March 9, 2017

Reis, Inc. Announces Full Year and Fourth Quarter 2016 Results

Positive Indicators Set the Stage for an Improving 2017

NEW YORK, March 09, 2017 (GLOBE NEWSWIRE) -- Reis, Inc. (NASDAQ:REIS) ("Reis" or the "Company"), a leading provider of commercial real estate market information and analytical tools, announced its financial results for the fourth quarter and year ended December 31, 2016.

Financial Highlights

Total revenue was $11.5 million for the three months ended December 31, 2016, including subscription revenue of $11.3 million and other revenue of $0.2 million. Total revenue in the fourth quarter of 2015 was $14.2 million, which included other revenue of $2.9 million from a custom database deliverable and one-time settlements for past unauthorized usage of Reis's data. Subscription revenue in 2016's fourth quarter grew 0.7% over the 2015 period to the highest level of subscription revenue in Reis's history. For the year ended December 31, 2016, total revenue was $47.5 million, including subscription revenue of $45.4 million and other revenue of $2.1 million. Subscription revenue growth for the full year 2016 totaled 3.8% over the comparable 2015 period.

Income from continuing operations was a loss of $(0.2) million, or $(0.02) per diluted share, for the three months ended December 31, 2016 as compared to income from continuing operations of $2.3 million, or $0.20 per diluted share, for the three months ended December 31, 2015. For the year ended December 31, 2016, the Company reported income from continuing operations of $2.8 million, or $0.24 per diluted share, as compared to $8.1 million, or $0.69 per diluted share, for the year ended December 31, 2015.

Reis Services EBITDA was $2.7 million during the fourth quarter of 2016, down from the fourth quarter 2015 amount of $6.5 million. The Reis Services EBITDA margins were 23.1% and 45.6% for the three months ended December 31, 2016 and 2015, respectively (see the "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release for a definition and reconciliations of income from continuing operations to EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis). Reis Services EBITDA was $15.5 million during the year ended December 31, 2016, as compared to the 2015 annual amount of $22.1 million. The Reis Services annual EBITDA margins were 32.7% and 43.4% for 2016 and 2015, respectively. The decreases in the fourth quarter and year ended December 31, 2016 Reis Services EBITDA have been impacted by the decline in total revenue (as referred to above), coupled with an increase in operating expenses, including the effect of overlapping leases and duplication of rent in 2016.

Consolidated Adjusted EBITDA was $2.3 million during the fourth quarter of 2016, a decline from the fourth quarter 2015 amount of $5.9 million. The consolidated Adjusted EBITDA margins were 20.0% and 41.7% for the three months ended December 31, 2016 and 2015, respectively. Consolidated Adjusted EBITDA was $13.5 million and $19.5 million during the years ended December 31, 2016 and 2015. The annual consolidated Adjusted EBITDA margins were 28.5% and 38.3% for 2016 and 2015, respectively.

Reis's CEO, Lloyd Lynford, stated, "Ninety-six percent of Reis's revenue during 2016 was of a recurring nature, a significant improvement over 2015's 86% level, and a return to historic norms. Despite the challenging comparison year to 2015, Reis's subscription revenue grew by 3.8% during 2016. In light of improving renewal rates in the second half of last year, and the pace of new customer acquisition, we believe that Reis is poised for stronger revenue and EBITDA growth in 2017. Our investments in our affordable housing and sales comparables databases are paying dividends as both products gain traction. Our investments in additional sales leadership and a field sales team located in several of our major markets will help us press our competitive advantage."

Revenue visibility is an important aspect of the Reis business model. Historically, nearly all of the Company's revenue could be characterized as subscription-based recurring revenue. In 2015, significant opportunities arose that resulted in Reis realizing a greater amount of revenue and cash flow that was more non-recurring in nature. When excluding the 2015 custom data deliverables and one-time settlements from intellectual property compliance cases (all as described below in "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release), 85.9% of Reis's 2015 annual revenue was of a higher-quality recurring nature. By comparison, subscription-based recurring revenue for 2016 aggregated approximately 95.5% of reported total revenue, consistent with the 96.1% for 2014.

