

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-37616

THE RMR GROUP INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State of Organization)

47-4122583
(IRS Employer Identification No.)

Two Newton Place, 255 Washington Street, Suite 300, Newton, MA 02458-1634
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code **617-796-8230**

Securities registered pursuant to Section 12(b) of the Act:

Title Of Each Class	Trading Symbol	Name Of Each Exchange On Which Registered
Class A common stock, \$0.001 par value per share	RMR	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided in Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 8, 2023, there were 15,612,179 shares of Class A common stock, par value \$0.001 per share, 1,000,000 shares of Class B-1 common stock, par value \$0.001 per share, and 15,000,000 shares of Class B-2 common stock, par value \$0.001 per share outstanding.

THE RMR GROUP INC.

FORM 10-Q

June 30, 2023

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PART I. Financial Information**Item 1. Financial Statements**

The RMR Group Inc.
Condensed Consolidated Balance Sheets
(dollars in thousands, except per share amounts)
(unaudited)

	<u>June 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 295,423	\$ 189,088
Due from related parties	102,101	108,821
Prepaid and other current assets	6,486	5,372
Total current assets	<u>404,010</u>	<u>303,281</u>
Property and equipment, net	5,501	2,495
Due from related parties, net of current portion	6,632	14,557
Equity method investments accounted for under the fair value option	17,525	49,114
Goodwill and intangible assets, net of amortization	2,034	2,057
Operating lease right of use assets	29,272	28,894
Deferred tax asset	18,578	17,112
Other assets, net of amortization	117,833	124,895
Total assets	<u>\$ 601,385</u>	<u>\$ 542,405</u>
Liabilities and Equity		
Current liabilities:		
Reimbursable accounts payable and accrued expenses	\$ 74,263	\$ 80,221
Accounts payable and accrued expenses	40,316	16,745
Operating lease liabilities	5,056	4,693
Employer compensation liability	1,039	7,516
Total current liabilities	<u>120,674</u>	<u>109,175</u>
Operating lease liabilities, net of current portion	25,406	25,626
Amounts due pursuant to tax receivable agreement, net of current portion	23,308	23,308
Employer compensation liability, net of current portion	6,632	14,557
Total liabilities	<u>176,020</u>	<u>172,666</u>
Commitments and contingencies		
Equity:		
Class A common stock, \$0.001 par value; 31,950,000 and 31,600,000 shares authorized, respectively; 15,614,152 and 15,606,115 shares issued and outstanding, respectively	16	16
Class B-1 common stock, \$0.001 par value; 1,000,000 shares authorized, issued and outstanding	1	1
Class B-2 common stock, \$0.001 par value; 15,000,000 shares authorized, issued and outstanding	15	15
Additional paid in capital	115,479	113,136
Retained earnings	405,400	355,949
Cumulative common distributions	(282,427)	(262,496)
Total shareholders' equity	<u>238,484</u>	<u>206,621</u>
Noncontrolling interest	186,881	163,118
Total equity	<u>425,365</u>	<u>369,739</u>
Total liabilities and equity	<u>\$ 601,385</u>	<u>\$ 542,405</u>

See accompanying notes.

The RMR Group Inc.
Condensed Consolidated Statements of Income
(amounts in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenues:				
Management services	\$ 45,872	\$ 51,819	\$ 141,490	\$ 144,867
Termination and incentive business management fees	45,474	—	45,474	—
Advisory services	1,141	1,137	3,371	3,392
Total management and advisory services revenues	92,487	52,956	190,335	148,259
Reimbursable compensation and benefits	15,235	14,189	44,441	42,092
Reimbursable equity based compensation	1,622	(69)	7,143	2,896
Other reimbursable expenses	170,881	144,012	497,465	397,063
Total reimbursable costs	187,738	158,132	549,049	442,051
Total revenues	280,225	211,088	739,384	590,310
Expenses:				
Compensation and benefits	34,239	32,170	102,039	95,671
Equity based compensation	2,100	512	8,719	4,719
Separation costs	1,064	400	2,002	617
Total compensation and benefits expense	37,403	33,082	112,760	101,007
General and administrative	9,575	8,323	28,198	24,464
Other reimbursable expenses	170,881	144,012	497,465	397,063
Transaction and acquisition related costs	1,196	—	1,196	—
Depreciation and amortization	281	253	821	731
Total expenses	219,336	185,670	640,440	523,265
Operating income	60,889	25,418	98,944	67,045
Interest income	2,833	279	6,837	402
Gain (loss) on equity method investments accounted for under the fair value option	663	(5,489)	23,513	(8,853)
Income before income tax expense	64,385	20,208	129,294	58,594
Income tax expense	(9,214)	(2,943)	(18,581)	(8,448)
Net income	55,171	17,265	110,713	50,146
Net income attributable to noncontrolling interest	(30,530)	(9,695)	(61,262)	(28,142)
Net income attributable to The RMR Group Inc.	\$ 24,641	\$ 7,570	\$ 49,451	\$ 22,004
Weighted average common shares outstanding - basic	16,435	16,343	16,416	16,332
Weighted average common shares outstanding - diluted	16,435	31,353	31,431	31,342
Net income attributable to The RMR Group Inc. per common share - basic	\$ 1.48	\$ 0.46	\$ 2.98	\$ 1.33
Net income attributable to The RMR Group Inc. per common share - diluted	\$ 1.48	\$ 0.46	\$ 2.97	\$ 1.33

Substantially all revenues are earned from related parties. See accompanying notes.

The RMR Group Inc.
Condensed Consolidated Statements of Shareholders' Equity
(dollars in thousands)
(unaudited)

	Class A Common Stock	Class B-1 Common Stock	Class B-2 Common Stock	Additional Paid In Capital	Retained Earnings	Cumulative Common Distributions	Total Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at September 30, 2022	\$ 16	\$ 1	\$ 15	\$ 113,136	\$ 355,949	\$ (262,496)	\$ 206,621	\$ 163,118	\$ 369,739
Share awards, net	—	—	—	594	—	—	594	—	594
Net income	—	—	—	—	6,337	—	6,337	7,903	14,240
Tax distributions to member	—	—	—	—	—	—	—	(3,839)	(3,839)
Common share distributions	—	—	—	—	—	(6,642)	(6,642)	(4,800)	(11,442)
Balance at December 31, 2022	16	1	15	113,730	362,286	(269,138)	206,910	162,382	369,292
Share awards, net	—	—	—	1,015	—	—	1,015	—	1,015
Net income	—	—	—	—	18,473	—	18,473	22,829	41,302
Tax distributions to member	—	—	—	—	—	—	—	(4,545)	(4,545)
Common share distributions	—	—	—	—	—	(6,641)	(6,641)	(4,800)	(11,441)
Balance at March 31, 2023	16	1	15	114,745	380,759	(275,779)	219,757	175,866	395,623
Share awards, net	—	—	—	734	—	—	734	—	734
Net income	—	—	—	—	24,641	—	24,641	30,530	55,171
Tax distributions to member	—	—	—	—	—	—	—	(14,715)	(14,715)
Common share distributions	—	—	—	—	—	(6,648)	(6,648)	(4,800)	(11,448)
Balance at June 30, 2023	\$ 16	\$ 1	\$ 15	\$ 115,479	\$ 405,400	\$ (282,427)	\$ 238,484	\$ 186,881	\$ 425,365

See accompanying notes.

The RMR Group Inc.
Condensed Consolidated Statements of Shareholders' Equity (Continued)
(dollars in thousands)
(unaudited)

	Class A Common Stock	Class B-1 Common Stock	Class B-2 Common Stock	Additional Paid In Capital	Retained Earnings	Cumulative Common Distributions	Total Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at September 30, 2021	\$ 15	\$ 1	\$ 15	\$ 109,910	\$ 321,945	\$ (236,766)	\$ 195,120	\$ 152,595	\$ 347,715
Share awards, net	—	—	—	613	—	—	613	—	613
Net income	—	—	—	—	8,042	—	8,042	10,250	18,292
Tax distributions to member	—	—	—	—	—	—	—	(1,979)	(1,979)
Common share distributions	—	—	—	—	—	(6,264)	(6,264)	(4,500)	(10,764)
Balance at December 31, 2021	15	1	15	110,523	329,987	(243,030)	197,511	156,366	353,877
Share awards, net	1	—	—	1,144	—	—	1,145	—	1,145
Net income	—	—	—	—	6,392	—	6,392	8,197	14,589
Tax distributions to member	—	—	—	—	—	—	—	(4,277)	(4,277)
Common share distributions	—	—	—	—	—	(6,265)	(6,265)	(4,500)	(10,765)
Balance at March 31, 2022	16	1	15	111,667	336,379	(249,295)	198,783	155,786	354,569
Share awards, net	—	—	—	729	—	—	729	—	729
Net income	—	—	—	—	7,570	—	7,570	9,695	17,265
Tax distributions to member	—	—	—	—	—	—	—	(4,154)	(4,154)
Common share distributions	—	—	—	—	—	(6,601)	(6,601)	(4,800)	(11,401)
Balance at June 30, 2022	\$ 16	\$ 1	\$ 15	\$ 112,396	\$ 343,949	\$ (255,896)	\$ 200,481	\$ 156,527	\$ 357,008

See accompanying notes.

The RMR Group Inc.
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Nine Months Ended June 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net income	\$ 110,713	\$ 50,146
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	821	731
Straight line office rent	(235)	(247)
Amortization expense related to other assets	7,062	7,062
Deferred income taxes	(1,466)	(132)
Operating expenses paid in The RMR Group Inc. common shares	2,522	2,518
Distributions from equity method investments	1,623	415
(Gain) loss on equity method investments accounted for under the fair value option	(23,513)	8,853
Changes in assets and liabilities:		
Due from related parties	243	(8,550)
Prepaid and other current assets	(1,114)	18
Reimbursable accounts payable and accrued expenses	(5,958)	12,205
Accounts payable and accrued expenses	22,994	16,837
Net cash from operating activities	<u>113,692</u>	<u>89,856</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(3,227)	(915)
Equity method investment in Seven Hills Realty Trust	—	(9,469)
Proceeds from sale of TravelCenters of America Inc. common shares	53,479	—
Net cash provided by (used in) investing activities	<u>50,252</u>	<u>(10,384)</u>
Cash Flows from Financing Activities:		
Distributions to noncontrolling interest	(37,499)	(24,210)
Distributions to common shareholders	(19,931)	(19,130)
Repurchase of common shares	(179)	(31)
Net cash used in financing activities	<u>(57,609)</u>	<u>(43,371)</u>
Increase in cash and cash equivalents	106,335	36,101
Cash and cash equivalents at beginning of period	189,088	159,835
Cash and cash equivalents at end of period	<u>\$ 295,423</u>	<u>\$ 195,936</u>
Supplemental Cash Flow Information and Non-Cash Activities:		
Income taxes paid	<u>\$ 16,978</u>	<u>\$ 7,392</u>
Recognition of right of use assets and related lease liabilities	<u>\$ 4,119</u>	<u>\$ 783</u>

See accompanying notes.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(dollars in thousands, except per share amounts)

Note 1. Basis of Presentation

The RMR Group Inc., or RMR Inc., is a holding company and substantially all of its business is conducted by its majority owned subsidiary, The RMR Group LLC, or RMR LLC. RMR Inc. is a Maryland corporation and RMR LLC is a Maryland limited liability company. RMR Inc. serves as the sole managing member of RMR LLC and, in that capacity, operates and controls the business and affairs of RMR LLC. In these financial statements, unless otherwise indicated, “we”, “us” and “our” refer to RMR Inc. and its direct and indirect subsidiaries, including RMR LLC.

As of June 30, 2023, RMR Inc. owned 15,614,152 class A membership units of RMR LLC, or Class A Units, and 1,000,000 class B membership units of RMR LLC, or Class B Units. The aggregate RMR LLC membership units RMR Inc. owns represented 52.6% of the economic interest of RMR LLC as of June 30, 2023. We refer to economic interest as the right of a holder of a Class A Unit or Class B Unit to share in distributions made by RMR LLC and, upon liquidation, dissolution or winding up of RMR LLC, to share in the assets of RMR LLC after payments to creditors. A wholly owned subsidiary of ABP Trust, a Maryland statutory trust, owns 15,000,000 redeemable Class A Units, representing 47.4% of the economic interest of RMR LLC as of June 30, 2023, which is presented as a noncontrolling interest within the condensed consolidated financial statements. Adam D. Portnoy, the Chair of our Board, one of our Managing Directors and our President and Chief Executive Officer, is the sole trustee of ABP Trust, and owns all of ABP Trust’s voting securities.

RMR LLC was founded in 1986 to manage public investments in real estate and, as of June 30, 2023, managed a diverse portfolio of real estate and real estate related businesses. RMR LLC provides management services to four publicly traded equity real estate investment trusts, or REITs: Diversified Healthcare Trust, or DHC, which owns medical office and life science properties, senior living communities and wellness centers; Industrial Logistics Properties Trust, or ILPT, which owns and leases industrial and logistics properties; Office Properties Income Trust, or OPI, which owns office properties primarily leased to single tenants and those with high quality credit characteristics, including the government; and Service Properties Trust, or SVC, which owns a diverse portfolio of hotels and net lease service and necessity-based retail properties. DHC, ILPT, OPI and SVC are collectively referred to as the Managed Equity REITs. On April 11, 2023, OPI and DHC entered into an agreement to merge, pursuant to which DHC will be merged with and into OPI, with OPI continuing as the surviving entity in the merger. RMR LLC will continue to manage the surviving entity following the merger. For additional information, see Note 6, *Related Person Transactions*.

