

Q4 2019 FINANCIAL RESULTS

FEBRUARY 2020

FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking” statements relating to RealPage, Inc.’s strategy, goals, future focus areas, market size estimates and expected, possible or assumed future results, including its financial outlook for the first quarter ending March 31, 2020 and calendar year ending December 31, 2020, that our platform is thinly penetrated into an enormous market opportunity, that we have laid a solid foundation to accelerate our organic revenue growth profile, the potential market opportunity for our platform in the traditional multifamily business and the SMB business recently augmented with the acquisition of Buildium, and the ability of our Yes-To-Success customer journeys, internal innovation and 2019 strategic acquisitions to accelerate organic revenue growth and expanding shareholder value in 2020. 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 recently completed acquisitions of Buildium, LeaseTerm Solutions, Hipercapt, SimpleBills, Investor Management Services and Modern Message; (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 February 27, 2019 (as amended on November 5, 2019) and its Quarterly Report on Form 10-Q previously filed with the SEC on November 8, 2019. 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.

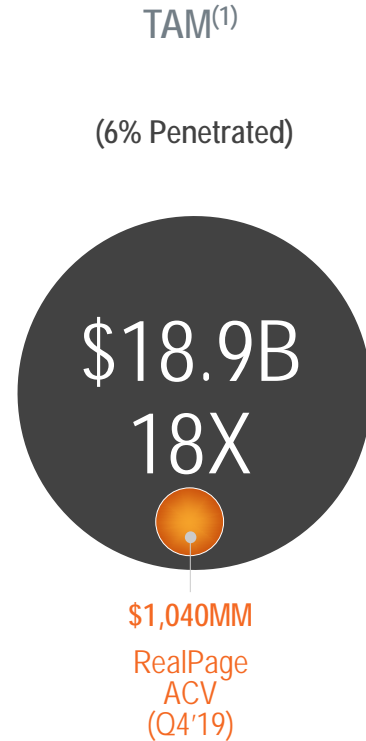
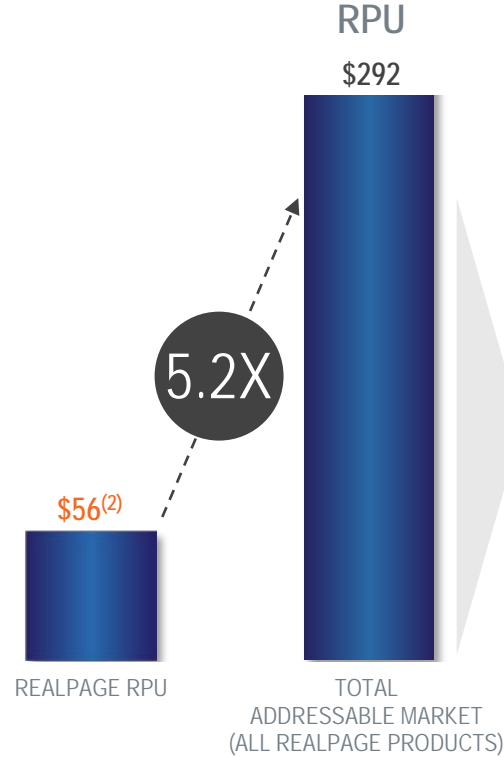
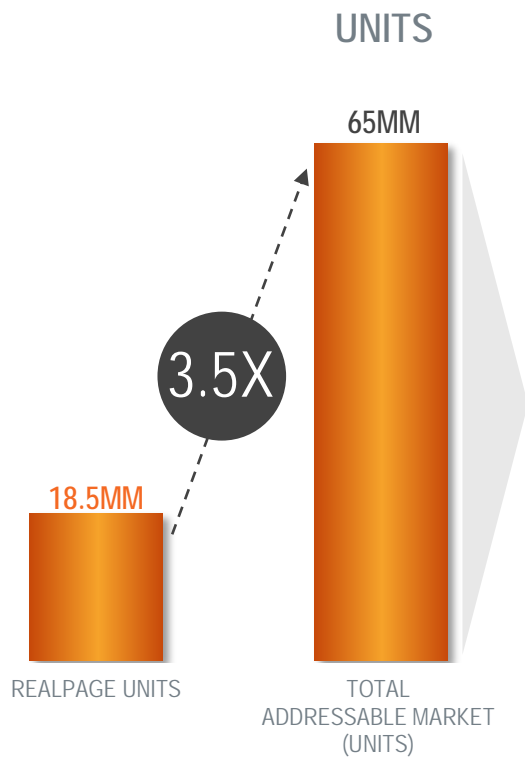
REALPAGE®

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



UNLEASHING A NEW WAVE OF INNOVATION

- Focused on helping owners identify opportunities to capture 300 to 400 basis points of incremental yield
- ActiveBuilding eCommerce drives incremental yield from amenities, spaces, services and events
 - Even more powerful with recent acquisition of Modern Message, which provides loyalty and rewards programs
- Enhancements to Contact Center including much richer guest card and dynamic landing pages
- Next generation AI Contact Center
- LeaseLabs acquisition integrated into Marketing Suite
- AI Revenue Management optimizing four dimensions of yield including price, demand, credit and leasing agent behavior
- AI Screening, one of our first self-provisioning solutions, provisioned to significant portion of install base in 2H19
- Asset & Investment Management Platform has integrated Asset Monitoring with Modeling for continuous valuation and assessment of an asset

ACQUISITIONS ENHANCE STRATEGIC PLATFORM

- Inorganic investments include Buildium, Lease Term Solutions, SimpleBills, Modern Message, Hiperscept and Investment Management Services
- Buildium and RealPage teams working on master API to support integration and interoperability ~ front-end integration opportunities in discussion

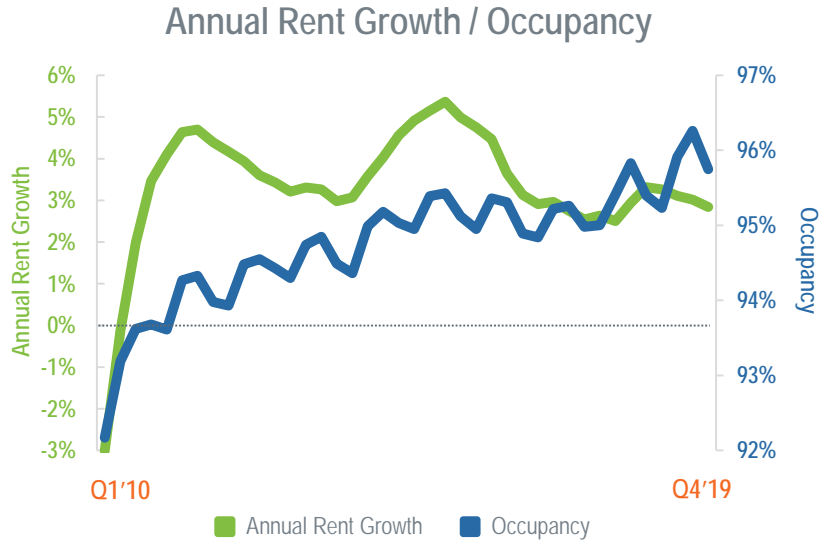
TAM EXPANDS, ORGANIZATIONAL EFFECTIVENESS

- Mike Britti to lead Emerging Markets and will oversee Institutional, SMB and Vacation
- Ashley Glover promoted to President, responsible for Multifamily, Sales, Marketing and Client Success
- Current TAM estimate is \$19 billion (up from \$13 billion), including nearly 21 million multifamily units within Conventional, Affordable, Senior, Student and Military markets

