

**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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenue (GAAP)	\$ 169,058	\$ 147,955	\$ 483,283	\$ 419,057
Acquisition-related and other deferred revenue	698	(161)	2,348	(762)
Non-GAAP total revenue	<u>\$ 169,756</u>	<u>\$ 147,794</u>	<u>\$ 485,631</u>	<u>\$ 418,295</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Gross profit (GAAP)	\$ 99,710	\$ 83,844	\$ 283,349	\$ 238,120
Acquisition-related and other deferred revenue	698	(161)	2,348	(762)
Depreciation	2,909	2,834	8,855	8,580
Amortization of intangible assets	3,554	4,296	10,934	12,602
Headquarters relocation costs	-	760	-	2,023
Stock-based expense	1,040	929	2,943	2,506
Adjusted gross profit	<u>\$ 107,911</u>	<u>\$ 92,502</u>	<u>\$ 308,429</u>	<u>\$ 263,069</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net income (GAAP)	\$ 6,834	\$ 4,210	\$ 21,242	\$ 9,289
Acquisition-related and other deferred revenue	698	(161)	2,348	(762)
Depreciation, asset impairment, and loss on disposal of assets	7,331	7,119	20,935	19,178
Amortization of intangible assets	9,335	7,847	25,351	22,695
Acquisition-related expense (income)	485	(266)	3,049	(332)
Costs related to the Hart-Scott-Rodino review process	5,993	-	8,702	-
Interest expense, net	4,813	1,079	8,737	2,888
Income tax (benefit) expense	(7,273)	3,540	(9,594)	7,199
Headquarters relocation costs	-	1,353	-	3,552
Stock-based expense	11,764	8,255	35,732	27,383
Adjusted EBITDA	<u>\$ 39,980</u>	<u>\$ 32,976</u>	<u>\$ 116,502</u>	<u>\$ 91,090</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Product development expense (GAAP)	\$ 21,885	\$ 18,743	\$ 63,562	\$ 54,893
Less: Headquarters relocation costs	-	211	-	541
Stock-based expense	2,098	1,900	6,431	5,246
Non-GAAP product development expense	<u>\$ 19,787</u>	<u>\$ 16,632</u>	<u>\$ 57,131</u>	<u>\$ 49,106</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Sales and marketing expense (GAAP)	\$ 42,583	\$ 33,860	\$ 116,965	\$ 101,188
Less: Amortization of intangible assets	5,781	3,551	14,417	10,093
Headquarters relocation costs	-	220	-	574
Stock-based expense	3,847	1,406	11,241	8,179
Non-GAAP sales and marketing expense	<u>\$ 32,955</u>	<u>\$ 28,683</u>	<u>\$ 91,307</u>	<u>\$ 82,342</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
General and administrative expense (GAAP)	\$ 31,004	\$ 21,677	\$ 82,625	\$ 61,955
Less: Loss on disposal of assets	385	164	472	249
Acquisition-related expense (income)	485	(266)	3,049	(332)
Costs related to the Hart-Scott-Rodino review process	5,993	-	8,702	-
Headquarters relocation costs	-	162	-	414
Stock-based expense	4,779	4,020	15,117	11,452
Non-GAAP general and administrative expense	<u>\$ 19,362</u>	<u>\$ 17,597</u>	<u>\$ 55,285</u>	<u>\$ 50,172</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Operating expense (GAAP)	\$ 95,472	\$ 75,030	\$ 263,152	\$ 218,786
Less: Asset impairment and loss on disposal of assets	385	914	472	999
Amortization of intangible assets	5,781	3,551	14,417	10,093
Acquisition-related expense (income)	485	(266)	3,049	(332)
Costs related to the Hart-Scott-Rodino review process	5,993	-	8,702	-
Headquarters relocation costs	-	593	-	1,529
Stock-based expense	10,724	7,326	32,789	24,877
Non-GAAP operating expense	<u>\$ 72,104</u>	<u>\$ 62,912</u>	<u>\$ 203,723</u>	<u>\$ 181,620</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Operating income (GAAP)	\$ 4,238	\$ 8,814	\$ 20,197	\$ 19,334
Acquisition-related and other deferred revenue	698	(161)	2,348	(762)
Asset impairment and loss on disposal of assets	385	914	472	999
Amortization of intangible assets	9,335	7,847	25,351	22,695
Acquisition-related expense (income)	485	(266)	3,049	(332)
Costs related to the Hart-Scott-Rodino review process	5,993	-	8,702	-
Headquarters relocation costs	-	1,353	-	3,552
Stock-based expense	11,764	8,255	35,732	27,383
Non-GAAP operating income	<u>\$ 32,898</u>	<u>\$ 26,756</u>	<u>\$ 95,851</u>	<u>\$ 72,869</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net income (GAAP)	\$ 6,834	\$ 4,210	\$ 21,242	\$ 9,289
Income tax (benefit) expense	(7,273)	3,540	(9,594)	7,199
(Loss) income before income taxes	(439)	7,750	11,648	16,488
Acquisition-related and other deferred revenue	698	(161)	2,348	(762)
Asset impairment and loss on disposal of assets	385	914	472	999
Amortization of intangible assets	9,335	7,847	25,351	22,695
Acquisition-related expense (income)	485	(266)	3,049	(332)
Costs related to the Hart-Scott-Rodino review process	5,993	-	8,702	-
Headquarters relocation costs	-	1,353	-	3,552
Amortization of convertible note discount	2,451	-	3,503	-
Stock-based expense	11,764	8,255	35,732	27,383
Non-GAAP income before income taxes	30,672	25,692	90,805	70,023
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	12,269	10,277	36,322	28,010
Non-GAAP net income	<u>\$ 18,403</u>	<u>\$ 15,415</u>	<u>\$ 54,483</u>	<u>\$ 42,013</u>
Net income per diluted share	\$ 0.08	\$ 0.05	\$ 0.26	\$ 0.12
Non-GAAP net income per diluted share	\$ 0.22	\$ 0.20	\$ 0.66	\$ 0.54
Weighted average outstanding shares - basic ⁽³⁾	79,838	76,823	79,045	76,615
Weighted average outstanding shares - diluted ⁽³⁾	82,760	78,124	82,051	77,525