Commenting on Reis's prospects for 2017, Mr. Lynford observed, "During the later parts of 2016, there were positive indicators which we believe will play out favorably over the course of 2017. In addition to the return of our revenue to almost entirely subscription based, our reported GAAP deferred revenue rebounded by $4.2 million, or 20.1%, from its recent low point at June 30, 2016, resulting in the second largest GAAP deferred revenue balance in the Company's history, at $25.0 million at December 31, 2016. Our reported Aggregate Revenue Under Contract is at an all-time high of $51.0 million. Our renewal rate has been trending up since its June 30, 2016 low. The continuing push to develop databases with more granular content has started producing exciting results, stemming from our enhanced sales transaction database and our first to market coverage of the affordable housing sector. We believe that all of these initiatives will set the stage for improving financial performance during 2017, and particularly in the second half as the cumulative effect of higher renewal rates takes hold. The investments made to date have positioned Reis to seize market share and to meaningfully grow its revenues and EBITDA in 2017 and beyond."

Product Highlights

Two of the biggest expected contributors to sales growth in 2017 will be our stronger competitive offering resulting from our recently expanded affordable housing product and ongoing enhancements to our sales transaction database.

In August 2016, Reis introduced its ninth property type, affordable housing, with information on 176 counties in 45 metropolitan areas. In February 2017, Reis expanded coverage of this property type to include information on 256 counties in 110 metropolitan areas. We gained significant traction in the fourth quarter of 2016 selling this sector to existing banking customers and directly to affordable housing investors, and will focus on building upon those successes in 2017.

A potentially larger revenue opportunity relates to the September 2016 expansion of Reis's commercial real estate sales transactions database which now includes virtually all U.S. markets and property types, regardless of geography or sector. The new offering is expected to appeal to mortgage and property originators and underwriters, brokers and appraisers, tax assessors, and any other real estate professionals seeking the most comprehensive database of CRE transactions to source deals, search for related business, or conduct due diligence. Reis's sales transactions database includes key structural data points, including but not limited to address, land use code, parcel number, and lot size, in addition to key transactional data points, such as buyer and seller name, sale price, sale date, deed reference, and financing details when available, as well as other critical data points and licensed photographs. We believe that these enhancements will result in increased new sales opportunities in 2017.

Balance Sheet, Liquidity and Other Metrics

Following are current balance sheet, liquidity and other metrics reported by the Company:

- cash at December 31, 2016 was $21.5 million;
- investments in the Company's website and database intangible assets aggregated $8.5 million for the year ended December 31, 2016 (see above for product highlights in 2016);
- dividends declared and paid quarterly to shareholders during the year ended December 31, 2016 aggregated $7.7 million, or a rate of $0.17 per share for each 2016 quarter;
- repurchases of the Company's common stock during 2016 aggregated $1,144,000 for the purchase of 54,176 shares at an average price of $21.11 per share, leaving approximately $3,856,000 at December 31, 2016 that may be used to purchase additional shares in the future;
- deferred revenue ($25.0 million), Aggregate Revenue Under Contract ($51.0 million) (see the "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release for a definition and reconciliations of deferred revenue to Aggregate Revenue Under Contract) and the forward twelve month component of Aggregate Revenue Under Contract ($34.8 million) at December 31, 2016 each continue to demonstrate strong visibility into future revenue; and
- for the trailing twelve months ended December 31, 2016, the Company's base renewal rate (renewal rate, excluding price increases) was 81.6% and the renewal rate, including price increases, was 85.7% (for institutional subscribers, the base renewal rate was 83.5% and the base renewal rate, including price increases, was 87.3%).

Additional Information

This press release should be read in conjunction with the annual report on Form 10-K for the year ended December 31, 2016, which was filed with the Securities and Exchange Commission ("SEC") on March 9, 2017. In addition, see the "Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics" section at the end of this earnings release for a definition and reconciliations of income from continuing operations to EBITDA and Adjusted EBITDA for the Reis Services segment and on a consolidated basis, as well as for other information.

Investor Conference Call

The Company will host a conference call on Thursday, March 9, 2017, at 11:00 AM (EST). This call is for the benefit of existing and prospective stockholders, stock analysts, and other interested parties to discuss the fourth quarter and annual 2016 results, management's outlook for 2017 and other matters.

The dial-in number from inside the U.S. and Canada for this teleconference is (877) 390-5537. The dial-in number for outside the U.S. and Canada is (760) 666-3763. The conference ID is 77506869, or "Reis." A replay of the conference call will be available from shortly after the conference call through 3:00 PM (EDT) on March 14, 2017 by dialing (855) 859-2056 from inside the U.S. and Canada or (404) 537-3406 from outside the U.S. and Canada, and referring to the conference ID: 77506869, and "Reis". An audio webcast of the conference call will also be available on Reis's website at www.reis.com/events and will remain on the website for a period of time following the call.