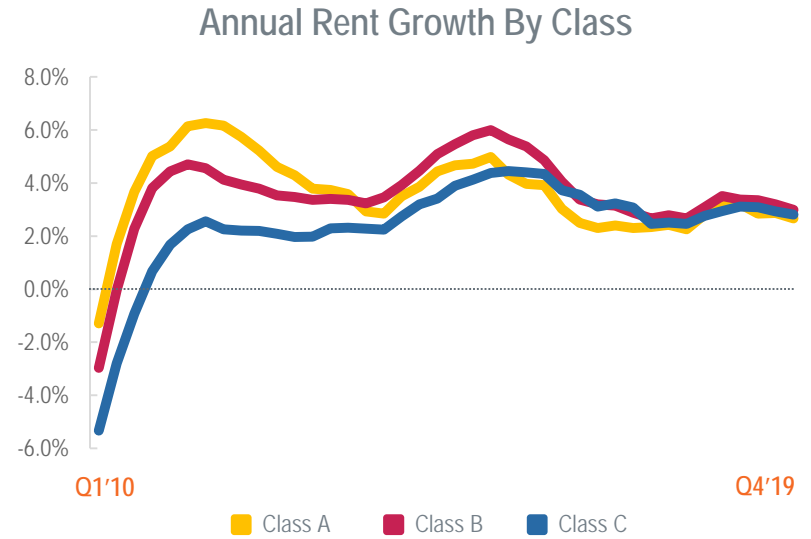
MACROECONOMIC TRENDS: RENTAL HOUSING MARKET STRENGTH

- Rents grew 2.8% in Q4'19, compared to growth of 3.3% in Q4'18

- Occupancy at 95.8% in Q4'19, compared with 95.4% in Q4'18



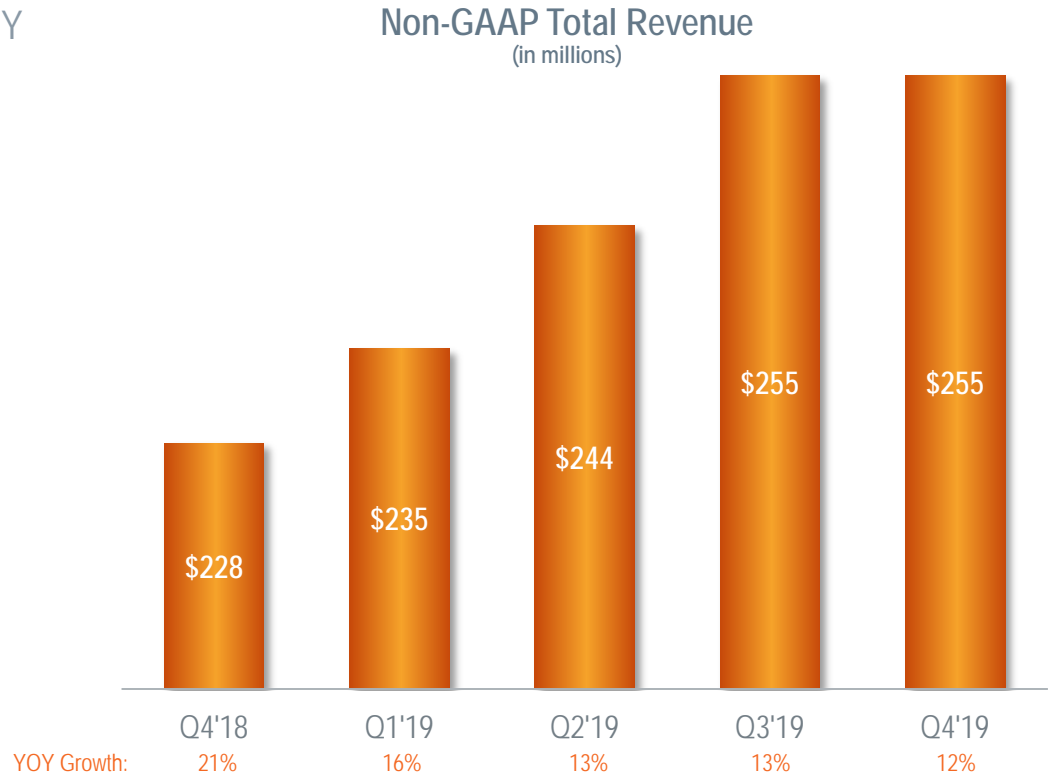
Source: MPF Research and AxioMetrics data.



Source: MPF Research and AxioMetrics data.

Q4'19 FINANCIAL SUMMARY

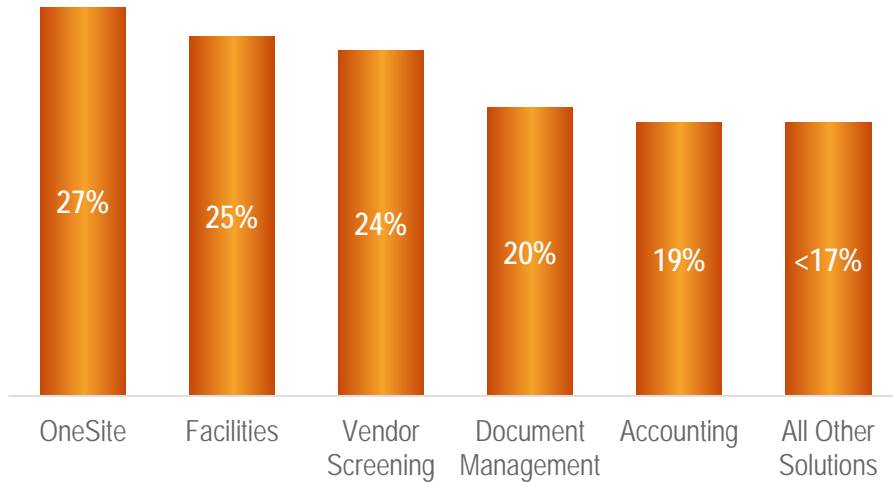
- Total Non-GAAP revenue growth of 12% YOY
- Adjusted EBITDA growth of 25% YOY