RMR LLC’s wholly owned subsidiary, Tremont Realty Capital LLC, or Tremont, an investment adviser registered with the Securities and Exchange Commission, or SEC, provides advisory services for Seven Hills Realty Trust, or SEVN. SEVN is a publicly traded mortgage REIT that focuses on originating and investing in first mortgage loans secured by middle market and transitional commercial real estate. Tremont has in the past and may in the future manage additional accounts that invest in commercial real estate debt. Tremont may also act as a transaction broker for non-investment advisory clients for negotiated fees, which we refer to as the Tremont business.

RMR LLC also provided management services to TravelCenters of America Inc., or TA, until it was acquired by BP Products North America Inc., or BP, on May 15, 2023. TA is a real estate operating company that operates and franchises travel centers primarily along the U.S. interstate highway system, many of which are owned by SVC, and standalone truck service facilities. The Managed Equity REITs, SEVN, and until May 15, 2023, TA, are collectively referred to as the Perpetual Capital clients.

In addition, RMR LLC provides management services to private capital vehicles, including ABP Trust, AlerisLife Inc., or AlerisLife, Sonesta International Hotels Corporation, or Sonesta, and other private entities that own commercial real estate, of which certain of our Managed Equity REITs own minority equity interests. These clients are collectively referred to as the Private Capital clients. AlerisLife is an operator of senior living communities, many of which are owned by DHC, and as discussed in Note 6, *Related Person Transactions*, was a publicly traded company until March 20, 2023 when it was acquired by a subsidiary of ABP Trust. As a result of this transaction, amounts relating to AlerisLife are characterized as Private Capital for all periods presented. Sonesta is a privately owned franchisor and operator of hotels, resorts and cruise ships in the United States, Latin America, the Caribbean and the Middle East, and many of the U.S. hotels that Sonesta operates are owned by SVC.

The accompanying condensed consolidated financial statements are unaudited. Certain information and disclosures required by U.S. Generally Accepted Accounting Principles, or GAAP, for complete financial statements have been condensed or omitted. We believe the disclosures made are adequate to make the information presented not misleading.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

However, the accompanying condensed consolidated financial statements should be read in conjunction with the financial statements and notes contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022, or our 2022 Annual Report. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. All intercompany transactions and balances with or among our consolidated subsidiaries have been eliminated. Our operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

We report our results in a single reportable segment, which reflects how our chief operating decision maker allocates resources and evaluates our financial results. Preparation of these financial statements in conformity with GAAP requires our management to make certain estimates and assumptions that may affect the amounts reported in these condensed consolidated financial statements and related notes. The actual results could differ from these estimates.

Note 2. Revenue Recognition

Revenues from services that we provide are recognized as earned over time as the services provided represent performance obligations that are satisfied over time.

Management Agreements with the Managed Equity REITs

We are party to a business management and a property management agreement with each Managed Equity REIT. The following is a summary of the fees we earn pursuant to our business management agreements with the Managed Equity REITs. For a summary of the fees we earn pursuant to our property management agreements with the Managed Equity REITs, please see *Property Management Agreements*, below.

Base Business Management Fees — We earn annual base business management fees from the Managed Equity REITs by providing continuous services pursuant to business management agreements equal to the lesser of:

- the sum of (a) 0.5% of the historical cost of transferred real estate assets, if any, as defined in the applicable business management agreement, plus (b) 0.7% of the average invested capital (exclusive of the transferred real estate assets), as defined in the applicable business management agreement, up to \$250,000, plus (c) 0.5% of the average invested capital exceeding \$250,000; and
- the sum of (a) 0.7% of the average market capitalization, as defined in the applicable business management agreement, up to \$250,000, plus (b) 0.5% of the average market capitalization exceeding \$250,000.

The foregoing base business management fees are paid in cash monthly in arrears.

We earned aggregate base business management fees from the Managed Equity REITs of \$21,037 and \$25,446 for the three months ended June 30, 2023 and 2022, respectively, and \$63,894 and \$73,085 for the nine months ended June 30, 2023 and 2022, respectively.

Incentive Business Management Fees — We also may earn annual incentive business management fees from the Managed Equity REITs under the business management agreements. The incentive business management fees, which are payable in cash, are contingent performance based fees recognized only when earned at the end of each respective measurement period. Incentive business management fees are excluded from the transaction price until it becomes probable that there will not be a significant reversal of cumulative revenue recognized.

The incentive business management fees are calculated for each Managed Equity REIT as 12.0% of the product of (a) the equity market capitalization of the Managed Equity REIT, as defined in the applicable business management agreement, on the last trading day of the year immediately prior to the relevant measurement period and (b) the amount, expressed as a percentage, by which the Managed Equity REIT's total return per share, as defined in the applicable business management agreement, exceeded the applicable benchmark total return per share, as defined in the applicable business management agreement, of a specified REIT index identified in the applicable business management agreement for the measurement period, as adjusted for net share issuances during the period and subject to caps on the values of the incentive fees. The measurement period for the annual incentive business management fees is defined as the three year period ending on December 31 of the year for which such fee is being calculated.

We did not earn incentive business management fees from the Managed Equity REITs for calendar years 2022 or 2021.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

Other Management Agreements

We earn management fees by providing continuous services pursuant to the management agreements with AlerisLife, Sonesta and until May 15, 2023, TA, equal to 0.6% of: (i) in the case of AlerisLife, AlerisLife's revenues from all sources reportable under GAAP, less any revenues reportable by AlerisLife with respect to properties for which it provides management services, plus the gross revenues at those properties determined in accordance with GAAP; (ii) in the case of Sonesta, Sonesta's revenues from all sources reportable under GAAP, less any revenues reportable by Sonesta with respect to hotels for which it provides management services, plus the gross revenues at those hotels determined in accordance with GAAP; and (iii) in the case of TA, the sum of TA's gross fuel margin, as defined in the applicable agreement, plus TA's total nonfuel revenues. These management fees are estimated and payable in cash monthly in advance.

We also earn management fees from certain Private Capital clients based on a percentage of average invested capital, as defined in the applicable management agreements. These management fees are payable in cash monthly in arrears.

We earned aggregate base business management fees from TA and the Private Capital clients of \$9,134 and \$11,107 for the three months ended June 30, 2023 and 2022, respectively, and \$29,874 and \$28,296 for the nine months ended June 30, 2023 and 2022, respectively. In addition, in connection with BP's acquisition of TA on May 15, 2023, TA terminated its business management agreement with us and paid us the applicable termination fee of \$45,282.

Property Management Agreements

We earn property management fees by providing continuous services pursuant to property management agreements with the Managed Equity REITs and certain Private Capital clients. We generally earn fees under these agreements equal to 3.0% of gross collected rents. Also, under the terms of the property management agreements, we receive additional fees for construction supervision services up to 5.0% of the cost of such construction.

For the three months ended June 30, 2023 and 2022, we earned aggregate property management fees of \$15,649 and \$15,220, respectively, including construction supervision fees of \$4,418 and \$4,596, respectively. For the nine months ended June 30, 2023 and 2022, we earned aggregate property management fees of \$47,670 and \$43,387, respectively, including construction supervision fees of \$14,120 and \$11,623, respectively.

Management Agreements with Advisory Clients

Tremont is primarily compensated pursuant to its management agreement with SEVN at an annual rate of 1.5% of equity, as defined in the applicable agreement. We earned advisory services revenue of \$1,141 and \$1,137 for the three months ended June 30, 2023 and 2022, respectively, and \$3,371 and \$3,392 for the nine months ended June 30, 2023 and 2022, respectively.

Tremont may also earn an incentive fee under its management agreement with SEVN equal to the difference between: (a) the product of (i) 20% and (ii) the difference between (A) core earnings, as defined in the agreement, for the most recent 12 month period (or such lesser number of completed calendar quarters, if applicable), including the calendar quarter (or part thereof) for which the calculation of the incentive fee is being made, and (B) the product of (1) equity in the most recent 12 month period (or such lesser number of completed calendar quarters, if applicable), including the calendar quarter (or part thereof) for which the calculation of the incentive fee is being made, and (2) 7% per year and (b) the sum of any incentive fees paid to Tremont with respect to the first three calendar quarters of the most recent 12 month period (or such lesser number of completed calendar quarters preceding the applicable period, if applicable). No incentive fee shall be payable with respect to any calendar quarter unless core earnings for the 12 most recently completed calendar quarters in the aggregate is greater than zero. The incentive fee may not be less than zero. Tremont earned incentive fees from SEVN of \$192 for the three and nine months ended June 30, 2023. Tremont did not earn incentive fees from SEVN for the three or nine months ended June 30, 2022.

The Tremont business earns between 0.5% and 1.0% of the aggregate principal amounts of any loans it brokers. The Tremont business earned fees for such brokerage services of \$52 and \$46 for the three months ended June 30, 2023 and 2022, respectively, and \$52 and \$99 for the nine months ended June 30, 2023 and 2022, respectively, which amounts are included in management services revenue in our condensed consolidated statements of income.

Reimbursable Costs

Reimbursable Compensation and Benefits — Reimbursable compensation and benefits include reimbursements, at cost, that arise primarily from services our employees provide pursuant to our property management agreements at the properties of

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

our clients. A significant portion of these compensation and benefits are charged or passed through to and paid by tenants of our clients. We recognize the revenue for reimbursements when we incur the related reimbursable compensation and benefits expense on behalf of our clients.

Reimbursable Equity Based Compensation — Reimbursable equity based compensation includes awards of common shares by our clients directly to certain of our officers and employees in connection with the provision of management services to those clients. The revenue in respect of each award is based on the fair value as of the award date for those shares that have vested, with subsequent changes in the fair value of the unvested awards being recognized in our condensed consolidated statements of income over the requisite service periods. We record an equal, offsetting amount as equity based compensation expense for the value of these awards.

Other Reimbursable Expenses — Other reimbursable expenses include reimbursements that arise from services we provide pursuant to our property management agreements, which include third party costs related to matters such as maintenance and repairs, development costs, security and cleaning services, a significant portion of which are charged or passed through to and paid by tenants of our clients.

Note 3. Equity Method Investments

Seven Hills Realty Trust

As of June 30, 2023, Tremont owned 1,708,058, or approximately 11.6%, of SEVN's outstanding common shares. We account for our investment in SEVN using the equity method of accounting because we are deemed to exert significant influence, but not control, over SEVN's most significant activities. We elected the fair value option to account for our equity method investment in SEVN and determine fair value using the closing price of SEVN's common shares as of the end of the period, which is a Level 1 fair value input. The aggregate market value of our investment in SEVN at June 30, 2023 and September 30, 2022, based on quoted market prices, was \$17,525 and \$15,577, respectively. The unrealized gain (loss) in our condensed consolidated statements of income related to our investment in SEVN was \$974 and \$(209) for the three months ended June 30, 2023 and 2022, respectively, and \$3,571 and \$675 for the nine months ended June 30, 2023 and 2022, respectively. We received distributions from SEVN of \$598 and \$207 for the three months ended June 30, 2023 and 2022, respectively, and \$1,623 and \$415 for the nine months ended June 30, 2023 and 2022, respectively.

TravelCenters of America Inc.

We previously owned 621,853, or approximately 4.1%, of TA's outstanding common shares, that had a cost of \$13,701 and were accounted for using the equity method of accounting under the fair value option. As discussed in Note 6, *Related Person Transactions*, BP acquired TA on May 15, 2023 for \$86.00 per share in cash. In connection with that acquisition, we received \$53,479 for the TA common shares we owned and realized a gain of \$39,778. We previously accounted for our investment in TA using the equity method of accounting because we were deemed to exert significant influence, but not control, over TA's most significant activities. Under the fair value option, we determined fair value using the closing price of TA's common shares as of the end of the period, which was a Level 1 fair value input, and recorded changes in fair value in earnings in our condensed consolidated statements of income. Net gains and losses recorded in our condensed consolidated statements of income related to our investment in TA was \$(311) and \$5,280 for the three months ended June 30, 2023 and 2022, respectively, and \$19,942 and \$(9,528) for the nine months ended June 30, 2023 and 2022, respectively.

Note 4. Income Taxes

We are the sole managing member of RMR LLC. We are a corporation subject to U.S. federal and state income tax with respect to our allocable share of any taxable income of RMR LLC and its tax consolidated subsidiaries. RMR LLC is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, RMR LLC is generally not subject to U.S. federal and most state income taxes. Any taxable income or loss generated by RMR LLC is passed through to and included in the taxable income or loss of its members, including RMR Inc. and ABP Trust, based on each member's respective ownership percentage.

For the three months ended June 30, 2023 and 2022, we recognized estimated income tax expense of \$9,214 and \$2,943, respectively, which includes \$6,751 and \$2,162, respectively, of U.S. federal income tax and \$2,463 and \$781, respectively, of state income taxes. For the nine months ended June 30, 2023 and 2022, we recognized estimated income tax expense of \$18,581 and \$8,448, respectively, which includes \$13,614 and \$6,205, respectively, of U.S. federal income tax and \$4,967 and \$2,243, respectively, of state income taxes.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

A reconciliation of the statutory income tax rate to the effective tax rate is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Income taxes computed at the federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	3.1 %	3.1 %	3.0 %	3.1 %
Permanent items	0.2 %	0.6 %	0.3 %	0.4 %
Net income attributable to noncontrolling interest	(10.0)%	(10.1)%	(9.9)%	(10.1)%
Total	14.3 %	14.6 %	14.4 %	14.4 %

ASC 740, *Income Taxes*, provides a model for how a company should recognize, measure and present in its financial statements uncertain tax positions that have been taken or are expected to be taken with respect to all open years and in all significant jurisdictions. Pursuant to this topic, we recognize a tax benefit only if it is “more likely than not” that a particular tax position will be sustained upon examination or audit. To the extent the “more likely than not” standard has been satisfied, the benefit associated with a tax position is measured as the largest amount that is greater than 50.0% likely to be realized upon settlement. As of June 30, 2023 and 2022, we had no uncertain tax positions.