About Reis

Reis provides commercial real estate market information and analytical tools to real estate professionals through its Reis Services subsidiary. Reis Services, including its predecessors, was founded in 1980. Reis maintains a proprietary database containing detailed information on commercial properties in metropolitan markets and neighborhoods throughout the U.S. The database contains information on apartment, office, retail, warehouse/distribution, flex/research & development, self storage, seniors housing, student housing and affordable housing properties, and is used by real estate investors, lenders and other professionals to make informed buying, selling and financing decisions. In addition, Reis data is used by debt and equity investors to assess, quantify and manage the risks of default and loss associated with individual mortgages, properties, portfolios and real estate backed securities. Reis currently provides its information services to many of the nation's leading lending institutions, equity investors, brokers and appraisers.

The Company's product portfolio features: *Reis SE,* its flagship delivery platform aimed at larger and mid-sized enterprises; *ReisReports*, aimed at prosumers and smaller enterprises; *Reis Portfolio CRE*, and other portfolio support products and services, aimed primarily at risk managers and credit administrators at banks and non-bank lending institutions. It is through these products that Reis provides online access to a proprietary database of commercial real estate information and analytical tools designed to facilitate debt and equity transactions as well as ongoing asset and portfolio evaluations. Depending on the product or level of entitlement, users have access to market trends and forecasts at metropolitan and neighborhood levels throughout the U.S. and/or detailed building-specific information such as rents, vacancy rates, lease terms, property sales, new construction listings and property valuation estimates. Reis's products are designed to meet the demand for timely and accurate information to support the decision-making of property owners, developers, builders, banks and non-bank lenders, equity investors and service providers. These real estate professionals require access to timely information on both the performance and pricing of assets, including detailed data on market transactions, supply, absorption, rents and sale prices. This information is critical to all aspects of valuing assets and financing their acquisition, development and construction.

For more information regarding Reis's products and services, visit www.reis.com and www.reisreports.com

Cautionary Statement Regarding Forward-Looking Statements

This press release "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to the Company's or management's outlook or expectations for earnings, revenues, expenses, margins, asset quality, or other future financial or business performance, strategies, prospects or expectations, or the impact of legal, regulatory or supervisory matters on our business, operations or performance. Specifically, forward-looking statements may include:

- statements relating to future services and product development of the Reis Services segment;
- statements relating to business prospects, potential acquisitions, sources and uses of cash, revenue, expenses, margins, income (loss) from continuing or discontinued operations, cash flows, renewal rates, valuation of assets and liabilities and other business metrics of the Company and its businesses, including EBITDA (as defined below), Adjusted EBITDA (as defined below) and Aggregate Revenue Under Contract (as defined below); and
- statements preceded by, followed by or that include the words "estimate," "plan," "project," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions relating to future periods.

Forward-looking statements reflect management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. With respect to these forward-looking statements, management has made certain assumptions. Future performance cannot be assured. Actual results may differ materially from those contemplated by the forward-looking statements. Some factors that could cause actual results to differ include:

- lower than expected revenues and other performance measures such as income from continuing operations, EBITDA and Adjusted EBITDA;
- inability to retain and increase the Company's subscriber base;inability to execute properly on new products and services, or failure of subscribers to accept these products and services;
- competition;
- inability to attract and retain sales and senior management personnel;
- inability to access adequate capital to fund operations and investments in the Company's business;
- difficulties in protecting the security, confidentiality, integrity and reliability of the Company's data;
- changes in accounting policies or practices;
- legal and regulatory issues;
- the results of pending, threatening or future litigation; and
- the risk factors listed under "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2016, which was filed with the Securities and Exchange Commission ("SEC") on March 9, 2017, including the "Risk Factors" section of these filings and the Company's other filings with the SEC, and are available at the SEC's website (www.sec.gov).