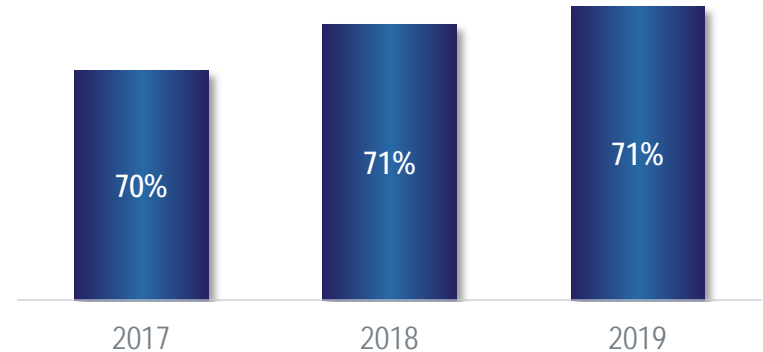
*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

PROPERTY MANAGEMENT

Percent Penetrated Into 16.1MM Rental Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾

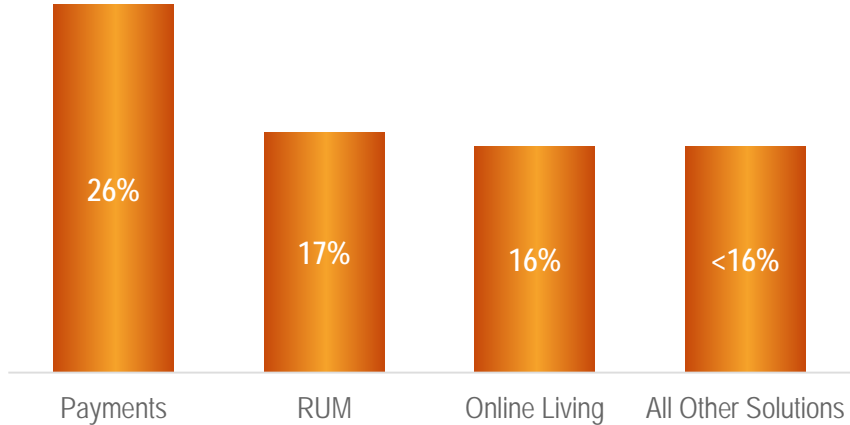


⁽¹⁾ Unit overlap exists across solutions, and excluding HOA.

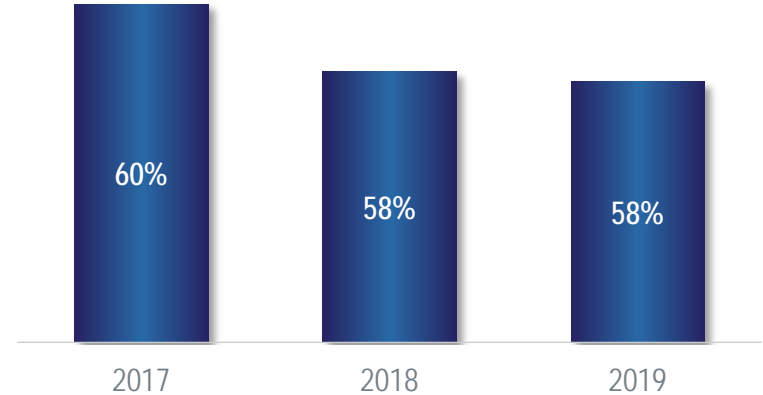
⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

RESIDENT SERVICES

Percent Penetrated Into 16.1MM Rental Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾

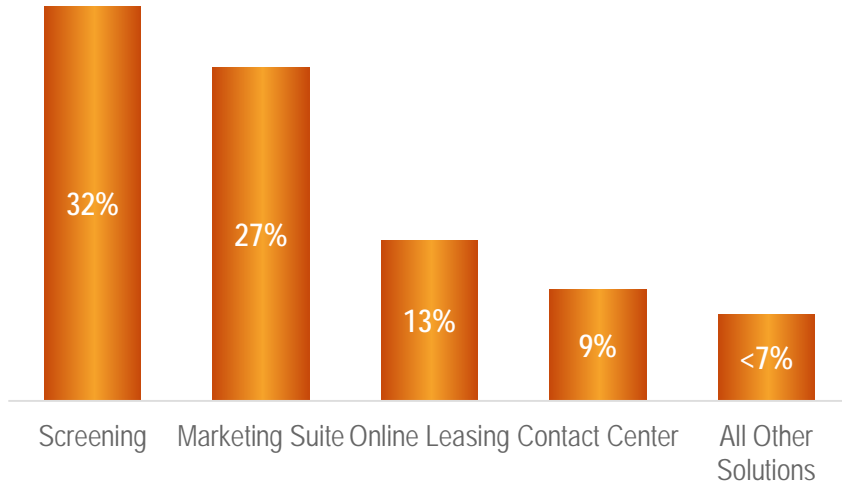


⁽¹⁾ Unit overlap exists across solutions, and excluding HOA.

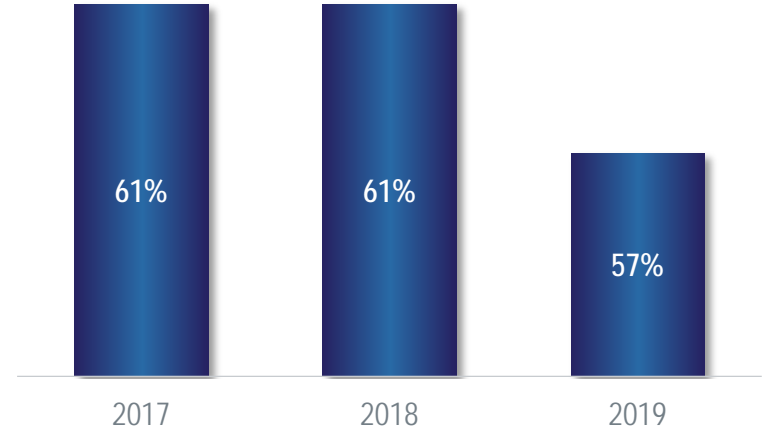
⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

LEASING AND MARKETING

Percent Penetrated Into 16.1MM Rental Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾

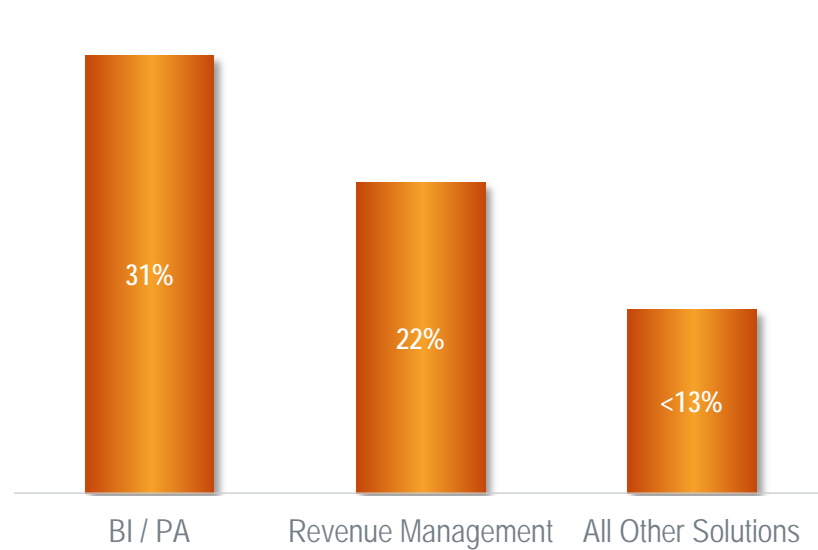


⁽¹⁾ Unit overlap exists across solutions, and excluding HOA.