Note 5. Fair Value of Financial Instruments

As of June 30, 2023 and September 30, 2022, the fair values of our financial instruments, which include cash and cash equivalents, amounts due from related parties, accounts payable and accrued expenses and reimbursable accounts payable and accrued expenses, were not materially different from their carrying values due to the short term nature of these financial instruments.

On a recurring basis, we measure certain financial assets and financial liabilities at fair value based upon quoted market prices. ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). A financial asset’s or financial liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents our assets and liabilities that have been measured at fair value using Level 1 inputs in the fair value hierarchy as of June 30, 2023 and September 30, 2022:

	June 30, 2023	September 30, 2022
Current portion of due from related parties related to share based payment awards	\$ 1,039	\$ 7,516
Long term portion of due from related parties related to share based payment awards	6,632	14,557
Equity method investment in SEVN	17,525	15,577
Equity method investment in TA	—	33,537
Current portion of employer compensation liability related to share based payment awards	1,039	7,516
Long term portion of employer compensation liability related to share based payment awards	6,632	14,557

Note 6. Related Person Transactions

Adam D. Portnoy, Chair of our Board, one of our Managing Directors and our President and Chief Executive Officer, is the sole trustee of our controlling shareholder, ABP Trust, and owns all of ABP Trust’s voting securities and a majority of the economic interests of ABP Trust. RMR Inc.’s other executive officers are officers and employees of RMR LLC, and Jennifer B. Clark, our other Managing Director, and Matthew P. Jordan, our Executive Vice President, Chief Financial Officer and Treasurer, are also officers of ABP Trust.

Mr. Portnoy is the chair of the board and a managing trustee of each of the Perpetual Capital clients, the controlling shareholder and a director of Sonesta (and its parent) and was the chair of the board and a managing director of AlerisLife until March 20, 2023 when AlerisLife was acquired by ABP Trust. Since March 20, 2023, Mr. Portnoy is the sole director of AlerisLife. Mr. Portnoy was the chair of the board and a managing director of TA until May 15, 2023 when TA was acquired

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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by BP. Ms. Clark is a managing trustee of OPI and a director of Sonesta (and its parent), and she previously served as a managing director of AlerisLife until March 20, 2023. Ms. Clark also serves as the secretary of all the Perpetual Capital clients, Sonesta and AlerisLife.

As of June 30, 2023, Adam D. Portnoy beneficially owned 13.5% of SEVN's outstanding common shares (including through Tremont and ABP Trust) and 9.8% of DHC's outstanding common shares (including through ABP Trust). In addition, Mr. Portnoy beneficially owns shares of ILPT, OPI, SVC, and prior to May 15, 2023, TA, comprising less than 5.0% of the outstanding shares of each of those respective companies.

The Managed Equity REITs and SEVN have no employees. RMR LLC provides or arranges for all the personnel, overhead and services required for the operation of the Managed Equity REITs pursuant to management agreements with them. The officers of the Managed Equity REITs and ABP Trust are officers or employees of RMR LLC. All the officers, overhead and required office space of SEVN are provided or arranged by Tremont. SEVN's officers are officers or employees of Tremont or RMR LLC. Some of the executive officers of TA (prior to May 15, 2023), AlerisLife and Sonesta are officers or employees of RMR LLC. Our executive officers are also managing trustees of certain of the Perpetual Capital clients.

Additional information about our related person transactions appears in Note 7, *Shareholders' Equity*, below and in our 2022 Annual Report.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

Revenues from Related Parties

For the three months ended June 30, 2023 and 2022, we recognized revenues from related parties as set forth in the following table:

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues
Perpetual Capital:						
DHC	\$ 5,655	\$ 37,352	\$ 43,007	\$ 7,208	\$ 41,318	\$ 48,526
ILPT	9,113	10,664	19,777	9,803	8,126	17,929
OPI	9,363	89,220	98,583	10,640	80,083	90,723
SVC	10,308	34,643	44,951	10,721	10,412	21,133
Total Managed Equity REITs	34,439	171,879	206,318	38,372	139,939	178,311
SEVN	1,333	1,193	2,526	1,137	1,006	2,143
TA ⁽¹⁾	47,238	—	47,238	4,441	527	4,968
	83,010	173,072	256,082	43,950	141,472	185,422
Private Capital:						
AlerisLife ⁽²⁾	1,381	—	1,381	1,239	99	1,338
Sonesta	2,796	—	2,796	2,491	46	2,537
Other private entities	5,248	14,666	19,914	5,230	16,515	21,745
	9,425	14,666	24,091	8,960	16,660	25,620
Total revenues from related parties	92,435	187,738	280,173	52,910	158,132	211,042
Revenues from unrelated parties	52	—	52	46	—	46
Total revenues	\$ 92,487	\$ 187,738	\$ 280,225	\$ 52,956	\$ 158,132	\$ 211,088

(1) On May 15, 2023, BP acquired TA and TA terminated its management agreement with us. In connection with the termination of TA's management agreement, we received the applicable termination fee of \$45,282. For further information, please see "TA Merger" below.

(2) On March 20, 2023, AlerisLife merged with and into a subsidiary of ABP Trust and ceased to be a public company. As a result, the revenues earned with respect to AlerisLife are characterized as Private Capital for all periods presented. For further information about this transaction, please see "ABP Trust's Acquisition of AlerisLife" below.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

For the nine months ended June 30, 2023 and 2022, we recognized revenues from related parties as set forth in the following table:

	Nine Months Ended June 30, 2023			Nine Months Ended June 30, 2022		
	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues
Perpetual Capital: ⁽¹⁾						
DHC	\$ 17,593	\$ 117,821	\$ 135,414	\$ 23,737	\$ 109,241	\$ 132,978
ILPT	27,377	30,615	57,992	21,545	20,387	41,932
OPI	29,448	268,204	297,652	31,722	221,249	252,971
SVC	30,046	75,468	105,514	34,113	43,641	77,754
Total Managed Equity REITs	104,464	492,108	596,572	111,117	394,518	505,635
SEVN	3,563	3,516	7,079	3,392	4,563	7,955
TA ⁽²⁾	55,214	3,476	58,690	11,499	1,235	12,734
	163,241	499,100	662,341	126,008	400,316	526,324
Private Capital: ⁽¹⁾						
AlerisLife ⁽³⁾	4,014	97	4,111	3,610	245	3,855
Sonesta	6,954	544	7,498	6,092	84	6,176
Other private entities	16,074	49,308	65,382	12,450	41,406	53,856
	27,042	49,949	76,991	22,152	41,735	63,887
Total revenues from related parties	190,283	549,049	739,332	148,160	442,051	590,211
Revenues from unrelated parties	52	—	52	99	—	99
Total revenues	<u>\$ 190,335</u>	<u>\$ 549,049</u>	<u>\$ 739,384</u>	<u>\$ 148,259</u>	<u>\$ 442,051</u>	<u>\$ 590,310</u>

- (1) On December 23, 2021, DHC sold a 35% equity interest in its existing joint venture with an institutional investor. Following this sale, DHC owned a 20% equity interest in this joint venture. As a result, the revenues earned with respect to this joint venture are characterized as Private Capital for periods on and after December 23, 2021 and as Perpetual Capital for periods prior to December 23, 2021. On June 29, 2022, DHC sold an additional 10% equity interest in this joint venture. Following this additional sale, DHC owns a 10% equity interest in this joint venture.
- (2) On May 15, 2023, BP acquired TA and TA terminated its management agreement with us. In connection with the termination of TA's management agreement, we received the applicable termination fee of \$45,282. For further information, please see "TA Merger" below.
- (3) On March 20, 2023, AlerisLife merged with and into a subsidiary of ABP Trust and ceased to be a public company. As a result, the revenues earned with respect to AlerisLife are characterized as Private Capital for all periods presented. For further information about this transaction, please see "ABP Trust's Acquisition of AlerisLife" below.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

Amounts Due From Related Parties

The following table presents amounts due from related parties as of the dates indicated:

	June 30, 2023			September 30, 2022		
	Accounts Receivable	Reimbursable Costs	Total	Accounts Receivable	Reimbursable Costs	Total
Perpetual Capital:						
DHC	\$ 4,692	\$ 15,525	\$ 20,217	\$ 8,098	\$ 14,148	\$ 22,246
ILPT	3,928	7,739	11,667	3,235	13,717	16,952
OPI	6,125	45,206	51,331	335	47,943	48,278
SVC	4,640	6,096	10,736	5,627	5,357	10,984
Total Managed Equity REITs	19,385	74,566	93,951	17,295	81,165	98,460
SEVN	3,115	1,433	4,548	1,768	1,262	3,030
TA ⁽¹⁾	—	—	—	124	11,635	11,759
	22,500	75,999	98,499	19,187	94,062	113,249
Private Capital:						
AlerisLife ⁽²⁾	68	—	68	112	492	604
Sonesta	65	—	65	127	290	417
Other private entities	4,166	5,935	10,101	1,658	7,450	9,108
	4,299	5,935	10,234	1,897	8,232	10,129
	\$ 26,799	\$ 81,934	\$ 108,733	\$ 21,084	\$ 102,294	\$ 123,378

- (1) On May 15, 2023, BP acquired TA and TA terminated its management agreement with us. For further information about this transaction, please see “TA Merger” below.
- (2) On March 20, 2023, AlerisLife merged with and into a subsidiary of ABP Trust and ceased to be a public company. As a result, the amounts due from related parties with respect to AlerisLife are characterized as Private Capital for all periods presented. For further information about this transaction, please see “ABP Trust’s Acquisition of AlerisLife” below.

Leases

As of June 30, 2023, RMR LLC leased from ABP Trust and certain Managed Equity REITs office space for use as our headquarters and local offices. We incurred rental expense under related party leases aggregating \$1,221 and \$1,470 for the three months ended June 30, 2023 and 2022, respectively, and \$4,052 and \$4,444 for the nine months ended June 30, 2023 and 2022, respectively.

Tax-Related Payments

Pursuant to our tax receivable agreement with ABP Trust, RMR Inc. pays to ABP Trust 85.0% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that RMR Inc. realizes as a result of (a) the increases in tax basis attributable to our dealings with ABP Trust and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the tax receivable agreement. As of June 30, 2023, our condensed consolidated balance sheet reflects a liability related to the tax receivable agreement of \$25,583, including \$2,275 classified as a current liability in accounts payable and accrued expenses that we expect to pay to ABP Trust during the fourth quarter of fiscal year 2023.

Under the RMR LLC operating agreement, RMR LLC is also required to make certain pro rata distributions to each member of RMR LLC quarterly on the basis of the estimated tax liabilities of its members, subject to future adjustment based on actual results. For the nine months ended June 30, 2023 and 2022, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to holders of its membership units totaling \$48,857 and \$21,969, respectively, of which \$25,758 and \$11,559, respectively, was distributed to us and \$23,099 and \$10,410, respectively, was distributed to ABP Trust, based on each membership unit holder’s respective ownership percentage. The amounts distributed to us were eliminated in our condensed consolidated financial statements, and the amounts distributed to ABP Trust were recorded as a reduction of

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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its noncontrolling interest. We use funds from these distributions to pay certain of our U.S. federal and state income tax liabilities and to pay part of our obligations under the tax receivable agreement.

Purchase of SEVN Shares

On May 11, 2022, Tremont Realty Capital purchased 882,407 SEVN common shares of beneficial interest from Diane Portnoy, the mother of Adam D. Portnoy, for an aggregate purchase price of \$9,469. As of June 30, 2023, Tremont owned 1,708,058 SEVN common shares, and Mr. Portnoy beneficially owned 13.5% of SEVN's outstanding common shares of beneficial interest (including through Tremont and ABP Trust).

ABP Trust's Acquisition of AlerisLife

On March 20, 2023, ABP Trust acquired AlerisLife. In connection with that acquisition, AlerisLife terminated its management agreement with RMR LLC and RMR LLC waived its right to receive payment of the termination fee that would have otherwise resulted due to the acquisition. In consideration of this waiver, RMR LLC and ABP Trust amended and restated their management agreement to provide that (i) RMR LLC will also provide services to AlerisLife at ABP Trust's request, (ii) ABP Trust will pay to RMR LLC management fees with respect to AlerisLife, which fees are calculated based upon AlerisLife's revenues in the same manner as such fees would have been calculated under AlerisLife's terminated management agreement with RMR LLC, and (iii) AlerisLife's properties will not be subject to ABP Trust's property management agreement with RMR LLC.

TA Merger

On May 15, 2023, BP acquired TA in a merger transaction for \$86.00 per TA common share in cash, or the TA Merger. RMR LLC received \$53,479 for its TA common shares pursuant to that acquisition. In connection with that acquisition, RMR LLC, which owned an aggregate amount of 4.1% of TA's outstanding common shares, entered into a voting agreement with BP pursuant to which RMR LLC agreed to vote all of its TA common shares to approve the transaction. Upon consummation of the acquisition, TA terminated its business management agreement with us and in accordance with its terms paid us the applicable termination fee of \$45,282.