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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
On demand revenue (GAAP)	\$ 161,578	\$ 140,883	\$ 462,518	\$ 400,904
Acquisition-related and other deferred revenue	698	(161)	2,348	(762)
Non-GAAP on demand revenue	<u>\$ 162,276</u>	<u>\$ 140,722</u>	<u>\$ 464,866</u>	<u>\$ 400,142</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," "RPU," and "ACV." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Ending on demand units	12,253	11,251	12,253	11,251
Average on demand units	11,869	11,196	11,406	11,016
ACV	\$ 708,836	\$ 565,700		
RPU	\$ 57.85	\$ 50.28		

Non-GAAP Total Revenue Guidance

Set forth below is a presentation of the company's "Non-GAAP total revenue" guidance for the three and twelve months ending December 31, 2017. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending		Guidance Range for the Twelve Months Ending	
	December 31, 2017		December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
Revenue (GAAP)	\$ 182,747	\$ 185,747	\$ 666,030	\$ 669,030
Acquisition-related and other deferred revenue	452	452	2,800	2,800
Non-GAAP total revenue	\$ 183,199	\$ 186,199	\$ 668,830	\$ 671,830

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 and twelve months ending December 31, 2017. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending		Guidance Range for the Twelve Months Ending	
	December 31, 2017		December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
Non-GAAP net income:				
Net income (GAAP)	\$ 7,168	\$ 10,088	\$ 28,410	\$ 31,330
Income tax expense	(1,316)	(936)	(10,910)	(10,530)
Income before income taxes	5,852	9,152	17,500	20,800
Acquisition-related and other deferred revenue	452	452	2,800	2,800
Asset impairment and loss on disposal of assets	28	28	500	500
Amortization of intangible assets	11,649	11,549	37,000	36,900
Acquisition-related expense	401	271	3,450	3,320
Costs related to the Hart-Scott-Rodino review process	2,348	1,178	11,050	9,880
Amortization of convertible note discount	2,497	2,497	6,000	6,000
Stock-based expense	10,768	10,568	46,500	46,300
Non-GAAP income before income taxes	33,995	35,695	124,800	126,500
Expected effective tax rate ⁽¹⁾	40.0%	40.0%	40.0%	40.0%
Assumed provision for income tax expense	13,598	14,278	49,920	50,600
Non-GAAP net income	\$ 20,397	\$ 21,417	\$ 74,880	\$ 75,900
Net income per diluted share	\$ 0.09	\$ 0.12	\$ 0.35	\$ 0.38
Non-GAAP net income per diluted share	\$ 0.25	\$ 0.26	\$ 0.91	\$ 0.92
Weighted average outstanding shares - diluted ⁽³⁾	83,250	83,250	82,330	82,330

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three and twelve months ending December 31, 2017. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending December 31, 2017		Guidance Range for the Twelve Months Ending December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
	Adjusted EBITDA:			
Net income (GAAP)	\$ 7,168	\$ 10,088	\$ 28,410	\$ 31,330
Acquisition-related and other deferred revenue	452	452	2,800	2,800
Depreciation, asset impairment, and loss on disposal of assets	7,165	7,065	28,100	28,000
Amortization of intangible assets	11,649	11,549	37,000	36,900
Acquisition-related expense	401	271	3,450	3,320
Costs related to the Hart-Scott-Rodino review process	2,348	1,178	11,050	9,880
Interest expense, net	5,363	5,263	14,100	14,000
Income tax expense	(1,316)	(936)	(10,910)	(10,530)
Stock-based expense	10,768	10,568	46,500	46,300
Adjusted EBITDA	<u>\$ 43,998</u>	<u>\$ 45,498</u>	<u>\$ 160,500</u>	<u>\$ 162,000</u>

- (1) We use a non-GAAP tax rate of 40.0% in order to approximate the Company's long-term effective corporate tax rate. Please reference the "Explanation of Non-GAAP Financial Measures" section.
- (2) 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.
- (3) For periods with GAAP net losses and non-GAAP net income, the weighted-average outstanding shares used to calculate non-GAAP net income per share includes potentially dilutive securities that were excluded from the calculation of GAAP net income per share as the effect was anti-dilutive.