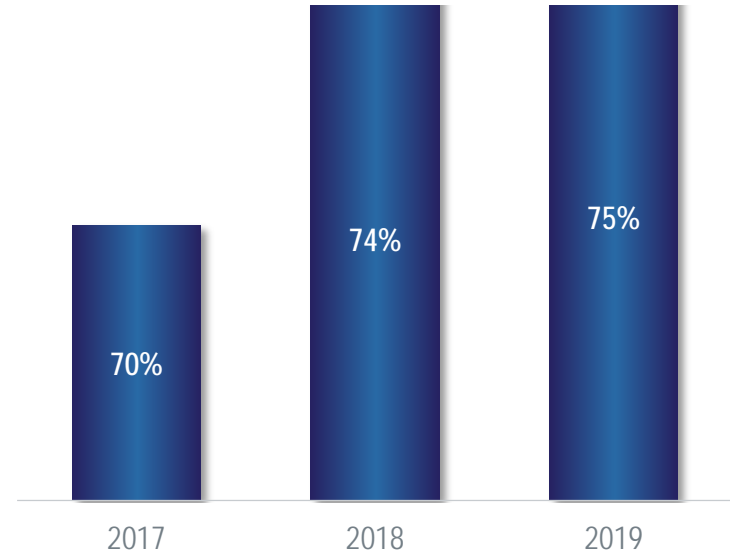
⁽²⁾ Based on Company estimates of certain shared costs allocated to the product category based upon revenue contribution and excludes depreciation, amortization of product technologies, and stock-based expense.

ASSET OPTIMIZATION

Percent Penetrated Into 16.1MM Units⁽¹⁾



Estimated Relative Gross Margin⁽²⁾



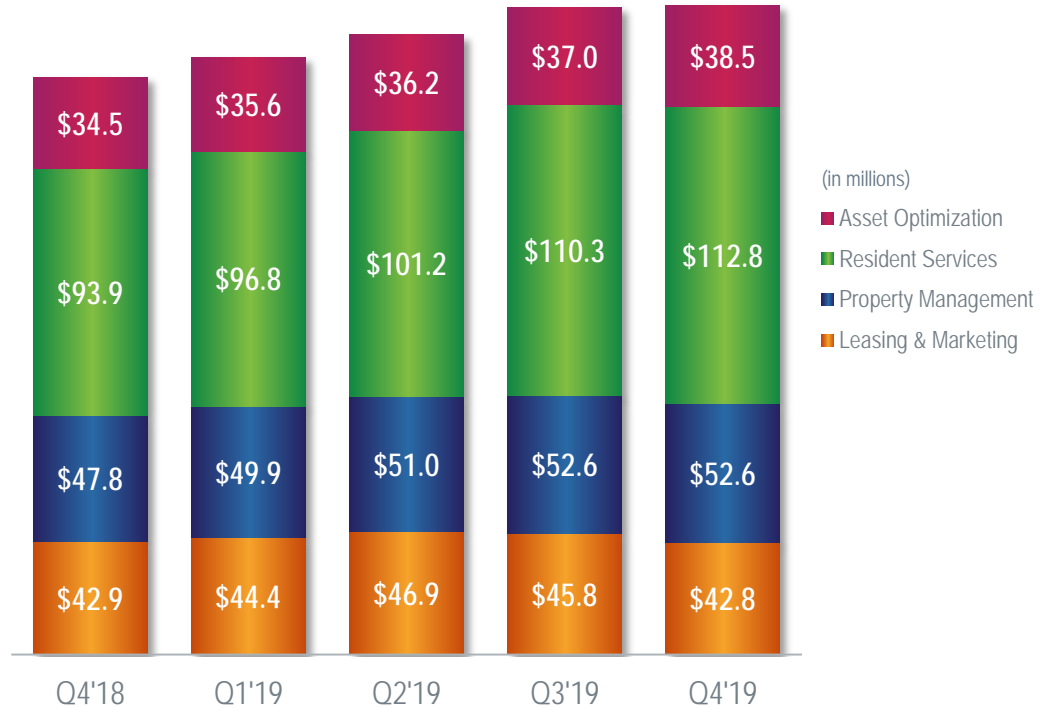
⁽¹⁾ Unit overlap exists across solutions, and excluding HOA.

⁽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

- Q4'19 Non-GAAP on-demand growth of 13% driven by:

- Property Management – 10% YOY growth
- Resident Services – 20% YOY growth
- Leasing & Marketing – flat YOY
- Asset Optimization – 12% YOY growth



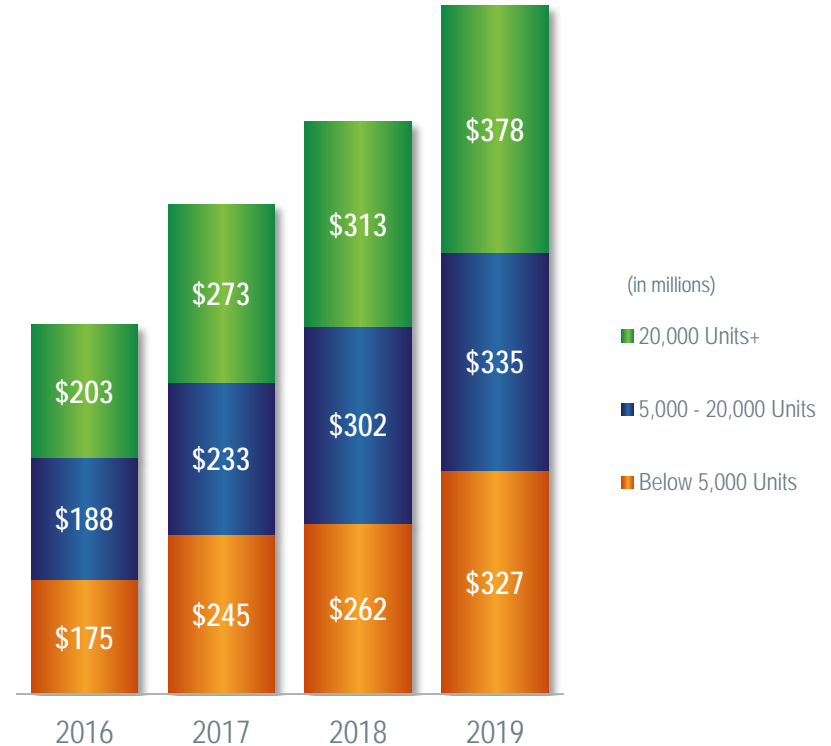
*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

LAND AND EXPAND

- Total ACV of \$1,040 million – 19% YOY growth
- Top 100 ACV clients average RPU of \$72 or \$96 excluding HOA