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this release. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

Supplemental Financial Information and Reconciliations from GAAP to Non-GAAP Metrics

REIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2016	**2015**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,490,586	$ 28,657,956
Restricted cash and investments	—	212,268
Accounts receivable, net	10,743,505	13,741,169
Prepaid and other assets	792,991	670,339
Total current assets	33,027,082	43,281,732
Furniture, fixtures and equipment, net of accumulated depreciation of $1,082,793 and $2,449,985, respectively	5,260,443	804,427
Intangible assets, net of accumulated amortization of $41,861,561 and $38,738,292, respectively	17,922,282	15,686,954
Deferred tax asset, net	16,814,737	18,429,737
Goodwill	54,824,648	54,824,648
Other assets	295,349	171,728
Total assets	$ 128,144,541	$ 133,199,226
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ —	$ —
Accrued expenses and other liabilities	4,031,444	5,898,226
Deferred revenue	25,031,100	25,291,499
Liabilities attributable to discontinued operations	—	145,737
Total current liabilities	29,062,544	31,335,462
Other long-term liabilities	1,902,081	284,316
Total liabilities	30,964,625	31,619,778
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.02 par value per share, 101,000,000 shares authorized, 11,272,150 and 11,256,405 issued and outstanding, respectively ..	225,443	225,128
Additional paid in capital	107,668,599	107,102,433

Retained earnings (deficit)	(10,714,126)	(5,748,113)
Total stockholders' equity	97,179,916	101,579,448
Total liabilities and stockholders' equity	$ 128,144,541	$ 133,199,226

REIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	(Unaudited) 2016	(Unaudited) 2015	2016	2015
Revenue:				
Subscription revenue	$ 11,339,471	$ 11,256,705	$ 45,398,701	$ 43,722,087
Other revenue	214,687	2,949,692	2,131,054	7,168,351
Total revenue	11,554,158	14,206,397	47,529,755	50,890,438
Cost of sales	3,117,610	2,398,023	10,999,146	9,081,624
Gross profit	8,436,548	11,808,374	36,530,609	41,808,814
Operating expenses:				
Sales and marketing	3,295,195	2,782,555	11,878,590	11,700,840
Product development	1,145,748	1,032,940	4,167,474	3,711,054
General and administrative expenses	4,109,051	3,965,108	15,664,495	14,267,027
Total operating expenses	8,549,994	7,780,603	31,710,559	29,678,921
Other income (expenses):				
Interest and other income	2,557	10,964	21,937	37,857
Interest expense	(30,095)	(6,920)	(108,345)	(91,767)
Total other income (expenses)	(27,538)	4,044	(86,408)	(53,910)
(Loss) income before income taxes and discontinued operations	(140,984)	4,031,815	4,733,642	12,075,983
Income tax expense	89,000	1,690,000	1,953,000	4,005,000
(Loss) income from continuing operations	(229,984)	2,341,815	2,780,642	8,070,983
Income from discontinued operations, net of income tax expense (benefit) of $—, $612,000, $— and $1,409,000, respectively	—	1,030,167	—	2,234,000
Net (loss) income	$ (229,984)	$ 3,371,982	$ 2,780,642	$ 10,304,983
Per share amounts - basic:				
Income from continuing operations	$ (0.02)	$ 0.21	$ 0.25	$ 0.72
Net income	$ (0.02)	$ 0.30	$ 0.25	$ 0.92
Per share amounts - diluted:				
Income from continuing operations	$ (0.02)	$ 0.20	$ 0.24	$ 0.69
Net income	$ (0.02)	$ 0.29	$ 0.24	$ 0.88
Weighted average number of common shares outstanding:				
Basic	11,294,023	11,251,188	11,305,110	11,226,932

Diluted	11,294,023	11,744,468	11,745,516	11,706,495
Dividends declared per common share	$ 0.17	$ 0.14	$ 0.68	$ 0.56

Revenue Comparisons

In order to provide insight into 2015 and 2016 relative performance, we have disaggregated total revenue into two components: "Subscription" and "Other." Other revenue specifically includes revenue related to contracts for one-time custom data deliverables and one-time fees for settlements of previous unauthorized usage of Reis data. The following tables present subscription revenue, other revenue and total revenue for the years ended December 31, 2016, 2015 and 2014.

(amounts in thousands, excluding percentages)

	2016		2015		Variance	
	$	**% of Total**	**$**	**% of Total**	**$**	**%**
Subscription revenue	$45,399	95.5%	$43,722	85.9%	$ 1,677	3.8%
Other revenue (A)	2,131	4.5%	7,168	14.1%	(5,037)	(70.3)%
Total revenue	$47,530	100.0%	$50,890	100.0%	$(3,360)	(6.6)%

	2015		2014		Variance	
	$	**% of Total**	**$**	**% of Total**	**$**	**%**
Subscription revenue	$ 43,722	85.9%	$ 39,727	96.1%	$ 3,995	10.1%
Other revenue (A)	7,168	14.1%	1,608	3.9%	5,560	345.8%
Total revenue	$ 50,890	100.0%	$ 41,335	100.0%	$ 9,555	23.1%

(A) Other revenue includes non-subscription revenue such as (1) non-subscription custom data deliverables and (2) one-time settlements.

