

**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 December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Revenue (GAAP)	\$ 149,071	\$ 121,700	\$ 568,128	\$ 468,520
Acquisition-related and other deferred revenue	(187)	(545)	(949)	(2,157)
Non-GAAP total revenue	<u>\$ 148,884</u>	<u>\$ 121,155</u>	<u>\$ 567,179</u>	<u>\$ 466,363</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 December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Gross profit (GAAP)	\$ 87,707	\$ 70,882	\$ 325,827	\$ 269,907
Acquisition-related and other deferred revenue	(187)	(545)	(949)	(2,157)
Depreciation	2,825	2,533	11,405	9,802
Amortization of intangible assets	4,159	4,071	16,761	14,213
Headquarters relocation costs	—	—	2,023	—
Stock-based expense	804	779	3,310	4,046
Adjusted gross profit	<u>\$ 95,308</u>	<u>\$ 77,720</u>	<u>\$ 358,377</u>	<u>\$ 295,811</u>
Adjusted gross margin	64.0 %	64.1 %	63.2 %	63.4 %

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 December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net income (loss) (GAAP)	\$ 7,361	\$ 3,900	\$ 16,650	\$ (9,218)
Acquisition-related and other deferred revenue	(187)	(545)	(949)	(2,157)
Depreciation, asset impairment, and loss on disposal of assets	6,635	5,415	25,813	44,385
Amortization of intangible assets	7,573	6,791	30,268	25,377
Acquisition-related expense (income)	695	(188)	363	(1,841)
Interest expense, net	937	401	3,825	1,367
Income tax expense (benefit)	3,637	3,274	10,836	(3,846)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	—	—	3,552	—
Stock-based expense	9,469	7,456	36,852	38,122
Adjusted EBITDA	<u>\$ 36,120</u>	<u>\$ 26,504</u>	<u>\$ 127,210</u>	<u>\$ 92,191</u>
Adjusted EBITDA margin	24.3 %	21.9 %	22.4 %	19.8 %

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		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Product development expense (GAAP)	\$ 18,714	\$ 15,880	\$ 73,607	\$ 68,799
Less: Asset impairment and loss on disposal of assets	—	85	—	1,418
Headquarters relocation costs	—	—	541	—
Stock-based expense	1,825	1,535	7,071	8,585
Non-GAAP product development expense	<u>\$ 16,889</u>	<u>\$ 14,260</u>	<u>\$ 65,995</u>	<u>\$ 58,796</u>
Non-GAAP product development margin	11.3 %	11.8 %	11.6 %	12.6 %

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		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Sales and marketing expense (GAAP)	\$ 34,025	\$ 30,410	\$ 135,213	\$ 123,108
Less: Amortization of intangible assets	3,414	2,720	13,507	11,164
Headquarters relocation costs	—	—	574	—
Stock-based expense	3,185	2,246	11,364	12,996
Non-GAAP sales and marketing expense	<u>\$ 27,426</u>	<u>\$ 25,444</u>	<u>\$ 109,768</u>	<u>\$ 98,948</u>
Non-GAAP sales and marketing margin	18.4 %	21.0 %	19.4 %	21.2 %

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		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
General and administrative expense (GAAP)	\$ 23,058	\$ 17,017	\$ 85,013	\$ 68,814
Less: Asset impairment and loss on disposal of assets	248	17	497	1,652
Acquisition-related expense (income)	695	(188)	363	(1,841)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	—	—	414	—
Stock-based expense	3,655	2,896	15,107	12,495
Non-GAAP general and administrative expense	<u>\$ 18,460</u>	<u>\$ 14,292</u>	<u>\$ 68,632</u>	<u>\$ 56,506</u>
Non-GAAP general and administrative margin	12.4 %	11.8 %	12.1 %	12.1 %

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		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Operating expense (GAAP)	\$ 75,797	\$ 63,307	\$ 294,583	\$ 281,522
Less: Asset impairment and loss on disposal of assets	248	102	1,247	23,871
Amortization of intangible assets	3,414	2,720	13,507	11,164
Acquisition-related expense (income)	695	(188)	363	(1,841)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	—	—	1,529	—
Stock-based expense	8,665	6,677	33,542	34,076
Non-GAAP operating expense	<u>\$ 62,775</u>	<u>\$ 53,996</u>	<u>\$ 244,395</u>	<u>\$ 214,250</u>
Non-GAAP operating expense margin	42.2 %	44.6 %	43.1 %	45.9 %

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		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Operating income (loss) (GAAP)	\$ 11,910	\$ 7,575	\$ 31,244	\$ (11,615)
Acquisition-related and other deferred revenue	(187)	(545)	(949)	(2,157)
Asset impairment and loss on disposal of assets	248	102	1,247	23,871
Amortization of intangible assets	7,573	6,791	30,268	25,377
Acquisition-related expense (income)	695	(188)	363	(1,841)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	—	—	3,552	—
Stock-based expense	9,469	7,456	36,852	38,122
Non-GAAP operating income	<u>\$ 29,708</u>	<u>\$ 21,191</u>	<u>\$ 102,577</u>	<u>\$ 71,759</u>
Non-GAAP operating margin	20.0 %	17.5 %	18.1 %	15.4 %