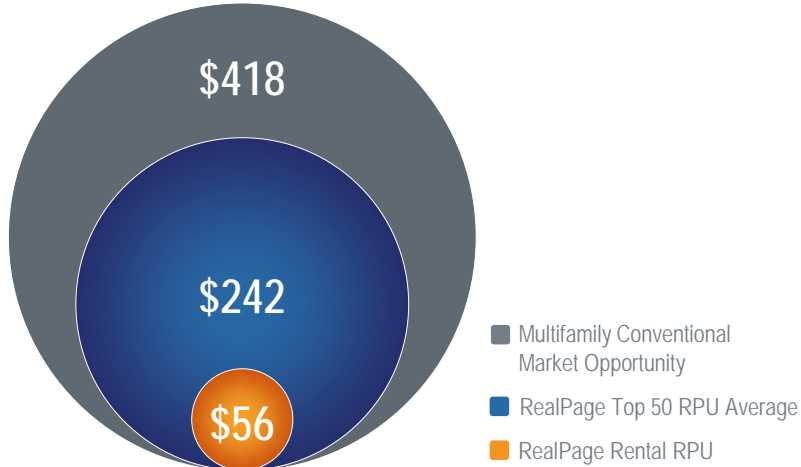
	2016	2017	2018	2019
ACV	\$566.3	\$751.2	\$876.6	\$1,039.6
UNITS	11.0	13.0	16.2	18.5
RPU	\$51.53	\$57.77	\$54.05	\$56.27

ACV (in millions)



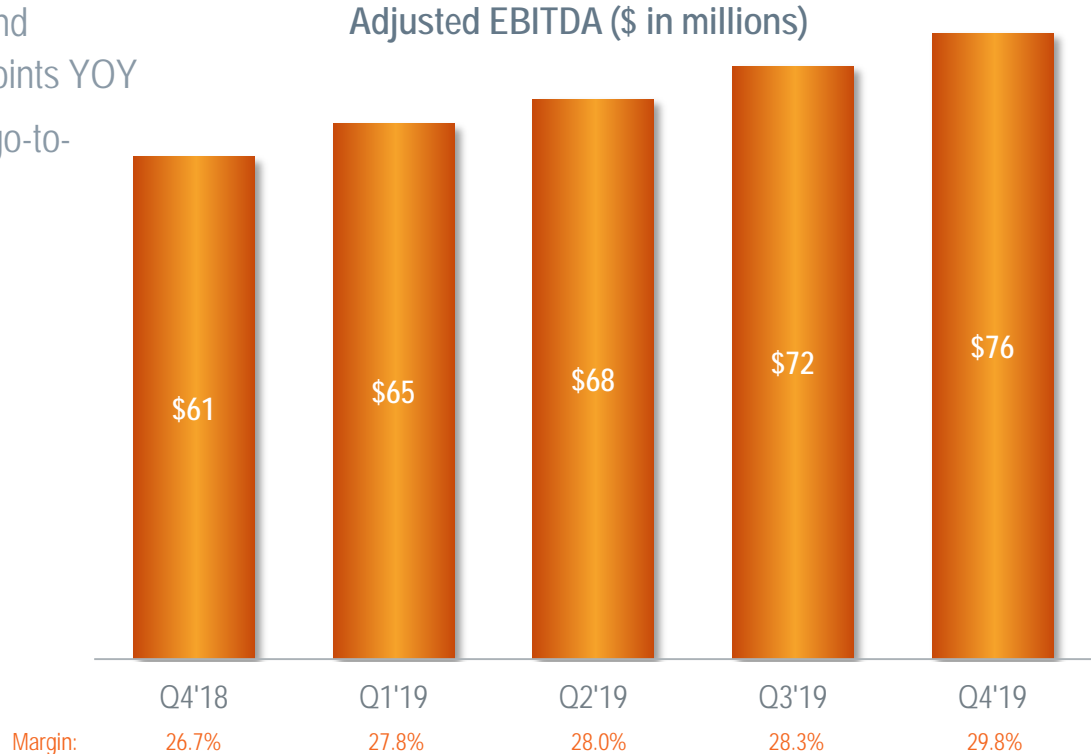
TOP 50 RPU CLIENTS

- Average \$242 in RPU in Q4'19
- Average RPU of \$242 is 4X aggregate RP RPU of \$56



QUARTERLY PROFITABILITY

- Adjusted EBITDA growth of over 25% and margin expansion of nearly 320 basis points YOY
- Margin expansion includes innovation, go-to-market investments

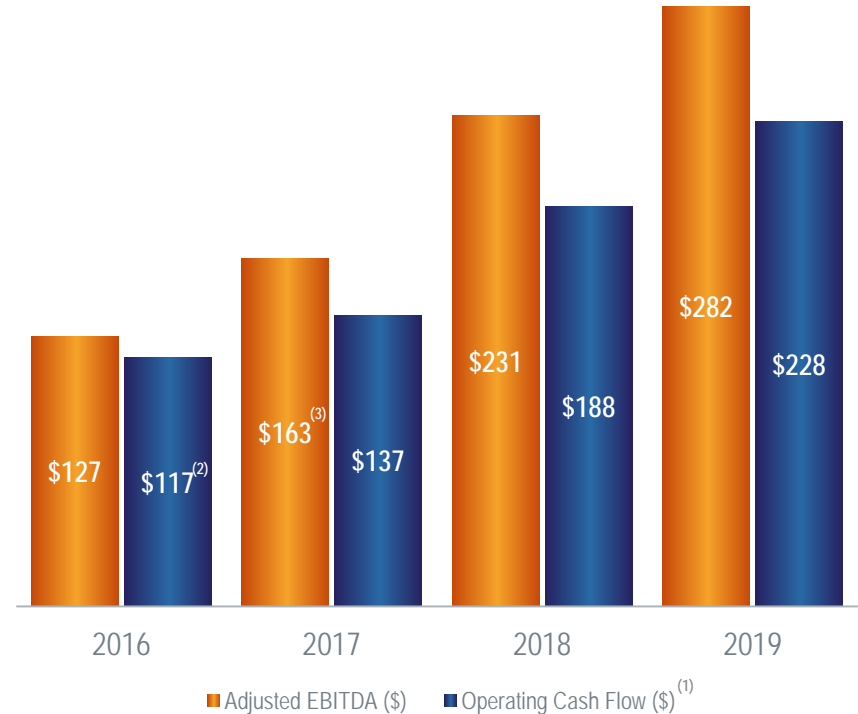


*See the appendix section of this presentation for a reconciliation of GAAP to Non-GAAP measures.

LIQUIDITY AND OPERATING CASH FLOW

- Cash flow from operations was over \$46.4⁽¹⁾ million in Q4'19
- Capital expenditures of \$13.0 million for Q4'19, 5.1% of revenue during the period

(millions)	Q4 '18	Q4 '19
BALANCE SHEET		
CASH AND CASH EQUIVALENTS	\$228.2	\$197.2
DEBT	\$596.6	\$1.1B
CASH FLOW		
OPERATING CASH FLOW ⁽¹⁾	\$46.2	\$46.4
CAPITAL EXPENDITURES	\$13.6	\$13.0
LEVERAGE		
PROFORMA LEVERAGE	1.5x	3.1x



⁽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.

