

**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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Revenue (GAAP)	\$ 187,680	\$ 149,071	\$ 670,963	\$ 568,128
Acquisition-related and other deferred revenue	710	(187)	3,058	(949)
Non-GAAP total revenue	<u>\$ 188,390</u>	<u>\$ 148,884</u>	<u>\$ 674,021</u>	<u>\$ 567,179</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Gross profit (GAAP)	\$ 114,167	\$ 87,707	\$ 397,516	\$ 325,827
Acquisition-related and other deferred revenue	710	(187)	3,058	(949)
Depreciation	2,935	2,825	11,790	11,405
Amortization of intangible assets	4,378	4,159	15,312	16,761
Headquarters relocation costs	-	-	-	2,023
Stock-based expense	899	804	3,842	3,310
Adjusted gross profit	<u>\$ 123,089</u>	<u>\$ 95,308</u>	<u>\$ 431,518</u>	<u>\$ 358,377</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net (loss) income (GAAP)	\$ (20,865)	\$ 7,361	\$ 377	\$ 16,650
Acquisition-related and other deferred revenue	710	(187)	3,058	(949)
Depreciation, asset impairment, and loss on disposal of assets	6,817	6,635	27,752	25,813
Amortization of intangible assets	14,567	7,573	39,918	30,268
Acquisition-related expense	2,508	695	5,557	363
Costs related to the Hart-Scott-Rodino review process	2,310	-	11,012	-
Interest expense, net	6,335	937	15,072	3,825
Income tax expense	24,458	3,637	14,864	10,836
Headquarters relocation costs	-	-	-	3,552
Stock-based expense	10,103	9,469	45,835	36,852
Adjusted EBITDA	<u>\$ 46,943</u>	<u>\$ 36,120</u>	<u>\$ 163,445</u>	<u>\$ 127,210</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Product development expense (GAAP)	\$ 25,890	\$ 18,714	\$ 89,452	\$ 73,607
Less: Headquarters relocation costs	-	-	-	541
Stock-based expense	1,992	1,825	8,423	7,071
Non-GAAP product development expense	<u>\$ 23,898</u>	<u>\$ 16,889</u>	<u>\$ 81,029</u>	<u>\$ 65,995</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Sales and marketing expense (GAAP)	\$ 48,114	\$ 34,025	\$ 165,079	\$ 135,213
Less: Amortization of intangible assets	10,189	3,414	24,606	13,507
Headquarters relocation costs	-	-	-	574
Stock-based expense	3,351	3,185	14,592	11,364
Non-GAAP sales and marketing expense	<u>\$ 34,574</u>	<u>\$ 27,426</u>	<u>\$ 125,881</u>	<u>\$ 109,768</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
General and administrative expense (GAAP)	\$ 30,350	\$ 23,058	\$ 112,975	\$ 85,013
Less: Loss on disposal of assets	52	248	524	497
Acquisition-related expense	2,508	695	5,557	363
Costs related to the Hart-Scott-Rodino review process	2,310	-	11,012	-
Headquarters relocation costs	-	-	-	414
Stock-based expense	3,861	3,655	18,978	15,107
Non-GAAP general and administrative expense	<u>\$ 21,619</u>	<u>\$ 18,460</u>	<u>\$ 76,904</u>	<u>\$ 68,632</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Operating expense (GAAP)	\$ 104,354	\$ 75,797	\$ 367,506	\$ 294,583
Less: Asset impairment and loss on disposal of assets	52	248	524	1,247
Amortization of intangible assets	10,189	3,414	24,606	13,507
Acquisition-related expense	2,508	695	5,557	363
Costs related to the Hart-Scott-Rodino review process	2,310	-	11,012	-
Headquarters relocation costs	-	-	-	1,529
Stock-based expense	9,204	8,665	41,993	33,542
Non-GAAP operating expense	<u>\$ 80,091</u>	<u>\$ 62,775</u>	<u>\$ 283,814</u>	<u>\$ 244,395</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Operating income (GAAP)	\$ 9,813	\$ 11,910	\$ 30,010	\$ 31,244
Acquisition-related and other deferred revenue	710	(187)	3,058	(949)
Asset impairment and loss on disposal of assets	52	248	524	1,247
Amortization of intangible assets	14,567	7,573	39,918	30,268
Acquisition-related expense	2,508	695	5,557	363
Costs related to the Hart-Scott-Rodino review process	2,310	-	11,012	-
Headquarters relocation costs	-	-	-	3,552
Stock-based expense	10,103	9,469	45,835	36,852
Non-GAAP operating income	<u>\$ 40,063</u>	<u>\$ 29,708</u>	<u>\$ 135,914</u>	<u>\$ 102,577</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net (loss) income (GAAP)	\$ (20,865)	\$ 7,361	\$ 377	\$ 16,650
Income tax expense	24,458	3,637	14,864	10,836
Income before income taxes	3,593	10,998	15,241	27,486
Acquisition-related and other deferred revenue	710	(187)	3,058	(949)
Asset impairment and loss on disposal of assets	52	248	524	1,247
Amortization of intangible assets	14,567	7,573	39,918	30,268
Acquisition-related expense	2,508	695	5,557	363
Costs related to the Hart-Scott-Rodino review process	2,310	-	11,012	-
Headquarters relocation costs	-	-	-	3,552
Amortization of convertible note discount	2,488	-	5,991	-
Stock-based expense	10,103	9,469	45,835	36,852
Non-GAAP income before income taxes	36,331	28,796	127,136	98,819
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	14,532	11,518	50,854	39,528
Non-GAAP net income	<u>\$ 21,799</u>	<u>\$ 17,278</u>	<u>\$ 76,282</u>	<u>\$ 59,291</u>
Net (loss) income per diluted share	\$ (0.26)	\$ 0.09	\$ 0.00	\$ 0.21
Non-GAAP net income per non-GAAP diluted share	\$ 0.26	\$ 0.22	\$ 0.93	\$ 0.76
Weighted average outstanding shares - basic	80,583	77,566	79,433	76,854
Non-GAAP adjusted diluted weighted average shares outstanding:				
Weighted average outstanding shares - diluted	83,464	79,116	82,398	77,843
Dilution offset from convertible note hedge transactions	(321)	-	(81)	-
Non-GAAP diluted weighted average shares outstanding ⁽²⁾	<u>83,143</u>	<u>79,116</u>	<u>82,317</u>	<u>77,843</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
On demand revenue (GAAP)	\$ 180,104	\$ 141,627	\$ 642,622	\$ 542,531
Acquisition-related and other deferred revenue	710	(187)	3,058	(949)
Non-GAAP on demand revenue	<u>\$ 180,814</u>	<u>\$ 141,440</u>	<u>\$ 645,680</u>	<u>\$ 541,582</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		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Ending on demand units	13,003	10,989	13,003	10,989
Average on demand units	12,628	11,120	11,711	11,042
ACV	\$ 751,183	\$ 566,263		
RPU	\$ 57.77	\$ 51.53		

