

**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 <sup>(1)</sup>                  | 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 <sup>(2)</sup> | <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 <sup>(3)</sup>                         | High <sup>(3)</sup> | Low <sup>(3)</sup>                          | High <sup>(3)</sup> |
| 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 <sup>(3)</sup>                         | High <sup>(3)</sup> | Low <sup>(3)</sup>                          | High <sup>(3)</sup> |
| 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 <sup>(1)</sup>                          | 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 <sup>(2)</sup> | 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.

|  | <b>Guidance Range for the<br/>Three Months Ending<br/>September 30, 2018</b> |                           | <b>Guidance Range for the<br/>Twelve Months Ending<br/>December 31, 2018</b> |                           |
|--|--|---------------------------|--|---------------------------|
|  | <b>Low<sup>(3)</sup></b>   | <b>High<sup>(3)</sup></b> | <b>Low<sup>(3)</sup></b>   | <b>High<sup>(3)</sup></b> |
|  | 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.