2020 EXPECTATIONS & FINANCIAL SUMMARY

- Q1'20 Non-GAAP total revenue of \$277 million to \$281 million
- Q1'20 Adjusted EBITDA of \$70 million to \$72 million
- Q1'20 Non-GAAP diluted EPS of \$0.41 to \$0.43
- FY'20 Non-GAAP total revenue of \$1,165 million to \$1,185 million
- FY'20 Adjusted EBITDA of \$320 million to \$324 million
- FY'20 Non-GAAP diluted EPS of \$1.95 to \$2.00

*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.

	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019
Revenue (GAAP)	\$ 152,919	\$ 161,306	\$ 169,058	\$ 187,680	\$ 670,963	\$ 201,301	\$ 216,252	\$ 224,953	\$ 226,974	\$ 869,480	\$ 234,306	\$ 243,861	\$ 255,202	\$ 254,767	\$ 988,136
Acquisition-related deferred revenue	705	945	698	710	3,058	313	103	418	1,056	1,890	224	157	38	449	868
Non-GAAP Total Revenue	\$ 153,624	\$ 162,251	\$ 169,756	\$ 188,390	\$ 674,021	\$ 201,614	\$ 216,355	\$ 225,371	\$ 228,030	\$ 871,370	\$ 234,530	\$ 244,018	\$ 255,240	\$ 255,216	\$ 989,004

Adjusted EBITDA

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

	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019
Net income (loss) (GAAP)	\$ 8,195	\$ 6,213	\$ 6,834	\$ (20,865)	\$ 377	\$ 10,901	\$ 8,479	\$ 9,073	\$ 6,272	\$ 34,725	\$ 11,272	\$ 15,063	\$ 11,704	\$ 20,169	\$ 58,208
Acquisition-related deferred revenue	705	945	698	710	3,058	313	103	418	1,056	1,890	224	157	38	449	868
Depreciation, asset impairment, and loss on disposal of assets	6,675	6,929	7,331	6,817	27,752	7,818	7,662	9,286	10,445	35,211	8,760	8,696	8,499	10,769	36,724
Amortization of product technologies and intangible assets	7,789	8,227	9,335	14,567	39,918	16,384	17,623	18,684	19,017	71,708	19,350	20,302	20,759	20,353	80,764
Loss due to cyber incident, net of recoveries	—	—	—	—	—	—	—	—	4,952	4,952	—	—	—	—	—
Gain on change in fair value of equity investment	—	—	—	—	—	—	—	—	—	—	(2,600)	—	—	—	(2,600)
Acquisition-related expense (income)	1,210	1,354	485	2,508	5,557	1,007	1,168	519	(257)	2,437	29	376	755	3,594	4,754
Regulatory and legal matters	481	2,228	5,993	2,310	11,012	—	—	78	—	78	—	352	215	898	1,465
Interest expense, net	1,120	2,804	4,813	6,335	15,072	7,721	8,584	6,874	6,780	29,959	8,581	8,241	8,791	9,443	35,056
Income tax expense (benefit)	811	(3,132)	(7,273)	24,458	14,864	(301)	(189)	683	(618)	(425)	4,647	(822)	4,171	(5,646)	2,350
Organizational realignment	—	—	—	—	—	—	—	—	—	—	—	—	684	849	1,533
Stock-based expense	10,092	13,876	11,764	10,103	45,835	10,318	13,695	13,479	13,149	50,641	14,913	15,865	16,498	15,287	62,563
Adjusted EBITDA	\$ 37,078	\$ 39,444	\$ 39,980	\$ 46,943	\$ 163,445	\$ 54,161	\$ 57,125	\$ 59,094	\$ 60,796	\$ 231,176	\$ 65,176	\$ 68,230	\$ 72,114	\$ 76,165	\$ 281,685

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.

	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019
Net income (loss) (GAAP)	\$ 8,195	\$ 6,213	\$ 6,834	\$ (20,865)	\$ 377	\$ 10,901	\$ 8,479	\$ 9,073	\$ 6,272	\$ 34,725	\$ 11,272	\$ 15,063	\$ 11,704	\$ 20,169	\$ 58,208
Income tax expense (benefit)	811	(3,132)	(7,273)	24,458	14,864	(301)	(189)	683	(618)	(425)	4,647	(822)	4,171	(5,646)	2,350
Income (loss) before income taxes	9,006	3,081	(439)	3,593	15,241	10,600	8,290	9,756	5,654	34,300	15,919	14,241	15,875	14,523	60,558
Acquisition-related deferred revenue	705	945	698	710	3,058	313	103	418	1,056	1,890	224	157	38	449	868
Asset impairment and (gain) loss on disposal of assets	24	63	385	52	524	942	156	2,341	3,294	6,733	286	(17)	(10)	2,277	2,536
Amortization of product technologies and intangible assets	7,789	8,227	9,335	14,567	39,918	16,384	17,623	18,684	19,017	71,708	19,350	20,302	20,759	20,353	80,764
Gain on change in fair value of equity investment	—	—	—	—	—	—	—	—	—	—	(2,600)	—	—	—	(2,600)
Loss due to cyber incident, net of recoveries	—	—	—	—	—	—	—	—	4,952	4,952	—	—	—	—	—
Acquisition-related expense (income)	1,210	1,354	485	2,508	5,557	1,007	1,168	519	(257)	2,437	29	376	755	3,594	4,754
Organizational realignment	—	—	—	—	—	—	—	—	—	—	—	—	684	849	1,533
Regulatory and legal matters	481	2,228	5,993	2,310	11,012	—	—	78	—	78	—	352	215	898	1,465
Amortization of convertible note discount	—	1,052	2,451	2,488	5,991	2,524	2,562	2,599	2,639	10,324	2,676	2,717	2,756	2,797	10,946
Stock-based expense	10,092	13,876	11,764	10,103	45,835	10,318	13,695	13,479	13,149	50,641	14,913	15,865	16,498	15,287	62,563
Non-GAAP income before income taxes	29,307	30,826	30,672	36,331	127,136	42,088	43,597	47,874	49,504	183,063	50,797	53,993	57,570	61,027	223,387
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %	26.0 %
Assumed provision for non-GAAP income tax expense	11,723	12,330	12,269	14,532	50,854	10,943	11,335	12,447	12,871	47,596	13,207	14,038	14,968	15,867	58,080
Non-GAAP net income	\$ 17,584	\$ 18,496	\$ 18,403	\$ 21,799	\$ 76,282	\$ 31,145	\$ 32,262	\$ 35,427	\$ 36,633	\$ 135,467	\$ 37,590	\$ 39,955	\$ 42,602	\$ 45,160	\$ 165,307
Net income (loss) per diluted share	\$ 0.10	\$ 0.08	\$ 0.08	\$ (0.26)	\$ 0.00	\$ 0.13	\$ 0.09	\$ 0.09	\$ 0.07	\$ 0.38	\$ 0.12	\$ 0.16	\$ 0.12	\$ 0.21	\$ 0.60
Non-GAAP net income per diluted share	\$ 0.22	\$ 0.23	\$ 0.22	\$ 0.26	\$ 0.93	\$ 0.37	\$ 0.37	\$ 0.38	\$ 0.39	\$ 1.51	\$ 0.40	\$ 0.43	\$ 0.45	\$ 0.48	\$ 1.76
Weighted average outstanding shares - basic	78,263	79,018	79,838	80,583	79,433	81,166	85,124	91,222	91,492	87,290	91,490	91,914	92,239	92,412	92,017
Weighted average outstanding shares - diluted	81,386	81,925	82,760	83,464	82,398	84,817	90,005	96,590	95,108	91,531	95,561	96,493	97,114	95,824	96,282
Dilution offset from convertible note hedge transactions	—	—	—	(321)	(81)	(1,319)	(2,116)	(2,440)	(1,621)	(1,876)	(2,207)	(2,528)	(2,716)	(2,172)	(2,406)
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	81,386	81,925	82,760	83,143	82,317	83,498	87,889	94,150	93,487	89,655	93,354	93,965	94,398	93,652	93,876