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, 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	
	March 31, 2018		December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Revenue (GAAP)	\$ 199,800	\$ 201,800	\$ 834,570	\$ 844,570
Acquisition-related and other deferred revenue	200	200	430	430
Non-GAAP total revenue	\$ 200,000	\$ 202,000	\$ 835,000	\$ 845,000

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 March 31, 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	
	March 31, 2018		December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Non-GAAP net income:				
Net income (GAAP)	\$ 6,400	\$ 7,660	\$ 29,920	\$ 36,420
Income tax expense	2,250	2,690	10,500	12,800
Income before income taxes	8,650	10,350	40,420	49,220
Acquisition-related and other deferred revenue	200	200	430	430
Amortization of intangible assets	16,650	16,450	65,100	64,300
Amortization of convertible note discount	2,500	2,500	10,250	10,250
Stock-based expense	10,500	10,300	46,650	45,850
Non-GAAP income before income taxes	38,500	39,800	162,850	170,050
Expected effective tax rate ⁽⁴⁾	26.0%	26.0%	26.0%	26.0%
Assumed provision for income tax expense	10,010	10,348	42,341	44,213
Non-GAAP net income	\$ 28,490	\$ 29,452	\$ 120,509	\$ 125,837
Net income per diluted share	\$ 0.08	\$ 0.09	\$ 0.35	\$ 0.42
Non-GAAP net income per diluted share	\$ 0.34	\$ 0.35	\$ 1.41	\$ 1.47
Weighted average outstanding shares - diluted ⁽²⁾	84,200	84,200	85,700	85,700

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending March 31, 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	
	March 31, 2018		December 31, 2018	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Adjusted EBITDA:				
Net income (GAAP)	\$ 6,400	\$ 7,660	\$ 29,920	\$ 36,420
Acquisition-related and other deferred revenue	200	200	430	430
Depreciation, asset impairment, and loss on disposal of assets	7,300	7,100	31,000	30,200
Amortization of intangible assets	16,650	16,450	65,100	64,300
Interest expense, net	7,700	7,600	31,400	31,000
Income tax expense	2,250	2,690	10,500	12,800
Stock-based expense	10,500	10,300	46,650	45,850
Adjusted EBITDA	<u>\$ 51,000</u>	<u>\$ 52,000</u>	<u>\$ 215,000</u>	<u>\$ 221,000</u>

(1) A 40.0% 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) 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.

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.

(4) Among the major provisions contained in the Tax Cuts & Jobs Act of 2017 was a reduction in our federal corporate tax rate. We have revised our estimate of our effective tax rate to 26.0% in order to approximate the Company's long-term effective corporate tax rate. Please reference the "Explanation of Non-GAAP Financial Measures" section.