

**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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenue (GAAP)	\$ 147,955	\$ 121,588	\$ 419,057	\$ 346,820
Acquisition-related and other deferred revenue	(161)	(614)	(762)	(1,612)
Non-GAAP Total Revenue	<u>\$ 147,794</u>	<u>\$ 120,974</u>	<u>\$ 418,295</u>	<u>\$ 345,208</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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Gross profit (GAAP) ⁽¹⁾	\$ 83,844	\$ 69,848	\$ 238,120	\$ 199,025
Acquisition-related and other deferred revenue	(161)	(614)	(762)	(1,612)
Depreciation	2,834	2,431	8,580	7,269
Amortization of intangible assets	4,296	4,052	12,602	10,142
Headquarters relocation costs	760	—	2,023	—
Stock-based expense	929	817	2,506	3,267
Adjusted Gross Profit	<u>\$ 92,502</u>	<u>\$ 76,534</u>	<u>\$ 263,069</u>	<u>\$ 218,091</u>
Adjusted Gross Margin	62.6 %	63.3 %	62.9 %	63.2 %

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net income (loss) (GAAP)	\$ 4,210	\$ (8,192)	\$ 9,289	\$ (13,118)
Acquisition-related and other deferred revenue	(161)	(614)	(762)	(1,612)
Depreciation, asset impairment, and loss on disposal of assets	7,119	25,952	19,178	38,970
Amortization of intangible assets	7,847	6,927	22,695	18,586
Acquisition-related income	(266)	(3,310)	(332)	(1,653)
Interest expense, net	1,079	391	2,888	966
Income tax expense (benefit)	3,540	(5,605)	7,199	(7,120)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	1,353	—	3,552	—
Stock-based expense	8,255	8,669	27,383	30,666
Adjusted EBITDA	<u>\$ 32,976</u>	<u>\$ 24,218</u>	<u>\$ 91,090</u>	<u>\$ 65,687</u>
Adjusted EBITDA Margin	22.3 %	20.0 %	21.8 %	19.0 %

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Product development expense (GAAP)	\$ 18,743	\$ 16,858	\$ 54,893	\$ 52,919
Less: Asset impairment and loss on disposal of assets	—	532	—	1,333
Headquarters relocation costs	211	—	541	—
Stock-based expense	1,900	1,759	5,246	7,050
Non-GAAP Product Development Expense	<u>\$ 16,632</u>	<u>\$ 14,567</u>	<u>\$ 49,106</u>	<u>\$ 44,536</u>
Non-GAAP Product Development Margin	11.3 %	12.0 %	11.7 %	12.9 %

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Sales and marketing expense (GAAP) ⁽¹⁾	\$ 33,860	\$ 32,698	\$ 101,188	\$ 92,698
Less: Amortization of intangible assets	3,551	2,875	10,093	8,444
Headquarters relocation costs	220	—	574	—
Stock-based expense	1,406	3,118	8,179	10,750
Non-GAAP Sales and Marketing Expense	<u>\$ 28,683</u>	<u>\$ 26,705</u>	<u>\$ 82,342</u>	<u>\$ 73,504</u>
Non-GAAP Sales and Marketing Margin	19.4 %	22.1 %	19.7 %	21.3 %

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
General and administrative expense (GAAP)	\$ 21,677	\$ 13,424	\$ 61,955	\$ 51,797
Less: Asset impairment and loss on disposal of assets	164	160	249	1,635
Acquisition-related income	(266)	(3,310)	(332)	(1,653)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	162	—	414	—
Stock-based expense	4,020	2,975	11,452	9,599
Non-GAAP General and Administrative Expense	<u>\$ 17,597</u>	<u>\$ 13,599</u>	<u>\$ 50,172</u>	<u>\$ 42,214</u>
Non-GAAP General and Administrative Margin	11.9 %	11.2 %	12.0 %	12.2 %

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Operating expense (GAAP) ⁽¹⁾	\$ 75,030	\$ 83,254	\$ 218,786	\$ 218,215
Less: Asset impairment and loss on disposal of assets	914	20,966	999	23,769
Amortization of intangible assets	3,551	2,875	10,093	8,444
Acquisition-related income	(266)	(3,310)	(332)	(1,653)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	593	—	1,529	—
Stock-based expense	7,326	7,852	24,877	27,399
Non-GAAP Operating Expense	<u>\$ 62,912</u>	<u>\$ 54,871</u>	<u>\$ 181,620</u>	<u>\$ 160,254</u>
Non-GAAP Operating Expense Margin	42.6 %	45.4 %	43.4 %	46.4 %