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.

	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019
On demand revenue (GAAP)	\$ 146,213	\$ 154,727	\$ 161,578	\$ 180,104	\$ 642,622	\$ 193,300	\$ 206,945	\$ 215,413	\$ 218,051	\$ 833,709	\$ 226,519	\$ 235,185	\$ 245,637	\$ 246,235	\$ 953,576
Acquisition-related deferred revenue	705	945	698	710	3,058	313	103	418	1,056	1,890	224	157	38	449	868
Non-GAAP on demand revenue	146,918	155,672	162,276	180,814	645,680	193,613	207,048	215,831	219,107	835,599	226,743	235,342	245,675	246,684	954,444
Ending on demand units	11,112	11,485	12,253	13,003	13,003	13,173	15,531	16,073	16,219	16,219	16,401	16,505	16,779	18,475	18,475
Average on demand units	11,050	11,298	11,869	12,628	11,711	13,088	14,352	15,802	16,146	14,847	16,310	16,453	16,642	17,627	16,758
RPU	\$ 53.65	\$ 56.51	\$ 57.85	\$ 57.77	\$ 57.77	\$ 59.17	\$ 53.95	\$ 55.17	\$ 54.05	\$ 54.05	\$ 55.61	\$ 57.10	\$ 59.05	\$ 56.27	\$ 56.27
ACV	\$ 596,159	\$ 649,017	\$ 708,836	\$ 751,183	\$ 751,183	\$ 779,446	\$ 837,897	\$ 886,747	\$ 876,637	\$ 876,637	\$ 912,060	\$ 942,436	\$ 990,800	\$ 1,039,588	\$ 1,039,588
	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019
Property Management	\$ 40,341	\$ 41,404	\$ 42,175	\$ 43,082	\$ 167,002	\$ 45,319	\$ 46,522	\$ 47,307	\$ 47,826	\$ 186,974	\$ 49,914	\$ 51,006	\$ 52,591	\$ 52,633	\$ 206,144
Percent of total non-GAAP on demand revenue	27%	26%	26%	24%	26%	24%	22%	22%	22%	22%	22%	22%	21%	21%	22%
Year-over-year growth	11%	8%	8%	10%	9%	12%	12%	12%	11%	12%	10%	10%	11%	10%	10%
Resident Services	\$ 60,968	\$ 64,860	\$ 70,527	\$ 75,822	\$ 272,177	\$ 77,175	\$ 85,329	\$ 94,084	\$ 93,865	\$ 350,453	\$ 96,804	\$ 101,209	\$ 110,315	\$ 112,747	\$ 421,075
Percent of total non-GAAP on demand revenue	42%	42%	43%	42%	42%	40%	41%	44%	43%	42%	43%	43%	45%	46%	44%
Year-over-year growth	35%	19%	21%	26%	25%	27%	32%	33%	24%	29%	25%	19%	17%	20%	20%
Leasing and Marketing	\$ 27,815	\$ 29,324	\$ 29,334	\$ 37,563	\$ 124,036	\$ 39,434	\$ 42,845	\$ 42,198	\$ 42,882	\$ 167,359	\$ 44,401	\$ 46,899	\$ 45,761	\$ 42,792	\$ 179,853
Percent of total non-GAAP on demand revenue	19%	19%	18%	21%	19%	20%	21%	19%	19%	20%	19%	20%	19%	17%	19%
Year-over-year growth	-4%	-1%	0%	36%	7%	42%	46%	44%	14%	35%	13%	9%	8%	0%	8%
Asset Optimization	\$ 17,794	\$ 20,084	\$ 20,240	\$ 24,347	\$ 82,465	\$ 31,685	\$ 32,352	\$ 32,242	\$ 34,534	\$ 130,813	\$ 35,624	\$ 36,228	\$ 37,008	\$ 38,512	\$ 147,372
Percent of total non-GAAP on demand revenue	12%	13%	13%	13%	13%	16%	16%	15%	16%	16%	16%	15%	15%	16%	15%
Year-over-year growth	39%	47%	46%	66%	50%	78%	61%	59%	42%	59%	12%	12%	15%	12%	13%
Subscription	\$ 134,325	\$ 141,459	\$ 152,564	\$ 158,958	\$ 587,306	\$ 169,687	\$ 179,082	\$ 189,458	\$ 196,799	\$ 735,026	\$ 201,943	\$ 207,209	\$ 218,536	\$ 222,988	\$ 850,676
Percent of total non-GAAP on demand revenue	91%	91%	94%	88%	91%	88%	86%	88%	90%	88%	89%	88%	89%	90%	89%
Year-over-year growth	22%	15%	20%	24%	20%	26%	27%	24%	24%	25%	19%	16%	15%	13%	16%
Transactional	\$ 12,593	\$ 14,213	\$ 9,712	\$ 21,856	\$ 58,374	\$ 23,926	\$ 27,966	\$ 26,373	\$ 22,308	\$ 100,573	\$ 24,800	\$ 28,133	\$ 27,139	\$ 23,696	\$ 103,768
Percent of total non-GAAP on demand revenue	9%	9%	6%	12%	9%	12%	14%	12%	10%	12%	11%	12%	11%	10%	11%
Year-over-year growth	0%	10%	-28%	68%	12%	90%	97%	172%	2%	72%	4%	1%	3%	6%	3%

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, 2020 and the twelve months ending December 31, 2020. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending March 31, 2020		Guidance Range for the Twelve Months Ending December 31, 2020	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Revenue (GAAP)	\$ 276,070	\$ 280,070	\$ 1,162,770	\$ 1,182,770
Acquisition-related deferred revenue	930	930	2,230	2,230
Non-GAAP total revenue	<u>\$ 277,000</u>	<u>\$ 281,000</u>	<u>\$ 1,165,000</u>	<u>\$ 1,185,000</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO COMPARABLE GAAP MEASURES

