

**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	
	March 31,	
	2017	2016
Revenue (GAAP)	\$ 152,919	\$ 128,383
Acquisition-related and other deferred revenue	705	(343)
Non-GAAP total revenue	<u>\$ 153,624</u>	<u>\$ 128,040</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	
	March 31,	
	2017	2016
Gross profit (GAAP)	\$ 89,877	\$ 73,635
Acquisition-related and other deferred revenue	705	(343)
Depreciation	2,883	2,692
Amortization of intangible assets	3,689	4,165
Headquarters relocation costs	—	584
Stock-based expense	853	751
Adjusted gross profit	<u>\$ 98,007</u>	<u>\$ 81,484</u>
Adjusted gross margin	63.8 %	63.6 %

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	
	March 31,	
	2017	2016
Net income (GAAP)	\$ 8,195	\$ 2,996
Acquisition-related and other deferred revenue	705	(343)
Depreciation, asset impairment, and loss on disposal of assets	6,675	5,496
Amortization of intangible assets	7,789	7,111
Acquisition-related expense (income)	1,691	(57)
Interest expense, net	1,120	719
Income tax expense	811	2,114
Headquarters relocation costs	—	1,025
Stock-based expense	10,092	8,391
Adjusted EBITDA	<u>\$ 37,078</u>	<u>\$ 27,452</u>
Adjusted EBITDA margin	24.1 %	21.4 %

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	
	March 31,	
	2017	2016
Product development expense (GAAP)	\$ 20,387	\$ 17,272
Less: Headquarters relocation costs	—	154
Stock-based expense	1,879	1,449
Non-GAAP product development expense	<u>\$ 18,508</u>	<u>\$ 15,669</u>
Non-GAAP product development margin	12.0 %	12.2 %

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	
	March 31,	
	2017	2016
Sales and marketing expense (GAAP)	\$ 35,147	\$ 32,199
Less: Amortization of intangible assets	4,100	2,946
Headquarters relocation costs	—	170
Stock-based expense	3,128	2,974
Non-GAAP sales and marketing expense	<u>\$ 27,919</u>	<u>\$ 26,109</u>
Non-GAAP sales and marketing margin	18.2 %	20.4 %

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	
	March 31,	
	2017	2016
General and administrative expense (GAAP)	\$ 24,251	\$ 18,346
Less: Loss on disposal of assets	24	—
Acquisition-related expense (income)	1,691	(57)
Headquarters relocation costs	—	117
Stock-based expense	4,232	3,217
Non-GAAP general and administrative expense	<u>\$ 18,304</u>	<u>\$ 15,069</u>
Non-GAAP general and administrative margin	11.9 %	11.8 %

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	
	March 31,	
	2017	2016
Operating expense (GAAP)	\$ 79,785	\$ 67,817
Less: Loss on disposal of assets	24	—
Amortization of intangible assets	4,100	2,946
Acquisition-related expense (income)	1,691	(57)
Headquarters relocation costs	—	441
Stock-based expense	9,239	7,640
Non-GAAP operating expense	<u>\$ 64,731</u>	<u>\$ 56,847</u>
Non-GAAP operating expense margin	42.1 %	44.4 %

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	
	March 31,	
	2017	2016
Operating income (GAAP)	\$ 10,092	\$ 5,818
Acquisition-related and other deferred revenue	705	(343)
Loss on disposal of assets	24	—
Amortization of intangible assets	7,789	7,111
Acquisition-related expense (income)	1,691	(57)
Headquarters relocation costs	—	1,025
Stock-based expense	10,092	8,391
Non-GAAP operating income	<u>\$ 30,393</u>	<u>\$ 21,945</u>
Non-GAAP operating margin	19.8 %	17.1 %