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Operating income (loss) (GAAP)	\$ 8,814	\$ (13,406)	\$ 19,334	\$ (19,190)
Acquisition-related and other deferred revenue	(161)	(614)	(762)	(1,612)
Asset impairment and loss on disposal of assets	914	20,966	999	23,769
Amortization of intangible assets	7,847	6,927	22,695	18,586
Acquisition-related income	(266)	(3,310)	(332)	(1,653)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	1,353	—	3,552	—
Stock-based expense	8,255	8,669	27,383	30,666
Non-GAAP Operating Income	<u>\$ 26,756</u>	<u>\$ 19,232</u>	<u>\$ 72,869</u>	<u>\$ 50,568</u>
Non-GAAP Operating Margin	18.1 %	15.9 %	17.4 %	14.6 %

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,	
	2016	2015	2016	2015
Net income (loss) (GAAP)	\$ 4,210	\$ (8,192)	\$ 9,289	\$ (13,118)
Income tax expense (benefit)	3,540	(5,605)	7,199	(7,120)
Income (loss) before income taxes	7,750	(13,797)	16,488	(20,238)
Acquisition-related and other deferred revenue	(161)	(614)	(762)	(1,612)
Asset impairment and loss on disposal of assets	914	20,966	999	23,769
Amortization of intangible assets	7,847	6,927	22,695	18,586
Acquisition-related income	(266)	(3,310)	(332)	(1,653)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	1,353	—	3,552	—
Stock-based expense	8,255	8,669	27,383	30,666
Non-GAAP income before income taxes	25,692	18,841	70,023	49,520
Assumed rate for income tax expense ⁽²⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for income tax expense	10,277	7,536	28,010	19,808
Non-GAAP Net Income	<u>\$ 15,415</u>	<u>\$ 11,305</u>	<u>\$ 42,013</u>	<u>\$ 29,712</u>
Net income (loss) per share - diluted	\$ 0.05	\$ (0.11)	\$ 0.12	\$ (0.17)
Non-GAAP Net Income per Diluted Share	\$ 0.20	\$ 0.15	\$ 0.54	\$ 0.38
Weighted average outstanding shares - basic ⁽⁴⁾	76,823	76,564	76,615	76,772
Weighted average outstanding shares - diluted ⁽⁴⁾	78,124	77,063	77,525	77,375

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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
On demand revenue (GAAP)	\$ 140,883	\$ 116,772	\$ 400,904	\$ 333,872
Acquisition-related and other deferred revenue	(161)	(614)	(762)	(1,612)
Non-GAAP On Demand Revenue	140,722	116,158	400,142	332,260
Ending On Demand Units	11,251	10,406	11,251	10,406
Average on demand units	11,196	10,354	11,016	9,995
RPU	<u>\$ 50.28</u>	<u>\$ 44.87</u>	<u>\$ 48.43</u>	<u>\$ 44.32</u>
ACV	\$ 565,700	\$ 466,917		

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

	Guidance Range for the Twelve Months Ended	
	December 31, 2016	
	Low ⁽³⁾	High ⁽³⁾
Non-GAAP net income:		
Net income (GAAP)	\$ 13,600	\$ 14,800
Income tax expense	10,580	11,480
Income before income taxes	24,180	26,280
Acquisition-related and other deferred revenue	(950)	(950)
Asset impairment and loss on disposal of assets	1,000	1,000
Amortization of intangible assets	30,600	30,500
Acquisition-related income	(330)	(330)
Headquarters relocation costs	3,700	3,600
Stock-based expense	37,200	37,100
Non-GAAP income before income taxes	95,400	97,200
Assumed rate for income tax expense ⁽²⁾	40.0 %	40.0 %
Assumed provision for income tax expense	38,160	38,880
Non-GAAP net income	\$ 57,240	\$ 58,320
Net Income per Diluted Share	\$ 0.17	\$ 0.19
Non-GAAP Net Income per Diluted Share	\$ 0.73	\$ 0.75
Weighted average outstanding shares - diluted ⁽⁴⁾	77,900	77,900

Adjusted EBITDA Guidance

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

	Guidance Range for the Twelve Months Ended	
	December 31, 2016	
	Low ⁽³⁾	High ⁽³⁾
Adjusted EBITDA:		
Net income (GAAP)	\$ 13,600	\$ 14,800
Acquisition-related and other deferred revenue	(950)	(950)
Depreciation, asset impairment, and loss on disposal of assets	26,000	25,800
Amortization of intangible assets	30,600	30,500
Acquisition-related income	(330)	(330)
Interest expense, net	4,100	4,000
Income tax expense	10,580	11,480
Headquarters relocation costs	3,700	3,600
Stock-based expense	37,200	37,100
Adjusted EBITDA	\$ 124,500	\$ 126,000

(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.