OPI's Merger Agreement with DHC

On April 11, 2023, DHC and OPI entered into an Agreement and Plan of Merger, or the DHC-OPI Merger Agreement, pursuant to which, on the terms and subject to the satisfaction or waiver of the conditions thereof, DHC will be merged with and into OPI, with OPI continuing as the surviving entity in the merger, or the DHC-OPI Merger. The DHC-OPI Merger is expected to close during the third quarter of calendar 2023. Contemporaneously with the execution of the DHC-OPI Merger Agreement, we, DHC and OPI entered into a letter agreement, or the RMR Letter Agreement, pursuant to which, on the terms and subject to conditions contained therein, we and DHC have acknowledged and agreed that, effective upon consummation of the DHC-OPI Merger, DHC shall have terminated its business and property management agreements with us for convenience, and we shall have waived our right to receive payment of the termination fee pursuant to each such agreement upon such termination. We will continue to manage the surviving entity following the DHC-OPI Merger. Contemporaneously with the execution of the DHC-OPI Merger Agreement, RMR LLC and OPI entered into a Third Amended and Restated Property Management Agreement, or the Amended Property Management Agreement. The effectiveness of the Amended Property Management Agreement is conditioned upon and will be concurrent with the consummation of the DHC-OPI Merger. Pursuant to the Amended Property Management Agreement, at the effective time of the DHC-OPI Merger, properties then owned by DHC that are subject to its existing property management agreement with RMR LLC, including its medical office and life science properties, will become subject to the terms and conditions of the Amended Property Management Agreement. Also pursuant to the Amended Property Management Agreement, we will be entitled to a renovation and repositioning fee equal to 3% of the cost of any major capital projects and repositionings at senior living communities owned by DHC that the surviving entity may request us to oversee from time to time, consistent with DHC's existing property management agreement. The terms of the Amended Property Management Agreement are otherwise consistent with the terms of RMR LLC's existing property management agreement with OPI.

Separation Arrangements

We entered into retirement agreements with certain of our former executive officers. Pursuant to these agreements, we made various cash payments and accelerated the vesting of unvested shares of RMR Inc. previously awarded to these retiring officers. We also enter into separation arrangements from time to time with executive and nonexecutive officers and employees

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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of ours. All costs associated with separation arrangements, for which there remain no substantive performance obligations, are recorded in our condensed consolidated statements of income as separation costs.

RMR LLC entered into a letter agreement, or the Separation Agreement, dated March 27, 2023, with Jonathan M. Pertchik, a former Executive Vice President of RMR LLC. Mr. Pertchik also served as chief executive officer and was a managing director of TA. Mr. Pertchik resigned as our Executive Vice President, effective 11:59 p.m. on May 14, 2023, the date prior to the closing of the TA Merger, or the Separation Date. Pursuant to the Separation Agreement, RMR LLC paid Mr. Pertchik \$211 following the TA Merger and our Compensation Committee approved the acceleration of vesting of Mr. Pertchik's unvested shares of RMR Inc., effective as of the Separation Date. The Separation Agreement contains other customary terms and conditions, including confidentiality, non-solicitation, and other covenants and a waiver and release.

For the three months ended June 30, 2023 and 2022, we recognized separation costs of \$1,064 and \$400, respectively, including cash separation costs of \$708 and \$252, respectively, and equity based separation costs of \$356 and \$148, respectively. For the nine months ended June 30, 2023 and 2022, we recognized separation costs of \$2,002 and \$617, respectively, including cash separation costs of \$1,520 and \$469, respectively, and equity based separation costs of \$482 and \$148, respectively.

SEVN Property Management Agreement

We entered into a new property management agreement with SEVN in July 2023 with respect to an office property SEVN owns. Pursuant to this agreement, we will provide property management services and SEVN will pay us fees equal to 3.0% of gross collected rents. Also under the terms of this property management agreement, SEVN will pay us additional fees for construction supervision services equal to 5.0% of the cost of such construction. Either we or SEVN may terminate this agreement upon 30 days' prior notice. No termination fee would be payable as a result of terminating the agreement.

Note 7. Shareholders' Equity

We award our Class A common stock, or Class A Common Shares, to our Directors, officers and employees under the Amended and Restated 2016 Omnibus Equity Plan, or the 2016 Plan. Director share awards vest immediately. Officer and employee share awards vest in five equal, consecutive, annual installments, with the first installment vesting on the date of award. We recognize forfeitures as they occur. Compensation expense related to share awards is determined based on the market value of our shares on the date of award, with the aggregate value of the awarded shares amortized to expense over the related vesting period. Expense recognized for Director share awards are included in general and administrative expenses and expense recognized for officer and employee share awards are included in equity based compensation in our condensed consolidated statements of income.

On March 29, 2023, we awarded 3,000 of our Class A Common Shares, valued at \$25.80 per share, the closing price of our Class A Common Shares on The Nasdaq Stock Market LLC, or Nasdaq, on that day, to each of our Directors as part of his or her annual compensation for serving as a Director. For the nine months ended June 30, 2023, we recorded general and administrative expense of \$464 for these awards.

Equity based compensation expense related to shares awarded to certain officers and employees was \$478 and \$581 for the three months ended June 30, 2023 and 2022, respectively, and \$1,576 and \$1,823 for the nine months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, we had 170,420 unvested shares outstanding which are scheduled to vest as follows: 62,160 shares in 2023, 49,920 shares in 2024, 36,740 shares in 2025 and 21,600 in 2026.

In connection with the vesting and issuance of awards of our Class A Common Shares to our Directors, officers and employees, we provide for the ability to repurchase our Class A Common Shares to satisfy tax withholding and payment obligations for those eligible to do so. The repurchase price is based on the closing price of our Class A Common Shares on Nasdaq on the date of repurchase. The aggregate value of 7,383 Class A Common Shares repurchased during the nine months ended June 30, 2023 was \$179, which is recorded as a decrease to additional paid in capital within shareholders' equity in our condensed consolidated balance sheets.

In connection with the issuances and repurchases of our Class A Common Shares, and as required by the RMR LLC operating agreement, RMR LLC concurrently issues or acquires an identical number of Class A Units from RMR Inc.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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Distributions

During the nine months ended June 30, 2023 and 2022, we declared and paid dividends on our Class A Common Shares and Class B-1 common stock, or Class B-1 Common Shares, as follows:

Declaration Date	Record Date	Paid Date	Distributions Per Common Share	Total Distributions
<i>Nine Months Ended June 30, 2023</i>				
10/13/2022	10/24/2022	11/17/2022	\$ 0.40	\$ 6,642
1/12/2023	1/23/2023	2/16/2023	0.40	6,641
4/13/2023	4/24/2023	5/18/2023	0.40	6,648
			\$ 1.20	\$ 19,931
<i>Nine Months Ended June 30, 2022</i>				
10/14/2021	10/25/2021	11/18/2021	\$ 0.38	\$ 6,264
1/13/2022	1/24/2022	2/17/2022	0.38	6,265
4/14/2022	4/25/2022	5/19/2022	0.40	6,601
			\$ 1.16	\$ 19,130

These dividends were funded in part by distributions from RMR LLC to holders of its membership units as follows:

Declaration Date	Record Date	Paid Date	Distributions Per RMR LLC Membership Unit	Total RMR LLC Distributions	RMR LLC Distributions to RMR Inc.	RMR LLC Distributions to ABP Trust
<i>Nine Months Ended June 30, 2023</i>						
10/13/2022	10/24/2022	11/17/2022	\$ 0.32	\$ 10,114	\$ 5,314	\$ 4,800
1/12/2023	1/23/2023	2/16/2023	0.32	10,113	5,313	4,800
4/13/2023	4/24/2023	5/18/2023	0.32	10,118	5,318	4,800
			\$ 0.96	\$ 30,345	\$ 15,945	\$ 14,400
<i>Nine Months Ended June 30, 2022</i>						
10/14/2021	10/25/2021	11/18/2021	\$ 0.30	\$ 9,446	\$ 4,946	\$ 4,500
1/13/2022	1/24/2022	2/17/2022	0.30	9,446	4,946	4,500
4/14/2022	4/25/2022	5/19/2022	0.32	10,080	5,280	4,800
			\$ 0.92	\$ 28,972	\$ 15,172	\$ 13,800

The remainder of the dividends noted above were funded with cash accumulated at RMR Inc.

On July 13, 2023, we declared a quarterly dividend on our Class A Common Shares and Class B-1 Common Shares to our shareholders of record as of July 24, 2023, in the amount of \$0.40 per Class A Common Share and Class B-1 Common Share, or \$6,645. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the amount of \$0.32 per unit, or \$10,116, of which \$5,316 will be distributed to us based on our aggregate ownership of 16,613,279 membership units of RMR LLC and \$4,800 will be distributed to ABP Trust based on its ownership of 15,000,000 membership units of RMR LLC. The remainder of this dividend will be funded with cash accumulated at RMR Inc. We expect to pay this dividend on or about August 17, 2023.

Note 8. Per Common Share Amounts

We calculate basic earnings per share using the two-class method. Unvested Class A Common Shares awarded to our employees are deemed participating securities for purposes of calculating basic earnings per common share because they have dividend rights. Under the two-class method, we allocate earnings proportionately to vested Class A Common Shares and Class B-1 Common Shares outstanding and unvested Class A Common Shares outstanding for the period. Accordingly, earnings attributable to unvested Class A Common Shares are excluded from basic earnings per share under the two-class method. Our Class B-2 common stock of RMR Inc., or Class B-2 Common Shares, which are paired with ABP Trust's Class A Units, have

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

no independent economic interest in RMR Inc. and thus are not included as common shares outstanding for purposes of calculating basic earnings per common share.

Diluted earnings per share is calculated using the treasury stock method for unvested Class A Common Shares and the if-converted method for Class B-2 Common Shares. The 15,000,000 Class A Units that we do not own may be redeemed for our Class A Common Shares on a one-for-one basis, or upon such redemption, we may elect to pay cash instead of issuing Class A Common Shares. Upon redemption of a Class A Unit, the Class B-2 Common Share “paired” with such unit is canceled for no additional consideration. In computing the dilutive effect, if any, that the assumed redemption would have on earnings per share, we considered that net income available to holders of our Class A Common Shares would increase due to elimination of the noncontrolling interest offset by any tax effect, which may be dilutive. For the three months ended June 30, 2022 and the nine months ended June 30, 2023 and 2022, the assumed redemption is dilutive to earnings per share. For the three months ended June 30, 2023, such redemption is not reflected in diluted earnings per share as the assumed redemption would be anti-dilutive.

The calculation of basic and diluted earnings per share for the three and nine months ended June 30, 2023 and 2022, is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Numerators:				
Net income attributable to The RMR Group Inc.	\$ 24,641	\$ 7,570	\$ 49,451	\$ 22,004
Less: income attributable to unvested participating securities	(273)	(72)	(580)	(213)
Net income attributable to The RMR Group Inc. used in calculating basic EPS	24,368	7,498	48,871	21,791
Effect of dilutive securities:				
Add back: income attributable to unvested participating securities	—	72	580	213
Add back: net income attributable to noncontrolling interest	—	9,695	61,262	28,142
Add back: income tax expense	—	2,943	18,581	8,448
Less: income tax expense assuming redemption of noncontrolling interest’s Class A Units for Class A Common Shares ⁽¹⁾	—	(5,851)	(35,932)	(16,833)
Net income used in calculating diluted EPS	<u>\$ 24,368</u>	<u>\$ 14,357</u>	<u>\$ 93,362</u>	<u>\$ 41,761</u>
Denominators:				
Common shares outstanding	16,614	16,501	16,614	16,501
Less: unvested participating securities and incremental impact of weighted average	(179)	(158)	(198)	(169)
Weighted average common shares outstanding - basic	16,435	16,343	16,416	16,332
Effect of dilutive securities:				
Add: assumed redemption of noncontrolling interest’s Class A Units for Class A Common Shares	—	15,000	15,000	15,000
Add: incremental unvested shares	—	10	15	10
Weighted average common shares outstanding - diluted	<u>16,435</u>	<u>31,353</u>	<u>31,431</u>	<u>31,342</u>
Net income attributable to The RMR Group Inc. per common share - basic	<u>\$ 1.48</u>	<u>\$ 0.46</u>	<u>\$ 2.98</u>	<u>\$ 1.33</u>
Net income attributable to The RMR Group Inc. per common share - diluted	<u>\$ 1.48</u>	<u>\$ 0.46</u>	<u>\$ 2.97</u>	<u>\$ 1.33</u>

- (1) Income tax expense assumes the hypothetical conversion of the noncontrolling interest, which results in estimated tax rates of 29.0% for the three months ended June 30, 2022, and 27.8% and 28.7% for the nine months ended June 30, 2023 and 2022, respectively.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

Note 9. Net Income Attributable to RMR Inc.

Net income attributable to RMR Inc. for the three and nine months ended June 30, 2023 and 2022, is calculated as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Income before income tax expense	\$ 64,385	\$ 20,208	\$ 129,294	\$ 58,594
RMR Inc. franchise tax expense and interest income	(110)	149	(255)	485
Net income before noncontrolling interest	64,275	20,357	129,039	59,079
Net income attributable to noncontrolling interest	(30,530)	(9,695)	(61,262)	(28,142)
Net income attributable to RMR Inc. before income tax expense	33,745	10,662	67,777	30,937
Income tax expense attributable to RMR Inc.	(9,214)	(2,943)	(18,581)	(8,448)
RMR Inc. franchise tax expense and interest income	110	(149)	255	(485)
Net income attributable to RMR Inc.	\$ 24,641	\$ 7,570	\$ 49,451	\$ 22,004

Note 10. Subsequent Events

On July 29, 2023, RMR LLC entered into an equity purchase agreement, or the Purchase Agreement, with MPC Partnership Holdings LLC, a Georgia limited liability company, or MPC. MPC, which does business as CARROLL, is a vertically-integrated platform focused on investing in multifamily properties in the Sun Belt region of the United States.