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	
	March 31,	
	2017	2016
Net income (GAAP)	\$ 8,195	\$ 2,996
Income tax expense	811	2,114
Income before income taxes	9,006	5,110
Acquisition-related and other deferred revenue	705	(343)
Loss on disposal of assets	24	—
Amortization of intangible assets	7,789	7,111
Acquisition-related expense (income)	1,691	(57)
Headquarters relocation costs	—	1,025
Stock-based expense	10,092	8,391
Non-GAAP income before income taxes	29,307	21,237
Assumed rate for income tax expense ⁽¹⁾	40.0 %	40.0 %
Assumed provision for non-GAAP income tax expense	11,723	8,495
Non-GAAP net income	<u>\$ 17,584</u>	<u>\$ 12,742</u>
Net income per diluted share	\$ 0.10	\$ 0.04
Non-GAAP net income per diluted share	\$ 0.22	\$ 0.17
Weighted average outstanding shares - basic ⁽³⁾	78,263	76,656
Weighted average outstanding shares - diluted ⁽³⁾	81,386	77,147

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	
	March 31,	
	2017	2016
On demand revenue (GAAP)	\$ 146,213	\$ 123,411
Acquisition-related and other deferred revenue	705	(343)
Non-GAAP on demand revenue	146,918	123,068
Ending on demand units	11,112	10,999
Average on demand units	11,050	10,783
RPU	<u>\$ 53.65</u>	<u>\$ 48.10</u>
ACV	\$ 596,159	\$ 529,052

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 June 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 June 30, 2017		Guidance Range for the Twelve Months Ending December 31, 2017	
	Low ⁽²⁾	High ⁽²⁾	Low ⁽²⁾	High ⁽²⁾
	Revenue (GAAP)	\$ 158,050	\$ 160,050	\$ 640,190
Acquisition-related and other deferred revenue	950	950	2,810	2,810
Non-GAAP total revenue	<u>\$ 159,000</u>	<u>\$ 161,000</u>	<u>\$ 643,000</u>	<u>\$ 652,000</u>

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 June 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 June 30, 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)	\$ 4,550	\$ 5,630	\$ 25,275	\$ 28,815
Income tax expense	3,030	3,750	12,190	14,550
Income before income taxes	<u>7,580</u>	<u>9,380</u>	<u>37,465</u>	<u>43,365</u>
Acquisition-related and other deferred revenue	950	950	2,810	2,810
Asset impairment and loss on disposal of assets	-	-	25	25
Amortization of intangible assets	8,300	8,200	32,400	32,100
Acquisition-related expense	900	800	2,800	2,500
Stock-based expense	12,000	11,500	46,000	45,000
Non-GAAP income before income taxes	<u>29,730</u>	<u>30,830</u>	<u>121,500</u>	<u>125,800</u>
Expected effective tax rate ⁽⁴⁾	40.0%	40.0%	40.0%	40.0%
Assumed provision for income tax expense	11,892	12,332	48,600	50,320
Non-GAAP net income	<u>\$ 17,838</u>	<u>\$ 18,498</u>	<u>\$ 72,900</u>	<u>\$ 75,480</u>
Net income per diluted share	\$ 0.06	\$ 0.07	\$ 0.31	\$ 0.35
Non-GAAP net income per diluted share	\$ 0.22	\$ 0.23	\$ 0.88	\$ 0.92
Weighted average outstanding shares - diluted ⁽³⁾	82,100	82,100	82,450	82,450

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending June 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 June 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)	\$ 4,550	\$ 5,630	\$ 25,275	\$ 28,815
Acquisition-related and other deferred revenue	950	950	2,810	2,810
Depreciation, asset impairment, and loss on disposal of assets	7,450	7,350	30,025	29,725
Amortization of intangible assets	8,300	8,200	32,400	32,100
Acquisition-related expense	900	800	2,800	2,500
Interest expense, net	1,120	1,120	4,500	4,500
Income tax expense	3,030	3,750	12,190	14,550
Stock-based expense	12,000	11,500	46,000	45,000
Adjusted EBITDA	<u>\$ 38,300</u>	<u>\$ 39,300</u>	<u>\$ 156,000</u>	<u>\$ 160,000</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.

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