

**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, or 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,	
	2016	2015	2016	2015
Revenue (GAAP)	\$ 142,719	\$ 114,762	\$ 271,102	\$ 225,232
Acquisition-related and other deferred revenue	(258)	(532)	(601)	(998)
Non-GAAP Total Revenue	<u>\$ 142,461</u>	<u>\$ 114,230</u>	<u>\$ 270,501</u>	<u>\$ 224,234</u>

Adjusted Gross Margin

Set forth below is a presentation of the company's "Adjusted Gross Profit" and "Adjusted Gross Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Gross profit (GAAP) ⁽¹⁾	\$ 80,641	\$ 66,269	\$ 154,276	\$ 129,177
Acquisition-related and other deferred revenue	(258)	(532)	(601)	(998)
Depreciation	3,054	2,433	5,746	4,838
Amortization of intangible assets	4,141	3,276	8,306	6,090
Headquarters relocation costs	679	—	1,263	—
Stock-based expense	826	1,216	1,577	2,450
Adjusted Gross Profit	<u>\$ 89,083</u>	<u>\$ 72,662</u>	<u>\$ 170,567</u>	<u>\$ 141,557</u>
Adjusted Gross Margin	62.5 %	63.6 %	63.1 %	63.1 %

Adjusted EBITDA

Set forth below is a presentation of the company's "Adjusted EBITDA" and "Adjusted EBITDA Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net income (loss) (GAAP)	\$ 2,083	\$ (3,318)	\$ 5,079	\$ (4,926)
Acquisition-related and other deferred revenue	(258)	(532)	(601)	(998)
Depreciation, asset impairment, and loss on disposal of assets	6,563	6,868	12,059	13,018
Amortization of intangible assets	7,737	6,079	14,848	11,659
Acquisition-related (income) expense	(9)	565	(66)	1,657
Interest expense, net	1,090	308	1,809	575
Income tax expense (benefit)	1,545	189	3,659	(1,515)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	1,174	—	2,199	—
Stock-based expense	10,737	11,250	19,128	21,997
Adjusted EBITDA	<u>\$ 30,662</u>	<u>\$ 21,409</u>	<u>\$ 58,114</u>	<u>\$ 41,469</u>
Adjusted EBITDA Margin	21.5 %	18.7 %	21.5 %	18.5 %

Non-GAAP Product Development Expense

Set forth below is a presentation of the company's "Non-GAAP Product Development Expense" and "Non-GAAP Product Development Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Product development expense (GAAP)	\$ 18,878	\$ 18,084	\$ 36,150	\$ 36,061
Less: Asset impairment and loss on disposal of assets	—	202	—	801
Headquarters relocation costs	176	—	330	—
Stock-based expense	1,897	2,572	3,346	5,291
Non-GAAP Product Development Expense	<u>\$ 16,805</u>	<u>\$ 15,310</u>	<u>\$ 32,474</u>	<u>\$ 29,969</u>
Non-GAAP Product Development Margin	11.8 %	13.4 %	12.0 %	13.4 %

Non-GAAP Sales and Marketing Expense

Set forth below is a presentation of the company's "Non-GAAP Sales and Marketing Expense" and "Non-GAAP Sales and Marketing Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Sales and marketing expense (GAAP) ⁽¹⁾	\$ 35,129	\$ 30,887	\$ 67,328	\$ 60,000
Less: Amortization of intangible assets	3,596	2,803	6,542	5,569
Headquarters relocation costs	184	—	354	—
Stock-based expense	3,799	3,843	6,773	7,632
Non-GAAP Sales and Marketing Expense	<u>\$ 27,550</u>	<u>\$ 24,241</u>	<u>\$ 53,659</u>	<u>\$ 46,799</u>
Non-GAAP Sales and Marketing Margin	19.3 %	21.2 %	19.8 %	20.9 %

Non-GAAP General and Administrative Expense

Set forth below is a presentation of the company's "Non-GAAP General and Administrative Expense" and "Non-GAAP General and Administrative Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
General and administrative expense (GAAP) ⁽¹⁾	\$ 21,932	\$ 20,037	\$ 40,278	\$ 38,373
Less: Asset impairment and loss on disposal of assets	85	1,482	85	1,475
Acquisition-related (income) expense	(9)	565	(66)	1,657
Litigation-related expense	—	—	—	2
Headquarters relocation costs	135	—	252	—
Stock-based expense	4,215	3,619	7,432	6,624
Non-GAAP General and Administrative Expense	<u>\$ 17,506</u>	<u>\$ 14,371</u>	<u>\$ 32,575</u>	<u>\$ 28,615</u>
Non-GAAP General and Administrative Margin	12.3 %	12.6 %	12.0 %	12.8 %

Non-GAAP Operating Expense

Set forth below is a presentation of the company's "Non-GAAP Operating Expense" and "Non-GAAP Operating Expense Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Operating expense (GAAP) ⁽¹⁾	\$ 75,939	\$ 69,008	\$ 143,756	\$ 134,961
Less: Asset impairment and loss on disposal of assets	85	1,684	85	2,803
Amortization of intangible assets	3,596	2,803	6,542	5,569
Acquisition-related (income) expense	(9)	565	(66)	1,657
Litigation-related expense	—	—	—	2
Headquarters relocation costs	495	—	936	—
Stock-based expense	9,911	10,034	17,551	19,547
Non-GAAP Operating Expense	<u>\$ 61,861</u>	<u>\$ 53,922</u>	<u>\$ 118,708</u>	<u>\$ 105,383</u>
Non-GAAP Operating Expense Margin	43.4 %	47.2 %	43.9 %	47.0 %