Pursuant to the Purchase Agreement, and upon the terms and subject to the conditions thereof, RMR LLC will acquire all of the issued and outstanding equity interests of MPC for \$80,000 in cash, subject to customary adjustments for cash, debt, transaction expenses, working capital, and property management revenue at closing, plus up to an additional \$20,000 of contingent consideration subject to the deployment of capital remaining in investment funds managed by MPC prior to the end of such fund's investment period.

Consummation of the acquisition is subject to customary conditions, including, among others, (i) MPC obtaining all required consents with respect to managed funds, joint-venture investors and applicable lenders with respect to its managed properties, (ii) MPC's revenues from its property management agreements at the time the acquisition is consummated being not less than 85% of an agreed upon baseline property management revenue and (iii) the absence of any Material Adverse Effect (as defined in the Purchase Agreement).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with our condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our 2022 Annual Report.

OVERVIEW (dollars in thousands)

RMR Inc. is a holding company and substantially all of its business is conducted by RMR LLC. RMR Inc. has no employees, and the personnel and various services it requires to operate are provided by RMR LLC. RMR LLC manages a diverse portfolio of real estate and real estate related businesses. As of June 30, 2023, RMR LLC managed over 2,000 properties in 46 states, Washington, D.C., Puerto Rico and Canada that are principally owned by the Managed Equity REITs.

Business Environment and Outlook

The continuation and growth of our business depends upon our ability to operate the Managed Equity REITs, our private capital clients and SEVN so as to maintain, grow and increase the value of their businesses, to assist AlerisLife and Sonesta to grow their businesses and operate profitably, and to successfully expand our business through the execution of new business ventures and additional investments. Our business and the businesses of our clients generally follow the business cycle of the U.S. real estate industry, but with certain property type and regional geographic variations. Typically, as the general U.S. economy expands, commercial real estate occupancies increase and new real estate development occurs; new development frequently leads to increased real estate supply and reduced occupancies; and then the cycle repeats. These general trends can be impacted by property type characteristics or regional factors; for example, demographic factors such as the aging U.S. population, the growth of e-commerce retail sales or net population migration across different geographic regions can slow, accelerate, overwhelm or otherwise impact general cyclical trends. Because of such multiple factors, we believe it is often possible to grow real estate based businesses in selected property types or geographic areas despite general national trends.

Beyond general real estate industry trends, we also take into account general economic factors impacting our clients. More specifically, in the U.S., the Federal Reserve has increased the federal funds rate several times since the beginning of calendar 2022 in an attempt to slow inflation, contributing to macroeconomic uncertainty and market volatility in the U.S. and in the commercial real estate markets. Increased borrowing costs and concerns of a possible or pending economic recession have resulted in an overall decline in commercial real estate transactions. Additionally, concerns about the capital adequacy and liquidity of the banking sector caused by the bank failures in 2023, may result in decreased lending activity from traditional sources such as banks and life insurance companies and may negatively impact the businesses of our clients and our clients' tenants. Rising or sustained high interest rates also adversely impact our clients with floating rate debt, which they, in some instances, attempt to address with interest rate caps and other strategic actions to reduce leverage. Further, while the Federal Reserve is looking to slow inflation, its efforts may not be successful or fully achieve targeted results and they may take longer to achieve. The impact of rising costs, both for goods and human capital, are impacting us and our clients and we and our clients are continuing to implement mitigation strategies to minimize the impact of increased costs on our and our clients' earnings, where possible.

When providing services to our clients, we consider industry and general economic factors and attempt to take advantage of opportunities when they arise. For example: (i) since March 2020, ILPT and DHC have completed several joint venture transactions with institutional investors and subsequently grown some of those ventures by acquiring additional properties; (ii) SVC transitioned over 200 hotels from other hotel operators to Sonesta, which on March 17, 2021, completed its acquisition of RLH Corporation, establishing it as one of the largest hotel companies in the U.S. and expanding its franchising capabilities; and (iii) on February 25, 2022, ILPT completed its acquisition of 126 new, Class A, single tenant, net leased, e-commerce focused industrial properties as a result of its acquisition of Monmouth Real Estate Investment Corporation, or MNR, in an all-cash transaction valued at approximately \$4.0 billion. More recently, (i) on March 20, 2023, a subsidiary of ABP Trust completed its acquisition of AlerisLife; (ii) on April 11, 2023, OPI and DHC entered into an agreement to merge in an all-share transaction, to create a diversified REIT with a broad portfolio, defensive tenant base and strong growth potential; and (iii) on May 15, 2023, BP acquired all of the outstanding shares of TA common stock for \$86.00 per share in cash, representing a total equity value of approximately \$1.3 billion. In addition, we balance our pursuit of growth of our and our clients' businesses by executing, on behalf of our clients, prudent capital recycling or business arrangement restructurings in an attempt to help our clients prudently manage leverage and increased operating costs. We also look to reposition their portfolios and businesses when circumstances warrant such changes or when other more desirable opportunities are identified.

Managed Equity REITs

The base business management fees we earn from the Managed Equity REITs are calculated monthly in accordance with the applicable business management agreement and are based on a percentage of the lower of (i) the average historical cost of

each REIT's properties and (ii) each REIT's average market capitalization. The property management fees we earn from the Managed Equity REITs are principally based on a percentage of the gross rents collected at certain managed properties owned by the Managed Equity REITs, excluding rents or other revenues from hotels, travel centers, senior living properties and wellness centers, which are separately managed by AlerisLife, Sonesta or a third party. Also under the terms of the property management agreements, we receive construction supervision fees in connection with certain construction activities undertaken at the properties owned by the Managed Equity REITs based on a percentage of the cost of such construction. For further information regarding the fees we earn, see Note 2, *Revenue Recognition*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The following table presents for each Managed Equity REIT a summary of its primary strategy and the lesser of the historical cost of its assets under management and its market capitalization as of June 30, 2023 and 2022, as applicable:

REIT	Primary Strategy	Lesser of Historical Cost of Assets Under Management or Total Market Capitalization as of June 30,	
		2023	2022
DHC	Medical office and life science properties, senior living communities and wellness centers	\$ 3,353,922	\$ 3,541,918
ILPT	Industrial and logistics properties	4,551,558	5,372,641
OPI	Office properties primarily leased to single tenants, including the government	2,934,248	3,481,695
SVC	Hotels and net lease service and necessity-based retail properties	7,247,604	7,363,672
		<u>\$ 18,087,332</u>	<u>\$ 19,759,926</u>

A Managed Equity REIT's historical cost of assets under management includes the real estate it owns and its consolidated assets invested directly or indirectly in equity interests in or loans secured by real estate and personal property owned in connection with such real estate (including acquisition related costs which may be allocated to intangibles or are unallocated), all before reserves for depreciation, amortization, impairment charges or bad debts or other similar non-cash reserves. A Managed Equity REIT's average market capitalization includes the average value of the Managed Equity REIT's outstanding common equity value during the period, plus the daily weighted average of each of the aggregate liquidation preference of preferred shares and the principal amount of consolidated indebtedness during the period. The table above presents for each Managed Equity REIT, the lesser of the historical cost of its assets under management and its market capitalization as of the end of each period.

The basis on which our base business management fees are calculated for the three and nine months ended June 30, 2023 and 2022 may differ from the basis at the end of the periods presented in the table above. As of June 30, 2023, the market capitalization was lower than the historical cost of assets under management for each of the Managed Equity REITs; the historical cost of assets under management for DHC, ILPT, OPI and SVC as of June 30, 2023, were \$7,524,910, \$5,706,718, \$5,980,075 and \$11,230,781, respectively.

The fee revenues we earned from the Managed Equity REITs for the three and nine months ended June 30, 2023 and 2022 are set forth in the following tables:

REIT	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
DHC	\$ 3,467	\$ 1,504	\$ 684	\$ 5,655	\$ 4,659	\$ 1,282	\$ 1,267	\$ 7,208
ILPT	5,744	3,132	237	9,113	7,031	2,404	368	9,803
OPI	3,363	3,572	2,428	9,363	4,270	3,894	2,476	10,640
SVC	8,463	936	909	10,308	9,486	1,013	222	10,721
	<u>\$ 21,037</u>	<u>\$ 9,144</u>	<u>\$ 4,258</u>	<u>\$ 34,439</u>	<u>\$ 25,446</u>	<u>\$ 8,593</u>	<u>\$ 4,333</u>	<u>\$ 38,372</u>

REIT	Nine Months Ended June 30, 2023				Nine Months Ended June 30, 2022			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
DHC	\$ 10,546	\$ 4,486	\$ 2,561	\$ 17,593	\$ 15,491	\$ 5,016	\$ 3,230	\$ 23,737
ILPT	17,437	9,395	545	27,377	14,272	6,761	512	21,545
OPI	10,722	10,513	8,213	29,448	13,331	12,100	6,291	31,722
SVC	25,189	2,871	1,986	30,046	29,991	3,024	1,098	34,113
	<u>\$ 63,894</u>	<u>\$ 27,265</u>	<u>\$ 13,305</u>	<u>\$ 104,464</u>	<u>\$ 73,085</u>	<u>\$ 26,901</u>	<u>\$ 11,131</u>	<u>\$ 111,117</u>

Other Clients

We provide business management services to AlerisLife, Sonesta and until May 15, 2023, TA. AlerisLife operates senior living communities throughout the United States, many of which are owned by and managed for DHC. Sonesta manages and franchises hotels, resorts and cruise ships in the United States, Latin America, the Caribbean and the Middle East; many of the U.S. hotels that Sonesta operates are owned by SVC. TA operates, leases and franchises travel centers along the U.S. interstate highway system, many of which are owned by SVC, and standalone truck service facilities. Generally, our fees earned from business management services to AlerisLife, Sonesta and until May 15, 2023, TA, are based on a percentage of certain revenues. In connection with BP's acquisition of TA on May 15, 2023, TA terminated its business management agreement with us and in accordance with its terms paid us the applicable termination fee of \$45,282.

In addition, we also provide management services to certain Private Capital clients that earn fees based on a percentage of average invested capital, as defined in the applicable agreements, property management fees based on a percentage of rents collected from managed properties and construction supervision fees based on a percentage of the cost of construction activities.

Our management fee revenues from services to these clients for the three and nine months ended June 30, 2023 and 2022, are set forth in the following tables and exclude termination fee revenue earned from TA of \$45,282 for the three and nine months ended June 30, 2023:

	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
AlerisLife	\$ 1,381	\$ —	\$ —	\$ 1,381	\$ 1,239	\$ —	\$ —	\$ 1,239
Sonesta	2,796	—	—	2,796	2,491	—	—	2,491
Other private entities	3,001	2,087	160	5,248	2,936	2,031	263	5,230
TA	1,956	—	—	1,956	4,441	—	—	4,441
	<u>\$ 9,134</u>	<u>\$ 2,087</u>	<u>\$ 160</u>	<u>\$ 11,381</u>	<u>\$ 11,107</u>	<u>\$ 2,031</u>	<u>\$ 263</u>	<u>\$ 13,401</u>

	Nine Months Ended June 30, 2023				Nine Months Ended June 30, 2022			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
AlerisLife	\$ 4,014	\$ —	\$ —	\$ 4,014	\$ 3,610	\$ —	\$ —	\$ 3,610
Sonesta	6,939	—	15	6,954	6,092	—	—	6,092
Other private entities	8,989	6,285	800	16,074	7,095	4,863	492	12,450
TA	9,932	—	—	9,932	11,499	—	—	11,499
	<u>\$ 29,874</u>	<u>\$ 6,285</u>	<u>\$ 815</u>	<u>\$ 36,974</u>	<u>\$ 28,296</u>	<u>\$ 4,863</u>	<u>\$ 492</u>	<u>\$ 33,651</u>

Advisory Business

Tremont provides advisory services to SEVN, a publicly traded mortgage REIT that focuses on originating and investing in first mortgage loans secured by middle market and transitional commercial real estate. Tremont is primarily compensated pursuant to its management agreement with SEVN based on a percentage of equity, as defined in the applicable agreement.

Tremont earned advisory services revenue of \$1,141 and \$1,137 for the three months ended June 30, 2023 and 2022, respectively, and \$3,371 and \$3,392 for the nine months ended June 30, 2023 and 2022, respectively. Tremont also earned incentive fees from SEVN of \$192 for the three and nine months ended June 30, 2023. Tremont did not earn incentive fees from SEVN for the three or nine months ended June 30, 2022.

The Tremont business acts as a transaction broker for non-investment advisory clients for negotiated fees. The Tremont business earned fees for such brokerage services of \$52 and \$46 for the three months ended June 30, 2023 and 2022, respectively, and \$52 and \$99 for the nine months ended June 30, 2023 and 2022, respectively, which amounts are included in management services revenue in our condensed consolidated statements of income.