Financial Performance

Annual 2016 financial results for Reis present a difficult comparison against our substantial revenue and financial growth of 2015. Reis's performance in 2016 relative to the results for 2015 has been impacted by four main factors: (1) revenues associated with significant custom data deliverables in 2015; (2) a decline in our trailing twelve month ("TTM") renewal rates; (3) a reduction in revenue from large one-time settlements under our intellectual property ("IP") compliance initiatives; and (4) multi-year contracts and their flattening effect on growth rates. Total revenue declined (6.6)% from the 2015 record annual revenue of $50,890,000 to $47,530,000 for the 2016 annual period, the second highest annual amount of revenue reported by Reis.

Subscription Revenue

As presented in the table above, total revenue declined (6.6)%; however, subscription revenue increased by approximately $1,677,000, or 3.8%. Although subscription revenue grew in 2016 over 2015, this annual growth rate is lower than in the immediately preceding year (a 10.1% annual growth rate for subscription revenue in 2015 over 2014) as a result of the impact of declining renewal rates and the effect of multi-year contracts.

Renewal Rates — For the TTM ended December 31, 2016, the Company's base renewal rate was 81.6% and the renewal rate, including price increases, was 85.7% (for institutional subscribers, the base renewal rate was 83.5% and the base renewal rate, including price increases, was 87.3%). For the TTM ended December 31, 2015, the Company's base renewal rate was 87.5% and the renewal rate, including price increases, was 91.9% (for institutional subscribers, the base renewal rate was 89.6% and the base renewal rate, including price increases, was 93.9%). Reis's 2016 TTM renewal rates were negatively impacted by the cancellation of contracts (most significantly in the second quarter of 2016) signed in 2014 and 2015 associated with Reis's IP compliance initiatives, from customer losses from subscribers that exited the CRE business and from aggressive repricing on contract expirations.

Many of the 2016 cancellations involved contracts which had prior long-term unauthorized access to Reis data and a substantial monetary settlement. As Reis worked through the renewal cycle of these older and more egregious cases of unauthorized usage, our renewal rates for these compliance accounts and overall renewal rates began to improve in the second half of 2016. On a going-forward basis, the prompt discovery of unauthorized usage allows for more satisfactory resolution, typically by having the non-compliant entity enter into a market-rate subscription and without requiring (except in rare cases) a monetary settlement and the attendant ill-will. Operationally, Reis has allocated senior account management and customer service resources to work with these accounts. We believe that upgrading the onboarding and account management experience will also contribute to improved renewal rates for these accounts. On a going-forward basis management believes that the reduction in compliance-related cancellations will help to restore our TTM renewal rates over time to be more in line with our historic levels.

In addition to cancellations of IP infringement-related subscribers, other factors combined to exert downward pressure on our TTM renewal rates in 2016: (1) customer losses from subscribers that exited the CRE business or were merger-related; and (2) Reis's aggressive stance on renewal pricing to ensure that there was equitable alignment among subscribers as it relates to report consumption, number of users, property-type and geographic coverage, length of contract, and the associated subscription fee, among other factors. In 2016, there were 21 customers who accounted for approximately $1,700,000 of annual subscription revenue which did not renew as a result of leaving the business or cancelling post-merger.

Aggressive repricing on contract expirations in the circumstances noted above also placed downward pressure on renewal rates, particularly during the first half of 2016. Although many firms were successfully repriced to levels consistent with their usage and value received, price increases did lead to instances of cancellation. As always, competition is a factor, both with respect to new accounts and renewals with existing subscribers. We believe that our two-pronged strategy of expanding our property type and geographic coverage and the addition of many more property records and granular property-level details has allowed Reis to consolidate its leadership position among vendors of CRE market data and analytics. This assessment is supported by the significant increase in "win-backs" we experienced in 2016, especially as contracts expired between former subscribers and competitive vendors and these firms had the opportunity to return to Reis without the expense associated with maintaining multiple vendors.

As a result of efforts focusing on the improvement of our renewal rates in the second half of 2016, we have seen an improvement. Our quarterly renewal rates hit their recent lows in the second quarter of 2016 at an overall base renewal rate of 73.5% and a renewal rate, including price increases, of 77.4%. Those renewal rates increased to an overall base renewal rate of 84.2% and a renewal rate, including price increases, of 84.6% for the third quarter of 2016, and an overall base renewal rate of 83.7% and a renewal rate, including price increases, of 89.6% for the fourth quarter of 2016, respectively; a positive and promising trend.