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, 2020 and the twelve months ending December 31, 2020. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending March 31, 2020		Guidance Range for the Twelve Months Ending December 31, 2020	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Net income (GAAP)	\$ (400)	\$ 1,760	\$ 27,990	\$ 34,450
Income tax expense	(130)	560	8,840	10,880
Income before income taxes	(530)	2,320	36,830	45,330
Acquisition-related deferred revenue	930	930	2,230	2,230
Amortization of product technologies and intangible assets	25,550	25,400	101,790	100,990
Acquisition-related expense	2,970	2,970	10,030	9,730
Organizational realignment	890	790	1,240	790
Amortization of convertible note discount	2,840	2,840	11,610	11,610
Stock-based expense	18,050	17,950	78,820	78,270
Non-GAAP income before income taxes	50,700	53,200	242,550	248,950
Assumed rate for income tax expense ⁽¹⁾	24.0%	24.0%	24.0%	24.0%
Assumed provision for non-GAAP income tax expense	12,168	12,768	58,212	59,748
Non-GAAP net income	\$ 38,532	\$ 40,432	\$ 184,338	\$ 189,202
Net income per diluted share	\$ 0.00	\$ 0.02	\$ 0.29	\$ 0.35
Non-GAAP net income per diluted share	\$ 0.41	\$ 0.43	\$ 1.95	\$ 2.00
Weighted average outstanding shares - diluted	96,007	96,007	97,097	97,097
Dilution offset from convertible note hedge transactions	(2,160)	(2,160)	(2,584)	(2,584)
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	93,847	93,847	94,513	94,513

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, 2020 and the twelve months ending December 31, 2020. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending March 31, 2020		Guidance Range for the Twelve Months Ending December 31, 2020	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Net income (GAAP)	\$ (400)	\$ 1,760	\$ 27,990	\$ 34,450
Acquisition-related deferred revenue	930	930	2,230	2,230
Depreciation, asset impairment, and loss on disposal of assets	8,650	8,450	36,090	35,190
Amortization of product technologies and intangible assets	25,550	25,400	101,790	100,990
Acquisition-related expense	2,970	2,970	10,030	9,730
Organizational realignment	890	790	1,240	790
Stock-based expense	18,050	17,950	78,820	78,270
Interest expense, net	13,490	13,190	52,970	51,470
Income tax expense	(130)	560	8,840	10,880
Adjusted EBITDA	<u>\$ 70,000</u>	<u>\$ 72,000</u>	<u>\$ 320,000</u>	<u>\$ 324,000</u>

- (1) In 2019, a 26.0% tax rate is assumed in order to approximate the company's long-term effective corporate tax rate. For 2020 guidance purposes, the company uses a 24.0% tax rate 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 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 the future, we expect to continue to incur expenses similar to certain of the non-GAAP adjustments described below and exclusion of these items in the presentation of our non-GAAP financial measures should not be construed as an inference that all of these costs are unusual, infrequent or non-recurring. 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 deferred revenue. The company believes it is useful to include deferred revenue written down for GAAP purposes under purchase accounting rules 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 revenue arising from our strategic acquisitions.

The company defines "Adjusted EBITDA" as net income, plus (1) acquisition-related deferred revenue, (2) depreciation, asset impairment, and the loss on disposal of assets, (3) amortization of product technologies and intangible assets, (4) change in fair value of equity investment, (5) loss due to cyber incident, net of recoveries, (6) acquisition-related expense (income), (7) organizational realignment costs, (8) regulatory and legal matters, (9) stock-based expense, (10) interest expense, net, and (11) income tax expense (benefit). The company believes that investors and financial analysts find this 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, plus (1) income tax expense (benefit), (2) acquisition-related deferred revenue, (3) asset impairment and (gain) loss on disposal of assets, (4) amortization of product technologies and intangible assets, (5) change in fair value of equity investment, (6) loss due to cyber incident, net of recoveries, (7) acquisition-related expense (income), (8) organizational realignment costs, (9) amortization of convertible note discount, (10) regulatory and legal matters, and (11) stock-based expense, less (12) 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 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.

EXPLANATION OF NON-GAAP FINANCIAL MEASURES

The company defines “Non-GAAP On Demand Revenue” as total on demand revenue plus acquisition-related deferred revenue. In addition, the company may refer to derivatives of Non-GAAP On Demand Revenue such as product family details (i.e., Property Management, Resident Services, Leasing and Marketing and Asset Optimization) and other revenue detail (i.e., Subscription and Transactional). 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 of 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 “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. In addition, the company may refer to derivatives of RPU (i.e., Top 50) that highlight product penetration trends for its clients that have adopted the most software solutions.

The company defines “ACV,” or on demand 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 our clients to manage their rental housing units. The company may also refer to derivatives of ACV (i.e., Top 100) that also highlight the company’s success in increasing the number of on demand units, and the amount of software solution utilized by its top 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 – 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 2019 the company uses a Non-GAAP tax rate of 26% to approximate the company’s long-term effective corporate tax rate. For 2020 guidance purposes, the company uses a Non-GAAP tax rate of 24.0% 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.

EXPLANATION OF NON-GAAP FINANCIAL MEASURES

Acquisition-related deferred revenue – These items are included to reflect deferred revenue written down for GAAP purposes under purchase accounting rules in order to appropriately measure the underlying performance of our business operations in the period of activity and associated expense.

Asset impairment and (gain) loss on disposal of assets – These items comprise gains and/or 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 it is 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.

Change in fair value of equity investment – This represents changes in fair value of our equity investment based on observable price changes in orderly transactions for an identical or similar investment of the same issuer. We believe exclusion of these items facilitates a more accurate comparison of our results of operations between periods as these items are not reflective of our ongoing operations.

Loss due to cyber incident, net of recoveries – This item relates to losses, net of recoveries, associated with the targeted email phishing campaign which led to a diversion of funds intended for disbursement to three clients in the second quarter of 2018. The company believes this loss is not reflective of its ongoing operations and is useful as it allows investors and financial analysts to evaluate our performance for different periods on a more comparable basis.

Acquisition-related expense (income) – These items consist of direct costs incurred in our business acquisition transactions and expenses related to integration activities, and the impact of changes in the fair value of acquisition-related contingent consideration obligations. Examples of these direct costs include transaction fees, due diligence costs, acquisition retention bonuses and severance, and third-party consultants to assist with integration. 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.

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.

Organizational realignment – These items consist of direct costs associated with the alignment of our business strategies. In connection with these actions, we recognize costs related to termination benefits, exit costs associated with closure of facilities, certain asset impairments, cancellation of certain contracts, and other professional and consulting fees associated with these initiatives. We believe exclusion of these items facilitate a more accurate comparison of our ongoing results of operations between periods.

EXPLANATION OF NON-GAAP FINANCIAL MEASURES

Regulatory and legal matters – These items are comprised of certain regulatory and similar costs and certain legal settlement costs, such as costs related to the company's Hart-Scott-Rodino Antitrust Improvements Act review process incurred in connection with our acquisitions or the settlement of certain legal matters. These items are excluded as they are irregular in timing and scope, and may not be indicative of our past and future performance. We believe exclusion of these items facilitates a more accurate comparison of the company's results of operations between periods.

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.