RESULTS OF OPERATIONS (dollars in thousands)
Three Months Ended June 30, 2023, Compared to the Three Months Ended June 30, 2022

The following table presents the changes in our operating results for the three months ended June 30, 2023 compared to the three months ended June 30, 2022:

	Three Months Ended June 30,			
	2023	2022	\$ Change	% Change
Revenues:				
Management services	\$ 45,872	\$ 51,819	\$ (5,947)	(11.5)%
Termination and incentive business management fees	45,474	—	45,474	n/m
Advisory services	1,141	1,137	4	0.4%
Total management and advisory services revenues	92,487	52,956	39,531	74.6%
Reimbursable compensation and benefits	15,235	14,189	1,046	7.4%
Reimbursable equity based compensation	1,622	(69)	1,691	n/m
Other reimbursable expenses	170,881	144,012	26,869	18.7%
Total reimbursable costs	187,738	158,132	29,606	18.7%
Total revenues	280,225	211,088	69,137	32.8%
Expenses:				
Compensation and benefits	34,239	32,170	2,069	6.4%
Equity based compensation	2,100	512	1,588	n/m
Separation costs	1,064	400	664	166.0%
Total compensation and benefits expense	37,403	33,082	4,321	13.1%
General and administrative	9,575	8,323	1,252	15.0%
Other reimbursable expenses	170,881	144,012	26,869	18.7%
Transaction and acquisition related costs	1,196	—	1,196	n/m
Depreciation and amortization	281	253	28	11.1%
Total expenses	219,336	185,670	33,666	18.1%
Operating income	60,889	25,418	35,471	139.6%
Interest income	2,833	279	2,554	n/m
Gain (loss) on equity method investments accounted for under the fair value option	663	(5,489)	6,152	112.1%
Income before income tax expense	64,385	20,208	44,177	218.6%
Income tax expense	(9,214)	(2,943)	(6,271)	(213.1)%
Net income	55,171	17,265	37,906	219.6%
Net income attributable to noncontrolling interest	(30,530)	(9,695)	(20,835)	(214.9)%
Net income attributable to The RMR Group Inc.	\$ 24,641	\$ 7,570	\$ 17,071	225.5%

n/m - not meaningful

Management services revenue. Management services revenue decreased \$5,947 primarily due to (i) declines in management fees earned from TA of \$2,485 as a result of the termination of its business management agreement with us on May 15, 2023, and (ii) declines in base business management fees earned from the Managed Equity REITs of \$4,409 in aggregate, due to declines in the enterprise values of these clients during the 2023 fiscal period.

Termination and incentive business management fees revenue. Termination and incentive business management fees for the 2023 fiscal period include a termination fee of \$45,282 received from TA and an incentive fee of \$192 earned by Tremont from SEVN. For further information about these fees, see Note 2, *Revenue Recognition*, and Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Advisory services revenue. Advisory services revenue was relatively unchanged from the prior period.

Reimbursable compensation and benefits. Reimbursable compensation and benefits include reimbursements, at cost, that arise primarily from services our employees provide pursuant to our property management agreements at the properties of our clients. A significant portion of these compensation and benefits are charged or passed through to and paid by tenants of our clients. Reimbursable compensation and benefits increased \$1,046 primarily due to annual merit increases that were effective October 1, 2022.

Reimbursable equity based compensation. Reimbursable equity based compensation includes awards of common shares by our clients directly to certain of our officers and employees in connection with the provision of management services to those clients. We record an equal, offsetting amount as equity based compensation expense for the value of these awards. Reimbursable equity based compensation revenue increased \$1,691 primarily as a result of our clients' annual employee share awards and increases in certain of our clients' respective share prices.

Other reimbursable expenses. For further information about these reimbursements, see Note 2, *Revenue Recognition*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Compensation and benefits. Compensation and benefits consist of employee salaries and other employment related costs, including health insurance expenses and contributions related to our employee retirement plan. Compensation and benefits expense increased \$2,069 primarily due to annual merit increases that were effective October 1, 2022.

Equity based compensation. Equity based compensation consists of the value of vested shares awarded to certain of our employees under our and our clients' equity compensation plans. Equity based compensation increased \$1,588 primarily as a result of annual employee share awards and increases in certain of our clients' respective share prices.

Separation costs. Separation costs consist of employment termination costs. For further information about these costs, see Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

General and administrative. General and administrative expenses consist of office related expenses, information technology related expenses, employee training, travel, professional services expenses, director compensation and other administrative expenses. General and administrative costs increased \$1,252 primarily due to strategic technology investments, increases in professional fees and increases in third party costs related to our expanded role in construction oversight.

Transaction and acquisition related costs. Transaction and acquisition related costs in the 2023 fiscal period represent costs associated with our evaluation of various strategic initiatives, including the CARROLL transaction.

Depreciation and amortization. Depreciation and amortization was relatively unchanged from the prior period.

Interest income. Interest income increased \$2,554 primarily due to higher interest earned during the 2023 fiscal period primarily as a result of higher interest rates and higher average cash balances invested compared to the prior period.

Gain (loss) on equity method investments accounted for under the fair value option. Gain (loss) on equity method investments accounted for under the fair value option represents the unrealized and realized gains or losses on our investments in SEVN and TA common shares. For further information, see Note 3, *Equity Method Investments*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income tax expense. The increase in income tax expense of \$6,271 is primarily attributable to higher taxable income for the 2023 fiscal period compared to the same period in the prior fiscal year.

Nine Months Ended June 30, 2023, Compared to the Nine Months Ended June 30, 2022

The following table presents the changes in our operating results for the nine months ended June 30, 2023 compared to the nine months ended June 30, 2022:

	Nine Months Ended June 30,			
	2023	2022	\$ Change	% Change
Revenues:				
Management services	\$ 141,490	\$ 144,867	\$ (3,377)	(2.3)%
Termination and incentive business management fees	45,474	—	45,474	n/m
Advisory services	3,371	3,392	(21)	(0.6)%
Total management and advisory services revenues	190,335	148,259	42,076	28.4%
Reimbursable compensation and benefits	44,441	42,092	2,349	5.6%
Reimbursable equity based compensation	7,143	2,896	4,247	146.7%
Other reimbursable expenses	497,465	397,063	100,402	25.3%
Total reimbursable costs	549,049	442,051	106,998	24.2%
Total revenues	739,384	590,310	149,074	25.3%
Expenses:				
Compensation and benefits	102,039	95,671	6,368	6.7%
Equity based compensation	8,719	4,719	4,000	84.8%
Separation costs	2,002	617	1,385	n/m
Total compensation and benefits expense	112,760	101,007	11,753	11.6%
General and administrative	28,198	24,464	3,734	15.3%
Other reimbursable expenses	497,465	397,063	100,402	25.3%
Transaction and acquisition related costs	1,196	—	1,196	n/m
Depreciation and amortization	821	731	90	12.3%
Total expenses	640,440	523,265	117,175	22.4%
Operating income	98,944	67,045	31,899	47.6%
Interest income	6,837	402	6,435	n/m
Gain (loss) on equity method investments accounted for under the fair value option	23,513	(8,853)	32,366	n/m
Income before income tax expense	129,294	58,594	70,700	120.7%
Income tax expense	(18,581)	(8,448)	(10,133)	(119.9)%
Net income	110,713	50,146	60,567	120.8%
Net income attributable to noncontrolling interest	(61,262)	(28,142)	(33,120)	(117.7)%
Net income attributable to The RMR Group Inc.	\$ 49,451	\$ 22,004	\$ 27,447	124.7%

n/m - not meaningful

Management services revenue. Management services revenue decreased \$3,377 primarily due to (i) a decline in base business management fees earned from DHC, OPI and SVC of \$12,356 in aggregate, due to declines in the enterprise values of these respective clients during the 2023 fiscal period, and (ii) declines in management fees earned from TA of \$1,567 as a result of the termination of its business management agreement with us on May 15, 2023, partially offset by (i) growth in base business management fees of \$3,165 and property management fees of \$2,667 earned from ILPT, primarily due to its acquisition of MNR in February 2022, and (ii) increases in construction supervision fees across all of our clients aggregating \$2,497 primarily due to increased development activity.

Termination and incentive business management fees revenue. Termination and incentive business management fees for the 2023 fiscal period include a termination fee of \$45,282 received from TA and an incentive fee of \$192 earned by Tremont from SEVN. For further information about these fees, see Note 2, *Revenue Recognition*, and Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Advisory services revenue. Advisory services revenue was relatively unchanged from the prior period.

Reimbursable compensation and benefits. Reimbursable compensation and benefits increased \$2,349 primarily due to annual merit increases that were effective October 1, 2022.

Reimbursable equity based compensation. Reimbursable equity based compensation increased \$4,247 primarily as a result of our clients' annual employee share awards and increases in certain of our clients' respective share prices.

Other reimbursable expenses. For further information about these reimbursements, see Note 2, *Revenue Recognition*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Compensation and benefits. Compensation and benefits expense increased \$6,368 primarily due to annual merit and benefit increases.

Equity based compensation. Equity based compensation increased \$4,000 primarily as a result of annual employee share awards and increases in certain of our clients' respective share prices.

Separation costs. For further information about these costs, see Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

General and administrative. General and administrative costs increased \$3,734 primarily due to strategic technology investments, costs incurred to reimburse a client for an administrative real estate tax matter and increases in third party costs related to our expanded role in construction oversight.

Transaction and acquisition related costs. Transaction and acquisition related costs in the 2023 fiscal period represent costs associated with our evaluation of various strategic initiatives, including the CARROLL transaction.

Depreciation and amortization. Depreciation and amortization was relatively unchanged from the prior period.

Interest income. Interest income increased \$6,435 primarily due to higher interest earned during the 2023 fiscal period primarily as a result of higher interest rates and higher average cash balances invested compared to the prior period.

Gain (loss) on equity method investments accounted for under the fair value option. Gain (loss) on equity method investments accounted for under the fair value option represents the unrealized and realized gains or losses on our investments in SEVN and TA common shares. For further information, see Note 3, *Equity Method Investments*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income tax expense. The increase in income tax expense of \$10,133 is primarily attributable to higher taxable income for the 2023 fiscal period compared to the same period in the prior fiscal year.

LIQUIDITY AND CAPITAL RESOURCES (dollars in thousands, except per share amounts)

Our current assets have historically been comprised predominantly of cash, cash equivalents and receivables for business management, property management and advisory services fees. As of June 30, 2023 and September 30, 2022, we had cash and cash equivalents of \$295,423 and \$189,088, respectively, of which \$25,897 and \$21,492, respectively, was held by RMR Inc., with the remainder being held at RMR LLC. Cash and cash equivalents include all short term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase. As of June 30, 2023 and September 30, 2022, \$292,834 and \$181,219, respectively, of our cash and cash equivalents were invested in money market bank accounts. We believe that our cash and cash equivalents leave us well positioned to pursue a range of capital allocation strategies, with a focus on the growth of our private capital business, to fund our operations and enhance our technology infrastructure, in the next twelve months.

Our liquidity is highly dependent upon our receipt of fees from the businesses that we manage. Historically, we have funded our working capital needs with cash generated from our operating activities and we currently do not maintain any credit facilities. We expect that our future working capital needs will relate largely to our operating expenses, primarily consisting of employee compensation and benefits costs, our obligation to make quarterly tax distributions to the members of RMR LLC, our plan to make quarterly distributions on our Class A Common Shares and Class B-1 Common Shares and our plan to pay quarterly distributions to the members of RMR LLC in connection with the quarterly dividends to RMR Inc. shareholders. Our management fees are typically payable to us within 30 days of the end of each month or, in the case of annual incentive business management fees earned from the Managed Equity REITs, if any, within 30 days following each calendar year end. Quarterly incentive fees earned from SEVN, if any, are payable generally within 30 days following the end of the applicable quarter. Historically, we have not experienced losses on collection of our fees and have not recorded any allowances for bad debts.

On July 29, 2023, RMR LLC entered into a definitive agreement to acquire 100% of the equity interest in CARROLL for \$80,000, subject to customary purchase price adjustments, with the potential for incremental earnout consideration of up to \$20,000 based on the deployment of future capital. The transaction is expected to be funded entirely with cash on hand. The closing of the acquisition is subject to customary closing conditions; accordingly, we cannot be sure that this acquisition will close on the contemplated terms or at all or it may be delayed.

During the nine months ended June 30, 2023, we paid cash distributions to the holders of our Class A Common Shares, Class B-1 Common Shares and to the other owner of RMR LLC membership units in the aggregate amount of \$34,331. On July 13, 2023, we declared a quarterly dividend on our Class A Common Shares and Class B-1 Common Shares to our shareholders of record as of July 24, 2023 in the amount of \$0.40 per Class A Common Share and Class B-1 Common Share, or \$6,645. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the amount of \$0.32 per unit, or \$10,116, of which \$5,316 will be distributed to us based on our aggregate ownership of 16,613,279 membership units of RMR LLC and \$4,800 will be distributed to ABP Trust based on its ownership of 15,000,000 membership units of RMR LLC. The remainder of this dividend will be funded with cash accumulated at RMR Inc. We expect the total dividend will amount to approximately \$11,445 and we expect to pay this dividend on or about August 17, 2023. See Note 7, *Shareholders' Equity*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding these distributions.

For the nine months ended June 30, 2023, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to its holders of its membership units totaling \$48,857, of which \$25,758 was distributed to us and \$23,099 was distributed to ABP Trust, based on each membership unit holder's then respective ownership percentage in RMR LLC. The \$25,758 distributed to us was eliminated in our condensed consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q, and the \$23,099 distributed to ABP Trust was recorded as a reduction of its noncontrolling interest. We expect to use a portion of these funds distributed to us to pay our tax liabilities and amounts due under the tax receivable agreement described in Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. We expect to use the remaining funds distributed to us to fund our long-term tax liabilities and pay dividends.

Cash Flows

The \$23,836 increase in net cash from operating activities for the nine months ended June 30, 2023 compared to the prior period primarily reflects increases in net income, primarily due to increases in termination fees, offset by unfavorable changes in working capital. The \$60,636 increase in net cash provided by investing activities for the nine months ended June 30, 2023 compared to the prior period was primarily due to the proceeds received from the sale of TA's common shares in the 2023 fiscal period, offset by purchases of property and equipment largely associated with our strategic technology investments in the 2023 fiscal period and the purchase of SEVN common shares in the prior period. Net cash used in financing activities for the nine months ended June 30, 2023 increased \$14,238 from the prior period primarily due to higher tax distributions based on current estimates for taxable income in this fiscal year and increased distributions paid to shareholders of our Class A Common Shares and Class B-1 Common Shares in the 2023 fiscal period.

