

UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

BRYAN ANDERSON,

Plaintiff,

v.

REALPAGE, INC., STEPHEN T. WINN,
ALFRED R. BERKELEY, III, PETER
GYENES, SCOTT S. INGRAHAM, DANA
JONES, CHARLES F. KANE, JEFFREY T.
LEEDS, and JASON A. WRIGHT,

Defendants.

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) Case No. _____
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**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff Bryan Anderson (“Plaintiff”), by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, inter alia, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. Plaintiff brings this action against RealPage, Inc. (“RealPage” or the “Company”) and the members of its Board of Directors (the “Board” or the “Individual Defendants”) for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78n(a), 78t(a), and U.S. Securities and Exchange Commission (“SEC”) Rule 14a-9, 17 C.F.R. § 240.14a-9. By the Action, Plaintiff seeks to enjoin the vote on a proposed transaction, pursuant to which RealPage will be acquired by funds affiliated with Thoma Bravo, L.P. (“Thoma Bravo”) (the “Proposed Transaction”).

2. On December 21, 2020, RealPage announced it had entered into an Agreement and Plan of Merger dated December 20, 2020 (the “Merger Agreement”) pursuant to which Thoma Bravo would acquire the Company. The Merger Agreement provides that each RealPage stockholder will receive \$88.75 in cash for each share of RealPage common stock they own (the “Merger Consideration”).

3. On February 5, 2021, RealPage filed a Schedule 14A Definitive Proxy Statement (the “Proxy Statement”) with the SEC. The Proxy Statement, which recommends that RealPage stockholders vote in favor of the Proposed Transaction, omits or misrepresents material information concerning, among other things: (i) the Company’s financial projections and the data and inputs underlying the financial valuation analyses that support the fairness opinion provided by the Company’s financial advisor, BofA Securities, Inc. (“BofA”); (ii) the potential conflicts of interest faced by the Company’s insiders; and (iii) the background of the Proposed Transaction. Defendants authorized the issuance of the false and misleading Proxy Statement in violation of Sections 14(a) and 20(a) of the Exchange Act.

4. It is imperative that the material information omitted from the Proxy Statement is disclosed to the Company’s stockholders prior to the forthcoming stockholder vote so that they can properly exercise their corporate suffrage rights.

5. For these reasons and as set forth in detail herein, Plaintiff seeks to enjoin Defendants from taking any steps to consummate the Proposed Transaction unless and until the material information discussed below is disclosed to the Company’s stockholders or, in the event the Proposed Transaction is consummated, to recover damages resulting from the defendants’ violations of the Exchange Act.

JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Section 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9.

7. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

8. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because defendants are found or are inhabitants or transact business in this District.

THE PARTIES

9. Plaintiff is a continuous stockholder of RealPage and has been at all times relevant hereto.

10. Defendant RealPage is a Delaware corporation with its principal executive offices located at 2201 Lakeside Blvd., Richardson, Texas 75082. RealPage's common stock trades on the NASDAQ Global Select Market under the ticker symbol "RP."

11. Defendant Stephen T. Winn ("Winn") the Company's Chief Executive Officer. Winn also has been a director of the Company since November 1998 and Chairman of the Board and President since August 2012.

12. Defendant Alfred R. Berkeley, III ("Berkeley") is a director of the Company and has been since December 2003.

13. Defendant Peter Gyenes ("Gyenes") is a director of the Company and has been a since January 2010.

14. Defendant Scott S. Ingraham (“Ingraham”) is a director of the Company and has been a since February 2012.

15. Defendant Dana Jones (“Jones”) is a director of the Company and has been a since 2019.

16. Defendant Charles F. Kane (“Kane”) is a director of the Company and has been a since June 2012.

17. Defendant Jeffrey T. Leeds (“Leeds”) is a director of the Company and has been a since December 1999.

18. Defendant Jason A. Wright (“Wright”) is a director of the Company and has been a since December 2003.

19. Defendants identified in paragraphs 11-18 are referred to herein as the “Board” or the “Individual Defendants.”

20. Non-party Thoma Bravo is a private equity firm with offices in San Francisco and Chicago.

SUBSTANTIVE ALLEGATIONS

Background of the Company

21. RealPage is a is in the business of providing software and data analytics to the real estate industry. RealPage sell its solutions through its direct sales organization. The Company’s total revenues were approximately \$988.1 million, \$869.5 million, and \$671.0 million for the years ended December 31, 2019, 2018, and 2017, respectively. In the same periods, the Company had operating income of approximately \$92.4 million, \$66.1 million, and \$30.0 million, respectively, and net income of approximately \$58.2 million, \$34.7 million, and \$0.4 million, respectively.

22. On November 5, 2020, the Company announced its third quarter 2020 financial results. For the quarter, the Company reported: (i) GAAP total revenue of \$298.1 million, an

increase of 17% year-over-year; (ii) net income of \$16.3 million, or \$0.16 in net income per diluted share, a year-over-year increase of 40% and 33%, respectively; (iii) Adjusted EBITDA of \$86.2 million, an increase of 19% year-over-year; and (iv) non-GAAP net income of \$52.2 million, or \$0.52 in non-GAAP net income per diluted share, a year-over-year increase of 22% and 16%, respectively. Commenting on the financial results, defendant Winn stated:

In the third quarter, we continued to exceed expectations and delivered the strongest quarter in RealPage history. We believe our continued performance underscores the strength of our model and the importance of the solutions we are providing to customers. We achieved this performance despite significant uncertainty in many sectors of the economy – further evidence that technology transformation remains a top priority for owners and operators throughout the country.

23. The Company's Chief Financial Officer and Treasurer, Brian Shelton, also touted the Company's strong results and positive future outlook, stating:

During the third quarter, we sharpened our focus on disciplined investment while proactively helping our customers respond to a historic transition to a work-from-home model. More than ever, RealPage customers recognize the need for digital transformation to meet these challenges. As a result, we are raising the mid-point of our full-year revenue outlook by \$11 million and our Adjusted EBITDA margin guidance by 100 basis points. As we prepare for 2021, we will continue to focus on top-line growth and operating discipline, both of which will position us for sustained success.

The Proposed Transaction

24. On December 20, 2020, RealPage announced the Proposed Transaction, stating in relevant part:

RICHARDSON, Texas & SAN FRANCISCO-- RealPage, Inc. (NASDAQ: RP), a leading global provider of software and data analytics to the real estate industry, today announced it has entered into a definitive agreement to be acquired by Thoma Bravo, a leading private equity investment firm focused on the software and technology-enabled services sector, in an all-cash transaction that values RealPage at approximately \$10.2 billion, including net debt.

Under the terms of the agreement, RealPage stockholders will receive \$88.75 in cash per share of RealPage common stock upon closing of the transaction. The purchase price represents a premium of 30.8% over RealPage's closing stock price of \$67.83 on December 18, 2020, a premium of 36.5% over RealPage's 30-day

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