***Multi-Year Contracts* —** In order to increase the predictability of fees from our subscribers and Reis's own revenue and cash flow, we have made a concerted effort to encourage multi-year contracts when appropriate, with terms of two or three years, and in some cases, four years. At December 31, 2015, approximately one-third of our subscribers were in multi-year contracts. At December 31, 2016, that rate has increased to 38%. For multi-year contracts, the average life of multi-year contracts signed in each of the last three years was approximately 2.2 years. There are significant benefits, on a selective basis, of multi-year contracts, including locking in recurring subscription revenue for longer periods, thereby improving our renewal rates and increasing the predictability of future revenues. Operationally, multi-year contracts free up account management resources to focus on subscribers requiring a higher level of attention and upselling opportunities across our account base. Finally, multi-year deals also insulate us from competitive pressures and increase the likeliness that Reis data and analytics will become embedded in the work flow of our clients.

In accordance with GAAP, our revenue recognition policy is to record revenue ratably over the life of a subscriber contract. Therefore any increases in the price of the subscription after the first year of a multi-year contract are considered in the total amount being straight-lined over the contract term. If a multi-year contract includes pricing steps on and after the first anniversary, there will be increasing cash flow from the contract, but no growth in revenue during the subsequent years under that contract. There has been resulting variability in our growth rates from having such a significant segment of our subscriber base under multi-year agreements which has also negatively impacted 2016 performance.

Other Revenue

The Company's other revenue includes non-subscription revenue such as (1) non-subscription custom data deliverables and (2) one-time settlements. For the years ended December 31, 2016, 2015 and 2014, approximately 4.5%, 14.1% and 3.9%, respectively, of total revenue was generated from custom data deliverables and one-time settlements. A description of the revenue from custom data deliverables and Intellectual Property settlements follows.

Custom Data Deliverables — The Company recognized significant revenue in 2015 from custom data deliverables and related services for one of our existing *Reis SE* subscribers. The revenue recorded reflected the portion of the custom data files that was delivered in June and December 2015 and February 2016, positively impacting results for the second and fourth quarters of 2015 and the first quarter of 2016. Revenue related to these deliverables aggregated $1,200,000 in 2016 (all in the first quarter of 2016) and $4,519,000 in the year ended December 31, 2015.

In 2016, Reis did not replicate similar custom data sales. Although custom data sales generally, and the 2015 contract specifically, created a higher level of volatility in our 2015 and 2016 revenue and earnings, a significant amount of cash was generated by the 2015 custom data contract. As we move forward into 2017, management hopes to be able to identify opportunities to sell custom data files, but structured as a subscription agreement with periodic quarterly updates in order to record revenue ratably, consistent with how the Company recognizes revenue for *Reis SE*.

Intellectual Property Settlements — Reis continues to successfully resolve cases in which our intellectual property rights have been violated. In 2015 and 2016, the Company was very active in protecting its intellectual property by pursuing firms and individuals who had previously gained unauthorized access to our services. The discovery of the instances of unauthorized usage creates opportunities for Reis's compliance team to engage in productive conversations with firms regarding ongoing access to Reis data in accordance with the terms and conditions of a subscription agreement. Reis has developed a programmatic approach to promptly resolving cases of unauthorized usage and is devoting significant client services and account management resources to increase the renewal rates of IP infringement related accounts to levels typical of all other Reis subscribers. As a result of these compliance procedures, the Company has been able to generate revenue through either one-time settlement payments or by signing up the non-complying firm or individual to an annual or multi-year *Reis SE* subscription.

Revenue from one-time settlement payments aggregated $931,000, $2,649,000 and $1,608,000 in the years ended December 31, 2016, 2015 and 2014, respectively. Although identified instances of non-compliance remains steady, the frequency and dollar amount of one-time settlements were lower in 2016 than in 2015. As our compliance team continues to identify instances of unauthorized access, the period of unauthorized usage is much shorter and report consumption is not as significant as cases that were settled in 2014 and 2015. Management believes that compliance resolutions will yield a continuing and significant volume of subscription contracts and recurring revenue for the foreseeable future.