As of June 30, 2023, we had no off-balance sheet arrangements that have had or that we expect would be reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Tax Receivable Agreement

We are party to a tax receivable agreement which provides for the payment by RMR Inc. to ABP Trust of 85.0% of the amount of savings, if any, in U.S. federal, state and local income tax or franchise tax that RMR Inc. realizes as a result of (a) the increases in tax basis attributable to RMR Inc.'s dealings with ABP Trust and (b) tax benefits related to imputed interest deemed to be paid by it as a result of the tax receivable agreement. See Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and "Business—Our Organizational Structure—tax receivable agreement" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019. As of June 30, 2023, our condensed consolidated balance sheet reflects a liability related to the tax receivable agreement of \$25,583, of which we expect to pay \$2,275 to ABP Trust during the fourth quarter of fiscal year 2023.

Market Risk and Credit Risk

We have not invested in derivative instruments, borrowed through issuing debt securities or transacted in foreign currencies. As a result, we are not subject to significant direct market risk related to interest rate changes, changes to the market standard for determining interest rates, commodity price changes or credit risks; however, if any of these risks were to

negatively impact our clients' businesses or market capitalization, our revenues would likely decline. To the extent we change our approach on the foregoing activities, or engage in other activities, our market and credit risks could change. See Part I, Item 1A "Risk Factors" of our 2022 Annual Report for the risks to us and our clients.

Risks Related to Cash and Short Term Investments

Our cash and cash equivalents include short term, highly liquid investments readily convertible to known amounts of cash that have original maturities of three months or less from the date of purchase. We invest a substantial amount of our cash in money market bank accounts. The majority of our cash is maintained in U.S. bank accounts. Some U.S. bank account balances exceed the Federal Deposit Insurance Corporation insurance limit. We believe our cash and short term investments are not subject to any material interest rate risk, equity price risk, credit risk or other market risk.

Related Person Transactions

We have relationships and historical and continuing transactions with Adam D. Portnoy, the Chair of our Board and one of our Managing Directors, as well as our clients. For further information about these and other such relationships and related person transactions, please see Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our 2022 Annual Report, our definitive Proxy Statement for our 2023 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned "Risk Factors" in our 2022 Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. We may engage in additional transactions with related persons, including businesses to which RMR LLC or its subsidiaries provide management services.

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates. Significant estimates that impact the condensed consolidated financial statements include the revenue recognized during the reporting periods and our principles of consolidation.

A discussion of our critical accounting estimates is included in our 2022 Annual Report. There have been no significant changes in our critical accounting estimates since the fiscal year ended September 30, 2022.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative disclosures about market risk are set forth above in "Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operation—Market Risk and Credit Risk."

Item 4. Controls and Procedures

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our President and Chief Executive Officer and our Executive Vice President, Chief Financial Officer and Treasurer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President, Chief Financial Officer and Treasurer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

WARNING CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws that are subject to risks and uncertainties. These statements may include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "will", "may" and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: the CARROLL acquisition; the DHC-OPI Merger and our expected management arrangements with the combined entity; economic and industry conditions; the impact and opportunities for our and our clients' businesses from business cycles in the U.S. real estate industry as well as economic and industry conditions; our belief that it is possible to grow real estate based businesses in selected property types or geographic areas despite general national trends; and the sufficiency of our cash and cash equivalents to pursue a range of capital allocation strategies and fund our operations and enhance our technology infrastructure.

Forward-looking statements reflect our current expectations, are based on judgments and assumptions, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause our actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in those forward-looking statements. Some of the risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- The dependence of our revenues on a limited number of clients,
- The variability of our revenues,
- Risks related to supply chain constraints, commodity pricing and inflation, including inflation impacting wages and employee benefits,
- Changing market conditions, practices and trends, which may adversely impact our clients and the fees we receive from them,
- Potential terminations of the management agreements with our clients,
- Increases in or sustained high market interest rates, which may significantly reduce our revenues or impede our growth,
- Our dependence on the growth and performance of our clients,
- Our ability to obtain or create new clients for our business and other circumstances beyond our control,
- The ability of our clients to operate their businesses profitably, optimize their capital structures and to grow and increase their market capitalizations and total shareholder returns,
- Our ability to successfully provide management services to our clients,
- Our ability to maintain or increase the distributions we pay to our shareholders,
- Our ability to successfully pursue and execute capital allocation strategies,
- Our ability to prudently invest in our business to enhance our operations, services and competitive positioning,
- Our ability to complete the CARROLL transaction considering the various closing conditions, and our ability to successfully integrate the business if the transaction is completed,
- Changes to our operating leverage or client diversity,
- Litigation risks,
- Risks related to acquisitions, dispositions and other activities by or among our clients,
- Conditions to the completion of the OPI-DHC merger transaction that may result in that transaction not being completed or being delayed,
- Allegations, even if untrue, of any conflicts of interest arising from our management activities,
- Our ability to retain the services of our managing directors and other key personnel,
- Our and our clients' risks associated with our and our clients' costs of compliance with laws and regulations, including securities regulations, exchange listing standards and other laws and regulations affecting public companies, and
- Other matters.

These risks, uncertainties and other factors are not exhaustive and should be read in conjunction with other cautionary statements that are included in our periodic filings. The information contained in our filings with the SEC, including under the caption "Risk Factors" in our periodic reports, or incorporated therein, identifies important factors that could cause differences

from the forward-looking statements in this Quarterly Report on Form 10-Q. Our filings with the SEC are available on the SEC's website at www.sec.gov.

You should not place undue reliance upon our forward-looking statements.

Except as required by law, we do not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Part II. Other Information

Item 1A. Risk Factors

There have been no material changes to the risk factors from those we previously provided in our 2022 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer purchases of equity securities.

The following table provides information about our purchases of our equity securities during the quarter ended June 30, 2023:

Calendar Month	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
May 1 - May 31, 2023	2,785	\$ 21.46	N/A	N/A
June 1 - June 30, 2023	1,707	23.76	N/A	N/A
Total	4,492	\$ 22.33	N/A	N/A

(1) These Class A Common Share withholdings and purchases were made to satisfy tax withholding and payment obligations in connection with the vesting of awards of our Class A Common Shares. We withheld and purchased these shares at their fair market values based upon the trading prices of our Class A Common Shares at the close of trading on Nasdaq on the purchase dates.

Item 6. Exhibits

Exhibit Number	Description
2.1	Equity Purchase Agreement, dated as of July 29, 2023, by and among The RMR Group LLC, MPC Partnership Holdings LLC, the Sellers set forth on the signature pages thereto, the Seller Owners set forth on the signature pages thereto, and James A. Rubright, solely in his capacity as the Seller Representative (Schedules to the Equity Purchase Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of all omitted schedules to the SEC upon its request). ⁽⁷⁾
3.1	Articles of Amendment and Restatement of the Registrant. ⁽¹⁾
3.2	Articles of Amendment, filed July 30, 2015. ⁽¹⁾
3.3	Articles of Amendment, filed September 11, 2015. ⁽¹⁾
3.4	Articles of Amendment, filed March 9, 2016. ⁽²⁾
3.5	Articles of Amendment, filed November 14, 2022. ⁽³⁾
3.6	Fourth Amended and Restated Bylaws of the Registrant adopted September 13, 2017. ⁽⁴⁾
4.1	Form of The RMR Group Inc. Share Certificate for Class A Common Stock. ⁽⁵⁾
4.2	Registration Rights Agreement, dated as of June 5, 2015, by and between the Registrant and ABP Trust (formerly known as Reit Management and Research Trust). ⁽¹⁾
10.1	Letter Agreement, dated April 11, 2023, by and among The RMR Group LLC, Diversified Healthcare Trust and Office Properties Income Trust, regarding Second Amended and Restated Business Management Agreement and Third Amended and Restated Property Management Agreement between The RMR Group LLC and Diversified Healthcare Trust. ⁽⁶⁾

10.2	Third Amended and Restated Property Management Agreement, dated as of April 11, 2023, by and between The RMR Group LLC and Office Properties Income Trust. ⁽⁶⁾
31.1	Rule 13a-14(a) Certification. (Filed herewith.)
31.2	Rule 13a-14(a) Certification. (Filed herewith.)
32.1	Section 1350 Certification. (Furnished herewith.)
99.1	Letter Agreement, dated as of May 1, 2023, between The RMR Group LLC and Service Properties Trust. (Filed herewith.)
99.2	Letter Agreement, dated as of May 25, 2023, between The RMR Group LLC and Office Properties Income Trust. (Filed herewith.)
99.3	Property Management Agreement, dated as of July 8, 2023, between The RMR Group LLC and Floral Vale LLC, a subsidiary of Seven Hills Realty Trust. (Filed herewith.)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document. (Filed herewith.)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (Filed herewith.)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (Filed herewith.)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (Filed herewith.)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (Filed herewith.)
104	Cover Page Interactive Data File. (formatted as Inline XBRL and contained in Exhibit 101.)
(1)	Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (File No. 333-207423) filed with the SEC on October 14, 2015.
(2)	Incorporated by reference to the Registrant’s Current Report on Form 8-K (File No. 001-37616) filed with the SEC on March 11, 2016.
(3)	Incorporated by reference to the Registrant’s Annual Report on Form 10-K (File No. 001-37616) filed with the SEC on November 14, 2022.
(4)	Incorporated by reference to the Registrant’s Current Report on Form 8-K (File No. 001-37616) filed with the SEC on September 15, 2017.
(5)	Incorporated by reference to the Registrant’s Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-207423) filed with the SEC on November 2, 2015.
(6)	Incorporated by reference to the Registrant’s Quarterly Report on Form 10-Q (File No. 001-37616) filed with the SEC on May 3, 2023.
(7)	Incorporated by reference to the Registrant’s Current Report on Form 8-K (File No. 001-37616) filed with the SEC on July 31, 2023.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Matthew P. Jordan
Matthew P. Jordan
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer and principal accounting officer)
Dated: August 9, 2023

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Adam D. Portnoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The RMR Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ Adam D. Portnoy

Adam D. Portnoy
Managing Director, President and Chief Executive Officer (principal executive officer)

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Matthew P. Jordan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The RMR Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ Matthew P. Jordan

Matthew P. Jordan

Executive Vice President, Chief Financial Officer and Treasurer (principal financial officer and principal accounting officer)

Certification Pursuant to 18 U.S.C. Sec. 1350

In connection with the filing by The RMR Group Inc. (the “Company”) of the Quarterly Report on Form 10-Q for the period ended June 30, 2023 (the “Report”), each of the undersigned hereby certifies, to the best of his knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Adam D. Portnoy

Adam D. Portnoy
Managing Director, President and Chief Executive Officer
(principal executive officer)

/s/ Matthew P. Jordan

Matthew P. Jordan
Executive Vice President, Chief Financial Officer and Treasurer (principal
financial officer and principal accounting officer)

Date: August 9, 2023



Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458
617-964-8389
svcreit.com

May 1, 2023

The RMR Group LLC
Two Newton Place
255 Washington Street
Newton, MA 02458

Ladies and Gentlemen:

Reference is made to the Third Amended and Restated Property Management Agreement, dated as of June 22, 2021 (as amended, restated or supplemented from time to time, the “Property Management Agreement”), by and between Service Properties Trust (together with its subsidiaries, “SVC”), a Maryland real estate investment trust, and The RMR Group LLC (“Manager”), a Maryland limited liability company. Capitalized terms used and not otherwise defined herein will have the meanings given such terms in the Property Management Agreement.

The purpose of this letter is to confirm our understanding and agreement that, effective as of the closing date of the acquisition of TravelCenters of America Inc. by BP Products North America Inc.:

1. The travel center properties (the “Additional Properties”) owned by SVC and leased to TA Operating LLC shall be added to the Managed Premises. The Fee payable in respect of the Additional Properties shall be 0 for the 2023 calendar year; 1% of gross collected rents for the 2024 calendar year; 2% of gross collected rents for the 2025 calendar year; and 3% of gross collected rents for 2026 calendar year and thereafter.
2. All references to “SNL Index” shall be replaced with references to the “Index”, and “Index” shall mean the MSCI U.S. REIT/Hotel & Resort REIT Index, as published from time to time.
3. The notice address for SVC and the Owners shall be updated to Attn: Chief Financial Officer with the email to bdonley@rmrgroup.com.

As amended hereby, the Property Management Agreement remains in full force and effect.

If the foregoing accurately reflects our understandings and agreements, please confirm your agreement by signing below where indicated and returning a copy of this letter so signed to me.

Very truly yours,

/s/ Brian E. Donley

Brian E. Donley
Chief Financial Officer

Acknowledged and agreed:

THE RMR GROUP LLC

/s/ Matthew P. Jordan

Matthew P. Jordan

Executive Vice President, Chief Financial Officer and Treasurer



Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458
617-219-1440
opireit.com

May 25, 2023

The RMR Group LLC
Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Property Management Agreement, dated as of June 5, 2015 (as amended, restated or supplemented from time to time, the “Master Property Management Agreement”), by and between Office Properties Income Trust, a Maryland real estate investment trust (the “Trust”), and The RMR Group LLC, a Maryland limited liability company (the “Manager”). The Trust and the Manager acknowledge that from time to time, to accommodate secured financings, the Manager and one or more subsidiaries of the Trust have entered into, and in the future may enter into, separate property management agreements for specific properties (each, a “Property Specific Management Agreement”).

The purpose of this letter is to confirm our understanding and agreement as follows:

1. Notwithstanding anything in a Property Specific Management Agreement to the contrary, the terms and conditions of the Master Property Management Agreement will control the rights and obligations of the Trust and the Manager, as between themselves, including, without limitation, the fees payable, the term of the property management arrangement, the conditions for (and amounts payable upon) termination, and the resolution of disputes.