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,	
	2016	2015	2016	2015
Net income (loss) (GAAP)	\$ 7,361	\$ 3,900	\$ 16,650	\$ (9,218)
Income tax expense (benefit)	3,637	3,274	10,836	(3,846)
Income (loss) before income taxes	10,998	7,174	27,486	(13,064)
Acquisition-related and other deferred revenue	(187)	(545)	(949)	(2,157)
Asset impairment and loss on disposal of assets	248	102	1,247	23,871
Amortization of intangible assets	7,573	6,791	30,268	25,377
Acquisition-related expense (income)	695	(188)	363	(1,841)
Litigation-related expense	—	—	—	2
Headquarters relocation costs	—	—	3,552	—
Stock-based expense	9,469	7,456	36,852	38,122
Non-GAAP income before income taxes	28,796	20,790	98,819	70,310
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	11,518	8,316	39,528	28,124
Non-GAAP net income	<u>\$ 17,278</u>	<u>\$ 12,474</u>	<u>\$ 59,291</u>	<u>\$ 42,186</u>
Net income (loss) per share - diluted	\$ 0.09	\$ 0.05	\$ 0.21	\$ (0.12)
Non-GAAP net income per diluted share	\$ 0.22	\$ 0.16	\$ 0.76	\$ 0.55
Weighted average outstanding shares - basic ⁽³⁾	77,566	76,445	76,854	76,689
Weighted average outstanding shares - diluted ⁽³⁾	79,116	77,055	77,843	77,300

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		Twelve Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
On demand revenue (GAAP)	\$ 141,627	\$ 117,090	\$ 542,531	\$ 450,962
Acquisition-related and other deferred revenue	(187)	(545)	(949)	(2,157)
Non-GAAP on demand revenue	141,440	116,545	541,582	448,805
Ending on demand units	10,989	10,568	10,989	10,568
Average on demand units	11,120	10,487	11,042	10,118
RPU	<u>\$ 51.53</u>	<u>\$ 44.45</u>	<u>\$ 50.67</u>	<u>\$ 44.36</u>
ACV	\$ 566,263	\$ 469,748		

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, 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 March 31, 2017		Guidance Range for the Twelve Months Ending December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
	Revenue (GAAP)	\$ 150,440	\$ 152,440	\$ 666,330
Acquisition-related and other deferred revenue	860	860	3,670	3,670
Non-GAAP total revenue	\$ 151,300	\$ 153,300	\$ 670,000	\$ 680,000

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, 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 March 31, 2017		Guidance Range for the Twelve Months Ending December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
	Non-GAAP net income:			
Net income (GAAP)	\$ 3,380	\$ 4,570	\$ 19,980	\$ 25,010
Income tax expense	2,360	3,170	13,900	17,370
Income before income taxes	5,740	7,740	33,880	42,380
Acquisition-related and other deferred revenue	860	860	3,670	3,670
Amortization of intangible assets	7,800	7,700	35,650	35,250
Acquisition-related income	3,800	3,200	4,400	3,500
Stock-based expense	9,300	9,200	41,900	41,500
Non-GAAP income before income taxes	27,500	28,700	119,500	126,300
Expected effective tax rate ⁽⁴⁾	40.0 %	40.0 %	40.0 %	40.0 %
Assumed provision for income tax expense	11,000	11,480	47,800	50,520
Non-GAAP net income	\$ 16,500	\$ 17,220	\$ 71,700	\$ 75,780
Net income per diluted share	\$ 0.04	\$ 0.06	\$ 0.25	\$ 0.31
Non-GAAP net income per diluted share	\$ 0.21	\$ 0.22	\$ 0.89	\$ 0.94
Weighted average outstanding shares - diluted ⁽³⁾	80,000	80,000	81,000	81,000

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending March 31, 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 March 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)	\$ 3,380	\$ 4,570	\$ 19,980	\$ 25,010
Acquisition-related and other deferred revenue	860	860	3,670	3,670
Depreciation, asset impairment, and loss on disposal of assets	6,900	6,800	30,950	30,550
Amortization of intangible assets	7,800	7,700	35,650	35,250
Acquisition-related income	3,800	3,200	4,400	3,500
Interest expense, net	1,100	1,000	11,550	11,150
Income tax expense	2,360	3,170	13,900	17,370
Stock-based expense	9,300	9,200	41,900	41,500
Adjusted EBITDA	\$ 35,500	\$ 36,500	\$ 162,000	\$ 168,000

⁽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.

⁽⁴⁾ This rate represents our expected effective GAAP tax rate for the year ending December 31, 2017.