

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO
COMPARABLE GAAP MEASURES**
(Unaudited, in thousands, except per share amounts)

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,	
	2017	2016	2017	2016
Revenue (GAAP)	\$ 161,306	\$ 142,719	\$ 314,225	\$ 271,102
Acquisition-related and other deferred revenue	945	(258)	1,650	(601)
Non-GAAP total revenue	<u>\$ 162,251</u>	<u>\$ 142,461</u>	<u>\$ 315,875</u>	<u>\$ 270,501</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,	
	2017	2016	2017	2016
Gross profit (GAAP)	\$ 93,762	\$ 80,641	\$ 183,639	\$ 154,276
Acquisition-related and other deferred revenue	945	(258)	1,650	(601)
Depreciation	3,063	3,054	5,946	5,746
Amortization of intangible assets	3,691	4,141	7,380	8,306
Headquarters relocation costs	-	679	-	1,263
Stock-based expense	1,050	826	1,903	1,577
Adjusted gross profit	<u>\$ 102,511</u>	<u>\$ 89,083</u>	<u>\$ 200,518</u>	<u>\$ 170,567</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,	
	2017	2016	2017	2016
Net income (GAAP)	\$ 6,213	\$ 2,083	\$ 14,408	\$ 5,079
Acquisition-related and other deferred revenue	945	(258)	1,650	(601)
Depreciation, asset impairment, and loss on disposal of assets	6,929	6,563	13,604	12,059
Amortization of intangible assets	8,227	7,737	16,016	14,848
Acquisition-related expense (income)	1,354	(9)	2,564	(66)
Costs related to the Hart-Scott-Rodino review process	2,228	-	2,709	-
Interest expense, net	2,804	1,090	3,924	1,809
Income tax (benefit) expense	(3,132)	1,545	(2,321)	3,659
Headquarters relocation costs	-	1,174	-	2,199
Stock-based expense	13,876	10,737	23,968	19,128
Adjusted EBITDA	<u>\$ 39,444</u>	<u>\$ 30,662</u>	<u>\$ 76,522</u>	<u>\$ 58,114</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,	
	2017	2016	2017	2016
Product development expense (GAAP)	\$ 21,290	\$ 18,878	\$ 41,677	\$ 36,150
Less: Headquarters relocation costs	-	176	-	330
Stock-based expense	2,454	1,897	4,333	3,346
Non-GAAP product development expense	<u>\$ 18,836</u>	<u>\$ 16,805</u>	<u>\$ 37,344</u>	<u>\$ 32,474</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,	
	2017	2016	2017	2016
Sales and marketing expense (GAAP)	\$ 39,235	\$ 35,129	\$ 74,382	\$ 67,328
Less: Amortization of intangible assets	4,536	3,596	8,636	6,542
Headquarters relocation costs	-	184	-	354
Stock-based expense	4,266	3,799	7,394	6,773
Non-GAAP sales and marketing expense	<u>\$ 30,433</u>	<u>\$ 27,550</u>	<u>\$ 58,352</u>	<u>\$ 53,659</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,	
	2017	2016	2017	2016
General and administrative expense (GAAP)	\$ 27,370	\$ 21,932	\$ 51,621	\$ 40,278
Less: Loss on disposal of assets	63	85	87	85
Acquisition-related expense (income)	1,354	(9)	2,564	(66)
Costs related to the Hart-Scott-Rodino review process	2,228	-	2,709	-
Headquarters relocation costs	-	135	-	252
Stock-based expense	6,106	4,215	10,338	7,432
Non-GAAP general and administrative expense	<u>\$ 17,619</u>	<u>\$ 17,506</u>	<u>\$ 35,923</u>	<u>\$ 32,575</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,	
	2017	2016	2017	2016
Operating expense (GAAP)	\$ 87,895	\$ 75,939	\$ 167,680	\$ 143,756
Less: Loss on disposal of assets	63	85	87	85
Amortization of intangible assets	4,536	3,596	8,636	6,542
Acquisition-related expense (income)	1,354	(9)	2,564	(66)
Costs related to the Hart-Scott-Rodino review process	2,228	-	2,709	-
Headquarters relocation costs	-	495	-	936
Stock-based expense	12,826	9,911	22,065	17,551
Non-GAAP operating expense	<u>\$ 66,888</u>	<u>\$ 61,861</u>	<u>\$ 131,619</u>	<u>\$ 118,708</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,	
	2017	2016	2017	2016
Operating income (GAAP)	\$ 5,867	\$ 4,702	\$ 15,959	\$ 10,520
Acquisition-related and other deferred revenue	945	(258)	1,650	(601)
Loss on disposal of assets	63	85	87	85
Amortization of intangible assets	8,227	7,737	16,016	14,848
Acquisition-related expense (income)	1,354	(9)	2,564	(66)
Costs related to the Hart-Scott-Rodino review process	2,228	-	2,709	-
Headquarters relocation costs	-	1,174	-	2,199
Stock-based expense	13,876	10,737	23,968	19,128
Non-GAAP operating income	<u>\$ 32,560</u>	<u>\$ 24,168</u>	<u>\$ 62,953</u>	<u>\$ 46,113</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,	
	2017	2016	2017	2016
Net income (GAAP)	\$ 6,213	\$ 2,083	\$ 14,408	\$ 5,079
Income tax (benefit) expense	(3,132)	1,545	(2,321)	3,659
Income before income taxes	3,081	3,628	12,087	8,738
Acquisition-related and other deferred revenue	945	(258)	1,650	(601)
Loss on disposal of assets	63	85	87	85
Amortization of intangible assets	8,227	7,737	16,016	14,848
Acquisition-related expense (income)	1,354	(9)	2,564	(66)
Costs related to the Hart-Scott-Rodino review process	2,228	-	2,709	-
Headquarters relocation costs	-	1,174	-	2,199
Amortization of convertible note discount	1,052	-	1,052	-
Stock-based expense	13,876	10,737	23,968	19,128
Non-GAAP income before income taxes	30,826	23,094	60,133	44,331
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	12,330	9,238	24,053	17,732
Non-GAAP net income	<u>\$ 18,496</u>	<u>\$ 13,856</u>	<u>\$ 36,080</u>	<u>\$ 26,599</u>
Net income per diluted share	\$ 0.08	\$ 0.03	\$ 0.18	\$ 0.07
Non-GAAP net income per diluted share	\$ 0.23	\$ 0.18	\$ 0.44	\$ 0.34
Weighted average outstanding shares - basic ⁽³⁾	79,018	76,363	78,642	76,509
Weighted average outstanding shares - diluted ⁽³⁾	81,925	77,161	81,644	77,120