Non-GAAP Operating Income

Set forth below is a presentation of the company's "Non-GAAP Operating Income" and "Non-GAAP Operating Margin." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Operating income (loss) (GAAP)	\$ 4,702	\$ (2,739)	\$ 10,520	\$ (5,784)
Acquisition-related and other deferred revenue	(258)	(532)	(601)	(998)
Asset impairment and loss on disposal of assets	85	1,684	85	2,803
Amortization of intangible assets	7,737	6,079	14,848	11,659
Acquisition-related (income) expense	(9)	565	(66)	1,657
Litigation-related expense	—	—	—	2
Headquarters relocation costs	1,174	—	2,199	—
Stock-based expense	10,737	11,250	19,128	21,997
Non-GAAP Operating Income	\$ 24,168	\$ 16,307	\$ 46,113	\$ 31,336
Non-GAAP Operating Margin	17.0 %	14.3 %	17.0 %	14.0 %

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,	
	2016	2015	2016	2015
Net income (loss) (GAAP)	\$ 2,083	\$ (3,318)	\$ 5,079	\$ (4,926)
Income tax expense (benefit)	1,545	189	3,659	(1,515)
Income (loss) before income taxes	3,628	(3,129)	8,738	(6,441)
Acquisition-related and other deferred revenue	(258)	(532)	(601)	(998)
Asset impairment and loss on disposal of assets	85	1,684	85	2,803
Amortization of intangible assets	7,737	6,079	14,848	11,659
Acquisition-related (income) expense	(9)	565	(66)	1,657
Litigation-related expense	—	—	—	2
Headquarters relocation costs	1,174	—	2,199	—
Stock-based expense	10,737	11,250	19,128	21,997
Non-GAAP income before income taxes	23,094	15,917	44,331	30,679
Assumed rate for income tax expense ⁽²⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for income tax expense	9,238	6,367	17,732	12,272
Non-GAAP Net Income	\$ 13,856	\$ 9,550	\$ 26,599	\$ 18,407
Net income (loss) per share - diluted	\$ 0.03	\$ (0.04)	\$ 0.07	\$ (0.06)
Non-GAAP Net Income per Diluted Share	\$ 0.18	\$ 0.12	\$ 0.34	\$ 0.24
Weighted average outstanding shares - basic ⁽⁴⁾	76,363	76,799	76,509	76,877
Weighted average outstanding shares - diluted ⁽⁴⁾	77,161	77,406	77,120	77,727

Non-GAAP On Demand Revenue, Ending On Demand Units, RPU and ACV

Set forth below is a presentation of the company's "Non-GAAP On Demand Revenue," "Ending On Demand Units," "RPU," and "ACV." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
On demand revenue (GAAP)	\$ 136,610	\$ 110,640	\$ 260,021	\$ 217,100
Acquisition-related and other deferred revenue	(258)	(532)	(601)	(998)
Non-GAAP On Demand Revenue	136,352	110,108	259,420	216,102
Ending On Demand Units	11,141	10,302	11,141	10,302
Average on demand units	11,070	10,001	10,927	9,816
RPU	\$ 49.27	\$ 44.04	\$ 47.48	\$ 44.03
ACV	\$ 548,917	\$ 453,700		

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 third quarter ended September 30, 2016 and the year ended December 31, 2016. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ended September 30, 2016		Guidance Range for the Twelve Months Ended December 31, 2016	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
	Non-GAAP net income:			
Net income (GAAP)	\$ 1,750	\$ 2,550	\$ 10,300	\$ 12,500
Income tax expense	1,250	1,850	7,400	8,950
Income before income taxes	3,000	4,400	17,700	21,450
Acquisition-related and other deferred revenue	(200)	(200)	(950)	(950)
Asset impairment and loss on disposal of assets	—	—	85	85
Amortization of intangible assets	8,000	7,900	30,800	30,700
Acquisition-related expense	—	—	50	—
Headquarters relocation costs	1,800	1,700	4,300	4,200
Stock-based expense	10,400	10,300	40,000	39,800
Non-GAAP income before income taxes	23,000	24,100	91,985	95,285
Assumed rate for income tax expense ⁽²⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for income tax expense	9,200	9,640	36,794	38,114
Non-GAAP net income	\$ 13,800	\$ 14,460	\$ 55,191	\$ 57,171
Net income per share - diluted	\$ 0.02	\$ 0.03	\$ 0.13	\$ 0.16
Non-GAAP Net Income per Diluted Share	\$ 0.18	\$ 0.19	\$ 0.71	\$ 0.74
Weighted average outstanding shares - diluted ⁽⁴⁾	77,911	77,911	77,720	77,720

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the third quarter ended September 30, 2016 and the year ended December 31, 2016. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ended September 30, 2016		Guidance Range for the Twelve Months Ended December 31, 2016	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
	Adjusted EBITDA:			
Net income (GAAP)	\$ 1,750	\$ 2,550	\$ 10,300	\$ 12,500
Acquisition-related and other deferred revenue	(200)	(200)	(950)	(950)
Depreciation, asset impairment, and loss on disposal of assets	6,900	6,800	26,000	25,800
Amortization of intangible assets	8,000	7,900	30,800	30,700
Acquisition-related expense	—	—	50	—
Interest expense, net	1,100	1,100	4,100	4,000
Income tax expense	1,250	1,850	7,400	8,950
Headquarters relocation costs	1,800	1,700	4,300	4,200
Stock-based expense	10,400	10,300	40,000	39,800
Adjusted EBITDA	\$ 31,000	\$ 32,000	\$ 122,000	\$ 125,000

⁽¹⁾ Certain amounts in prior periods of 2015 have been reclassified to conform with current period presentation.

⁽²⁾ A 40.0% tax rate is assumed in order to approximate the Company's long-term effective corporate tax rate.

⁽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⁾ 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.