP)	\$ 232,790	\$ 234,790	\$ 979,600	\$ 999,600
Acquisition-related and other deferred revenue	210	210	400	400
Non-GAAP total revenue	<u>\$ 233,000</u>	<u>\$ 235,000</u>	<u>\$ 980,000</u>	<u>\$ 1,000,000</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 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 March 31, 2019		Guidance Range for the Twelve Months Ending December 31, 2019	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
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
Assumed rate for income tax expense ⁽¹⁾	26.0%	26.0%	26.0%	26.0%
Assumed provision for non-GAAP income tax expense	12,930	13,554	56,386	59,402
Non-GAAP net income	<u>\$ 36,800</u>	<u>\$ 38,576</u>	<u>\$ 160,484</u>	<u>\$ 169,068</u>
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
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 ⁽²⁾	93,900	93,900	94,488	94,488

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 March 31, 2019, and the twelve months ending December 31, 2019. Please reference the "Explanation of Non-GAAP Financial

	Guidance Range for the Three Months Ending March 31, 2019		Guidance Range for the Twelve Months Ending December 31, 2019	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
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.

EXPLANATION OF NON-GAAP FINANCIAL 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 product technologies, 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 product technologies and intangible assets, (4) loss due to cyber incident, net of recoveries, (5) acquisition-related (income) expense, (6) costs related to the Hart-Scott-Rodino review process, (7) interest expense, net, (8) income tax expense (benefit), and (9) 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) asset impairment, 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.

The company defines "Non-GAAP General and Administrative Expense" as general and administrative expense, excluding (1) loss on disposal of assets, (2) loss due to cyber incident, net of recoveries, (3) acquisition-related (income) 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 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) loss due to cyber incident, net of recoveries, (4) acquisition-related (income) 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 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 product technologies and intangible assets, (4) loss due to cyber incident, net of recoveries, (5) acquisition-related (income) expense, (6) costs related to the Hart-Scott-Rodino review process, and (7) 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.

EXPLANATION OF NON-GAAP FINANCIAL MEASURES

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 product technologies and intangible assets, (5) loss due to cyber incident, net of recoveries, (6) acquisition-related (income) expense, (7) costs related to the Hart-Scott-Rodino review process, (8) amortization of convertible note discount, and (9) stock-based expense, less (10) provision for income tax expense based on an assumed rate in order to approximate the company's long-term effective corporate tax rate. 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 Weighted Average Diluted Shares Outstanding" as weighted average diluted shares outstanding excluding the impact of shares that are issuable upon conversions of our convertible notes. 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.

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 at a point in time. 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.

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.

EXPLANATION OF NON-GAAP FINANCIAL MEASURES

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. In 2018 and for 2019 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 and impairment of indefinite-lived intangible 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.
- Depreciation of long-lived assets - Long-lived assets are depreciated over their estimated useful lives in a manner reflecting the pattern in which the economic benefit is consumed. Management is limited in its ability to change or influence these charges after the asset has been acquired and placed in service. We do not believe that depreciation expense accurately reflects the performance of our ongoing operations for the period in which the charges are incurred, and are therefore not considered by management in making operating decisions.
- Amortization of product technologies and intangible assets – These items are amortized over their estimated useful lives and generally cannot be changed or influenced by the company after initial capitalization. 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.
- Loss due to cyber incident, net of recoveries – This item relates to losses, net of recoveries, arising from the May 2018 incident in which the company was the subject of a targeted email phishing campaign. The company believes this loss is not reflective of its ongoing operations and that exclusion of this item facilitates a more accurate comparison of the company's results of operations between periods.
- Acquisition-related (income) 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 completed acquisitions of On-Site and LRO in 2017 and LeaseLabs in 2018. The company believes that these significant legal costs are not reflective of its ongoing operations or its normal acquisition activity.
- 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.