Revenue Visibility into 2017

Historically, nearly all of the Company's revenue could be characterized as subscription-based recurring revenue. As stated above, in 2015 significant opportunities arose that resulted in Reis realizing a greater amount of revenue and cash flow that was more non-recurring in nature. When excluding the 2015 custom data deliverables and one-time settlements from intellectual property compliance cases, 85.9% of Reis's 2015 annual revenue was of a higher-quality recurring nature. By comparison, subscription-based recurring revenue for 2016 aggregated approximately 95.5% of reported total revenue. This is comparable to the percentage of 2014 subscription revenue of 96.1% of total revenue for that year. Therefore, despite a reduction in reported total revenue during 2016, management believes that the Company will be well positioned as we enter 2017 due to the higher percentage of revenue that is of a recurring nature.

As we approach 2017, management believes that there are other positive signs, in addition to the high percentage of subscription revenue under contract, that are also indicators that Reis will return to growth over the course of 2017, including: (1) the Company's strong pace of new customer acquisition; (2) improving renewal rates; (3) ongoing subscription opportunities created by the discovery of instances of unauthorized usage; (4) our pipeline with respect to both subscription-based data deliverables and portfolio analytics; and (5) the array of new products and enhancements that were launched in 2016 and that are expected to make our products more competitive in 2017.

Reconciliations of Income from Continuing Operations to EBITDA and Adjusted EBITDA

We define EBITDA as earnings (income (loss) from continuing operations) before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization and stock based compensation. Although EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with GAAP, senior management uses EBITDA and Adjusted EBITDA to measure operational and management performance. Management believes that EBITDA and Adjusted EBITDA are appropriate supplemental financial measures to be considered in addition to the reported GAAP basis financial information which may assist investors in evaluating and understanding: (1) the performance of the Reis Services segment, the primary business of the Company and (2) the Company's continuing consolidated results, from year to year or period to period, as applicable. Further, these measures provide the reader with the ability to understand our operational performance while isolating non-cash charges, such as depreciation and amortization expenses, as well as other non-operating items, such as interest income, interest expense and income taxes and, in the case of Adjusted EBITDA, isolates non-cash charges for stock based compensation.

Management also believes that disclosing EBITDA and Adjusted EBITDA will provide better comparability to other companies in the information services sector. However, because EBITDA and Adjusted EBITDA are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. EBITDA and Adjusted EBITDA are presented both for the Reis Services segment and on a consolidated basis. We believe that these metrics, for Reis Services, provide the reader with valuable information for evaluating the financial performance of the core Reis Services business, excluding public company costs, and for making assessments about the intrinsic value of that stand-alone business to a potential acquirer. Management primarily monitors and measures its performance, and is compensated, based on the results of the Reis Services segment. EBITDA and Adjusted EBITDA, on a consolidated basis, allow the reader to make assessments about the current trading value of the Company's common stock, including expenses related to operating as a public company. However, investors should not consider these measures in isolation or as substitutes for net income (loss), income from continuing operations, operating income, or any other measure for determining operating performance that is calculated in accordance with GAAP. Reconciliations of EBITDA and Adjusted EBITDA to the most comparable GAAP financial measure, income from continuing operations, follow for each identified period on a segment basis (including the Reis Services segment), as well as on a consolidated basis:

(amounts in thousands)

	By Segment		
Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Three Months Ended December 31, 2016	**Reis Services**	**Other (A)**	**Consolidated**
(Loss) income from continuing operations			$ (230)
Income tax expense			89
Income (loss) before income taxes and discontinued operations	$ 733	$ (874)	(141)
Add back:			
Depreciation and amortization expense	1,905	—	1,905
Interest expense (income), net	27	—	27
EBITDA	2,665	(874)	1,791
Add back:			
Stock based compensation expense, net	—	519	519
Adjusted EBITDA	$ 2,665	$ (355)	$ 2,310

See footnotes on next page.

(amounts in thousands)

	By Segment		
Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Year Ended December 31, 2016	**Reis Services**	**Other (A)**	**Consolidated**
Income from continuing operations			$ 2,781
Income tax expense			1,953
Income (loss) before income taxes and discontinued operations	$ 8,827	$ (4,093)	4,734
Add back:			
Depreciation and amortization expense	6,624	6	6,630
Interest expense (income), net	86	—	86
EBITDA	15,537	(4,087)	11,450
Add back:			
Stock based compensation expense, net	—	2,099	2,099
Adjusted EBITDA	$ 15,537	$ (1,988)	$ 13,549