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,	
	2017	2016	2017	2016
On demand revenue (GAAP)	\$ 154,727	\$ 136,610	\$ 300,940	\$ 260,021
Acquisition-related and other deferred revenue	945	(258)	1,650	(601)
Non-GAAP on demand revenue	<u>\$ 155,672</u>	<u>\$ 136,352</u>	<u>\$ 302,590</u>	<u>\$ 259,420</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."

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Ending on demand units	11,485	11,141	11,485	11,141
Average on demand units	11,298	11,070	11,174	10,927
ACV	\$ 649,017	\$ 548,917		
RPU	\$ 56.51	\$ 49.27		

Non-GAAP Total Revenue 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, 2017, and the 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	
	September 30, 2017		December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
Revenue (GAAP)	\$ 171,300	\$ 173,300	\$ 658,195	\$ 664,195
Acquisition-related and other deferred revenue	700	700	2,805	2,805
Non-GAAP total revenue	\$ 172,000	\$ 174,000	\$ 661,000	\$ 667,000

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, 2017, and the 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	
	September 30, 2017		December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
Non-GAAP net income:				
Net income (GAAP)	\$ 3,930	\$ 5,220	\$ 25,315	\$ 28,555
Income tax expense	(3,210)	(2,350)	(5,120)	(2,960)
Income before income taxes	720	2,870	20,195	25,595
Acquisition-related and other deferred revenue	700	700	2,805	2,805
Asset impairment and loss on disposal of assets	-	-	90	90
Amortization of intangible assets	9,550	9,450	35,300	35,100
Acquisition-related expense	500	500	3,180	3,080
Costs related to the Hart-Scott-Rodino review process	4,480	4,380	7,720	7,520
Amortization of convertible note discount	2,450	2,450	6,000	6,000
Stock-based expense	12,650	12,400	47,500	47,000
Non-GAAP income before income taxes	31,050	32,750	122,790	127,190
Expected effective tax rate ⁽¹⁾	40.0%	40.0%	40.0%	40.0%
Assumed provision for income tax expense	12,420	13,100	49,116	50,876
Non-GAAP net income	\$ 18,630	\$ 19,650	\$ 73,674	\$ 76,314
Net income per diluted share	\$ 0.05	\$ 0.06	\$ 0.31	\$ 0.35
Non-GAAP net income per diluted share	\$ 0.23	\$ 0.24	\$ 0.89	\$ 0.93
Weighted average outstanding shares - diluted ⁽³⁾	82,700	82,700	82,350	82,350

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending September 30, 2017, and the twelve months ending December 31, 2017. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending September 30, 2017		Guidance Range for the Twelve Months Ending December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
Adjusted EBITDA:				
Net income (GAAP)	\$ 3,930	\$ 5,220	\$ 25,315	\$ 28,555
Acquisition-related and other deferred revenue	700	700	2,805	2,805
Depreciation, asset impairment, and loss on disposal of assets	7,500	7,400	29,000	28,800
Amortization of intangible assets	9,550	9,450	35,300	35,100
Acquisition-related expense	500	500	3,180	3,080
Costs related to the Hart-Scott-Rodino review process	4,480	4,380	7,720	7,520
Interest expense, net	4,600	4,500	13,300	13,100
Income tax expense	(3,210)	(2,350)	(5,120)	(2,960)
Stock-based expense	12,650	12,400	47,500	47,000
Adjusted EBITDA	<u>\$ 40,700</u>	<u>\$ 42,200</u>	<u>\$ 159,000</u>	<u>\$ 163,000</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.