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Three Months Ended December 31, 2015	By Segment: Reis Services	By Segment: Other (A)	Consolidated
Income from continuing operations			$ 2,342
Income tax expense			1,690
Income (loss) before income taxes and discontinued operations	$ 5,017	$ (985)	4,032
Add back:			
Depreciation and amortization expense	1,464	2	1,466
Interest expense (income), net	(4)	—	(4)
EBITDA	6,477	(983)	5,494
Add back:			
Stock based compensation expense, net	—	435	435
Adjusted EBITDA	$ 6,477	$ (548)	$ 5,929

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Year Ended December 31, 2015	By Segment: Reis Services	By Segment: Other (A)	Consolidated
Income from continuing operations			$ 8,071
Income tax expense			4,005
Income (loss) before income taxes and discontinued operations	$ 16,451	$ (4,375)	12,076
Add back:			
Depreciation and amortization expense	5,569	9	5,578
Interest expense (income), net	54	—	54
EBITDA	22,074	(4,366)	17,708
Add back:			
Stock based compensation expense, net	—	1,773	1,773
Adjusted EBITDA	$ 22,074	$ (2,593)	$ 19,481

Reconciliation of Income from Continuing Operations to EBITDA and Adjusted EBITDA for the Year Ended December 31, 2014	By Segment: Reis Services	By Segment: Other (A)	Consolidated
Income from continuing operations			$ 4,616
Income tax expense			2,842
Income (loss) before income taxes and discontinued operations	$ 11,559	$ (4,101)	7,458
Add back:			
Depreciation and amortization expense	5,202	9	5,211
Interest expense (income), net	91	—	91
EBITDA	16,852	(4,092)	12,760
Add back:			
Stock based compensation expense, net	—	1,565	1,565
Adjusted EBITDA	$ 16,852	$ (2,527)	$ 14,325

(A) Includes interest and other income, depreciation expense and general and administrative expenses (including public company related costs) that are not associated with the Reis Services segment. Since the reconciliations start with income from continuing operations, the effects of the discontinued operations are excluded from these reconciliations for all periods presented.

Reconciliations of Deferred Revenue and Aggregate Revenue Under Contract

Two balance sheet-based metrics management utilizes are deferred revenue and Aggregate Revenue Under Contract. Analyzing these amounts can provide additional insight into Reis Services's future financial performance. Deferred revenue, which is a GAAP basis accounting concept and is reported by the Company on the consolidated balance sheet, represents revenue from annual or longer term contracts for which we have billed and/or received payments from our subscribers related to services we will be providing over the remaining contract period. Aggregate Revenue Under Contract is the sum of deferred revenue and future revenue under non-cancellable contracts for which we do not yet have the contractual right to bill and excludes any future revenues expected to be derived from subscribers currently being billed on a monthly basis.

Deferred revenue will be recognized as revenue ratably over the remaining life of a contract for subscriptions, or in the case of future custom reports or projects, will be recognized as revenue upon completion and delivery to the customer, provided no significant Company obligations remain. At any given date, both deferred revenue and Aggregate Revenue Under Contract can be either positively or negatively influenced by: (1) the timing and dollar value of contracts signed and billed; (2) the quantity and timing of contracts that are multi-year; and (3) the impact of recording revenue ratably over the life of a multi-year contract, which moderates the effect of price increases after the first year. The following table reconciles deferred revenue to Aggregate Revenue Under Contract at December 31, 2016 and 2015, respectively.

	December 31,	
	2016	**2015**
Deferred revenue (GAAP basis)	$ 25,031,000	$ 25,291,000
Amounts under non-cancellable contracts for which the Company does not yet have the contractual right to bill at the period end (A) .	25,928,000	22,723,000
Aggregate Revenue Under Contract	$ 50,959,000	$ 48,014,000

(A) Amounts are billable subsequent to December 31 of each year and represent (i) non-cancellable contracts for subscribers with multi-year subscriptions where the future years are not yet billable, or (ii) subscribers with non-cancellable annual subscriptions with interim billing terms.

Included in Aggregate Revenue Under Contract at December 31, 2016 was approximately $34,778,000 related to amounts under contract for the forward twelve month period through December 31, 2017. The remainder reflects amounts under contract beyond December 31, 2017. The forward twelve month Aggregate Revenue Under Contract amount is approximately 73.2% of total revenue on a TTM basis at December 31, 2016. For comparison purposes, at December 31, 2015 and 2014, the forward twelve month Aggregate Revenue Under Contract was $33,822,000 and $30,516,000, respectively, and as a percentage of that year's total revenue was approximately 66.5% and 73.8%, respectively.

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