2. Any fees paid under a Property Specific Management Agreement will be credited against amounts due from the Trust under the Master Property Management Agreement.

[Signature Page Follows]

If the foregoing accurately reflects our understandings and agreements, please confirm your agreement by signing below where indicated and returning a copy of this letter so signed to me.

Very truly yours,

Office Properties Income Trust

/s/ Matthew C. Brown

Matthew C. Brown

Chief Financial Officer and Treasurer

Acknowledged and agreed:

The RMR Group LLC

/s/ Matthew P. Jordan

Matthew P. Jordan

Executive Vice President, Chief Financial Officer and Treasurer

[Signature Page to OPI/RMR Letter re: Property Management Agreement]

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this “Agreement”) is made and entered into as of July 8, 2023, by and between The RMR Group LLC, a Maryland limited liability company (the “Managing Agent”), and Floral Vale LLC, a Maryland limited liability company (“Owner”).

WITNESSETH:

WHEREAS, Owner owns the property and improvements located at 1000 and 1100 Floral Vale Boulevard, Yardley, Pennsylvania 19067 (the “Managed Premises”); and

WHEREAS, Owner wishes to engage the Managing Agent to manage the Managed Premises and the Managing Agent is willing to accept such engagement on the terms of this Agreement;

NOW, THEREFORE, in consideration of the premises and the agreements herein contained, Owner and the Managing Agent hereby agree as follows:

1. **Engagement**. Subject to the terms and conditions hereinafter set forth, Owner hereby engages the Managing Agent to provide the property management and administrative services with respect to the Managed Premises as contemplated by this Agreement. The Managing Agent hereby accepts such engagement as managing agent and agrees to devote such time, attention and effort as may be appropriate to operate and manage the Managed Premises in a diligent, orderly and efficient manner. The Managing Agent may subcontract out some or all of its obligations under this Agreement to third parties; provided, however, that, in any such event, the Managing Agent shall be and remain primarily liable to Owner for performance hereunder.

Notwithstanding anything to the contrary set forth in this Agreement, the services to be provided by Managing Agent hereunder shall exclude all services (including, without limitation, any garage management or cafeteria management services) whose performance by a manager to Owner could give rise to the receipt of “impermissible tenant service income” as defined in §856(d)(7) of the Internal Revenue Code of 1986 (as amended or superseded hereafter) or could in any other way jeopardize the federal or state tax qualification as a real estate investment trust of any direct or indirect member of Owner.

2. **General Parameters**. Any or all services may be performed or goods purchased by the Managing Agent under arrangements jointly with or for other properties owned or managed by the Managing Agent and the costs shall be reasonably apportioned. The Managing Agent may employ personnel who are assigned to work exclusively at the Managed Premises or partly at the Managed Premises and other properties owned and/or managed by the Managing Agent. Wages, benefits and other related costs of centralized accounting personnel and employees employed by the Managing Agent and assigned to work exclusively or partly at the Managed Premises shall be fairly apportioned and reimbursed, by Owner in addition to the Fee and Construction Supervision Fee (each as defined in Section 6).

3. **Duties**. Without limitation, the Managing Agent agrees to perform the following specific duties:

(a) To seek tenants for the Managed Premises in accordance with market rents and to negotiate leases, including renewals thereof, and to lease space to tenants, at rentals, and for periods of occupancy all on market terms. To employ appropriate means in order that the availability of rental space is made known to potential tenants, including, but not limited to, the employment of brokers. The brokerage and legal expenses of negotiating such leases and leasing such space shall be paid by Owner.

(b) To collect all rents and other income from the Managed Premises and to give receipts therefor, both on behalf of Owner, and deposit such funds in such banks and such accounts as are named, from time to time, by Owner, in agency accounts for and under the name of Owner. The Managing Agent shall be empowered to sign disbursement checks on these

accounts. The Managing Agent may also use pooled bank accounts for the benefit of Owner and other owners for whom the Managing Agent provides services, provided separate records and accountings of such funds are maintained.

(c) To make contracts for and to supervise any repairs and/or alterations to the Managed Premises, including tenant improvements on reasonable commercial terms.

(d) For Owner's account and at its expense, to hire, supervise and discharge employees as required for the efficient operation and maintenance of the Managed Premises.

(e) To obtain, at Owner's expense, appropriate insurance for the Managed Premises protecting Owner and the Managing Agent while acting on behalf of Owner against all normally insurable risks relating to the Managed Premises and complying with the requirements of Owner's mortgagee, if any, and to cause the same to be provided and maintained by all tenants with respect to the Managed Premises to the extent required by the terms of such tenants' leases. Notwithstanding the foregoing, Owner may determine to purchase insurance directly for its own account.

(f) To promptly notify Owner's insurance carriers, as required by the applicable policies, of any casualty or injury to person or property at the Managed Premises, and complete customary reports in connection therewith.

(g) To procure all supplies, other materials and services as may be necessary for the proper operation of the Managed Premises, at Owner's expense.

(h) To pay promptly from rental receipts, other income derived from the Managed Premises, or other monies made available by Owner for such purpose, all costs incurred in the operation of the Managed Premises which are expenses of Owner hereunder, including wages or other payments for services rendered, invoices for supplies or other items furnished in relation to the Managed Premises, and pay over forthwith the balance of such rental receipts, income and monies to Owner or as Owner shall from time to time direct. In the event that the sum of the expenses to operate and the compensation due the Managing Agent exceeds gross receipts in any month and no excess funds from prior months are available for payment of such excess, Owner shall pay promptly the amount of the deficiency thereof to the Managing Agent upon receipt of statements therefor.

(i) To keep Owner apprised of any material developments in the operation of the Managed Premises.

(j) To establish reasonable rules and regulations for tenants of the Managed Premises.

(k) On behalf of and in the name of Owner, to institute or defend, as the case may be, any and all legal actions or proceedings relating to the operation of the Managed Premises.

(l) To maintain the books and records of Owner reflecting the management and operation of the Managed Premises, making available for reasonable inspection and examination by Owner or its representatives all books, records and other financial data relating to the Managed Premises at the place where the same are maintained.

(m) To prepare and deliver seasonably to tenants of the Managed Premises such statements of expenses or other information as shall be required on the landlord's part to be delivered to such tenants for computation of rent, additional rent, or any other reason.

(n) To aid, assist and cooperate with Owner in matters relating to taxes and assessments and insurance loss adjustments, notify Owner of any tax increase or special

assessments relating to the Managed Premises and to enter into contracts for tax abatements services.

(o) To provide such emergency services as may be required for the efficient management and operation of the Managed Premises on a twenty-four (24)-hour basis.

(p) To enter into contracts on commercially reasonable terms for utilities (including, without limitation, water, fuel, electricity and telephone) and for building services (including, without limitation, cleaning of windows, common areas and tenant space, ash, rubbish and garbage hauling, snow plowing, landscaping, carpet cleaning and vermin extermination), and for other services as are appropriate to the Managed Premises.

(q) To seek market terms for all items purchased or services contracted by it under this Agreement.

(r) To take such action generally consistent with the provisions of this Agreement as Owner might with respect to the Managed Premises if personally present.

4. **Authority.** Owner gives to the Managing Agent the authority and powers to perform the foregoing duties on behalf of Owner and authorizes the Managing Agent to incur such reasonable expenses, as contemplated in Sections 2, 3 and 5 on behalf of Owner as are necessary in the performance of those duties.

5. **Special Authority of Managing Agent.** In addition to, and not in limitation of, the duties and authority of the Managing Agent contained herein, the Managing Agent shall perform the following duties:

(a) Terminate tenancies and sign and serve in the name of Owner such notices therefor as may be required for the proper management of the Managed Premises.

(b) At Owner's expense, institute and prosecute actions to evict tenants and recover possession of rental space, and recover rents and other sums due; and when expedient, settle, compromise and release such actions or suits or reinstate such tenancies.

6. **Compensation.**

(a) In consideration of the services to be rendered by the Managing Agent hereunder, Owner agrees to pay and the Managing Agent agrees to accept as its compensation (i) a management fee (the "Fee") equal to three percent (3%) of the gross collected rents actually received by Owner from the Managed Premises, such gross rents to include all fixed rents, percentage rents, additional rents, operating expense and tax escalations, and any other charges paid to Owner in connection with occupancy of the Managed Premises, but excluding any amounts collected from tenants to reimburse Owner for the cost of capital improvements or for expenses incurred in curing any tenant default or in enforcing any remedy against any tenant; and (ii) a construction supervision fee (the "Construction Supervision Fee") in connection with all interior and exterior construction renovation or repair activities at the Managed Premises, including, without limitation, all tenant and capital improvements in, on or about the Managed Premises, undertaken during the term of this Agreement, other than ordinary maintenance and repair, equal to five percent (5%) of the cost of such construction which shall include the costs of all related professional services and the cost of general conditions.

(b) Unless otherwise agreed, the Fee shall be due and payable monthly, in arrears based on a reasonable annual estimate or budget with an annual reconciliation within thirty (30) days after the end of each calendar year. The Construction Supervision Fee shall be due and payable periodically, as agreed by the Managing Agent and Owner, based on actual costs incurred to date.

(c) Notwithstanding anything herein to the contrary, Owner shall reimburse the Managing Agent for reasonable travel expenses incurred when traveling to and from the Managed Premises while performing its duties in accordance with this Agreement; provided, however, that, reasonable travel expenses shall not include expenses incurred for travel to and from the Managed Premises by personnel assigned to work exclusively at the Managed Premises.

(d) The Managing Agent shall be entitled to no other additional compensation, whether in the form of commission, bonus or the like for its services under this Agreement. Except as otherwise specifically provided herein with respect to payment by Owner of legal fees, accounting fees, salaries, wages, fees and charges of parties hired by the Managing Agent on behalf of Owner to perform operating and maintenance functions in the Managed Premises, and the like, if the Managing Agent hires third parties to perform services required to be performed hereunder by the Managing Agent without additional charge to Owner, the Managing Agent shall (except to the extent the same are reasonably attributable to an emergency at the Managed Premises) be responsible for the charges of such third parties.

7. **Term of Agreement.** This Agreement shall continue in force and effect until December 31, 2024 and shall thereafter be automatically renewed for successive one year terms.

This Agreement may be terminated as follows:

- (a) by Owner or the Managing Agent, at any time upon thirty (30) days' prior written notice to the other party; or
- (b) by Owner for cause, immediately upon written notice to the Managing Agent.

8. **Termination.** Upon termination of this Agreement for any reason whatsoever, the Managing Agent shall as soon as practicable turn over to Owner all books, papers, funds, records, keys and other items relating to the management and operation of the Managed Premises, including, without limitation, all leases in the possession of the Managing Agent and shall render to Owner a final accounting with respect thereto through the date of termination. Owner shall be obligated to pay all compensation for services rendered by the Managing Agent hereunder prior and up to the effective time of such termination, including, without limitation, any Fees and Construction Supervision Fees, and shall pay and reimburse to the Managing Agent all expenses and costs incurred by the Managing Agent prior and up to the effective time of such termination which are otherwise payable or reimbursable to the Managing Agent pursuant to the terms of this Agreement (collectively, "Accrued Fees"). The amount of such fees paid as compensation pursuant to the foregoing sentence shall be subject to adjustment in accordance with the annual reconciliation contemplated by Section 6(b) and consistent with past practices in performing such reconciliation.

A computation of all Accrued Fees due upon termination shall be delivered by the Managing Agent to Owner within thirty (30) days following the effective date of termination. The Accrued Fees shall be payable within ten (10) business days following the delivery to Owner of such computation.

9. **Assignment of Rights and Obligations.** Without Owner's prior written consent, Managing Agent shall not assign all or any part of its rights and obligations hereunder; provided, however: (i) that Managing Agent may assign its rights and delegate its obligations under this Agreement to any subsidiary of Managing Agent so long as such subsidiary is then and remains Controlled by Managing Agent, and (ii) that Managing Agent shall be permitted to execute and deliver customary consents to collateral assignment of management agreements and other customary agreements required by any lender in connection with any financing entered into by Owner. "Control" of an entity, shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities, by contract or otherwise and the participles "Controls" and "Controlled" have parallel meanings.

10. **Indemnification and Insurance.**

(a) Owner agrees to defend, indemnify and hold harmless the Managing Agent from and against all costs, claims, expenses and liabilities (including reasonable attorneys' fees) arising out of the Managing Agent's performance of its duties in accordance with this Agreement including, without limitation, injury or damage to persons or property occurring in, on or about the Managed Premises and violations or alleged violations of any law, ordinance, regulation or order of any governmental authority regarding the Managed Premises except any injury, damage or violation resulting from the Managing Agent's fraud, gross negligence or willful misconduct in the performance of its duties hereunder.

(b) Owner and the Managing Agent shall maintain such commercially reasonable insurance as shall from time to time be mutually agreed by Owner and the Managing Agent.

11. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing and shall be deemed given on the date of actual delivery, if delivered personally, or on the date of receipt, if sent by overnight courier (providing proof of delivery) to the parties or if sent by email of a .pdf attachment (providing confirmation of transmission) at the following street addresses or email addresses, as applicable (or at such other United States street address or email address for a party as shall be specified by like notice):

If to Owner:

Floral Vale LLC
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458
Attn: President
Email: TLorenzini@tremontadv.com
Attn: Secretary
Email: jclark@rmrgroup.com

If to the Managing Agent:

The RMR Group LLC
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458
Attn: Chief Financial Officer and Treasurer
Email: mjordan@rmrgroup.com

12. **Modification of Agreement.** This Agreement may not be modified, altered or amended in any manner except by an amendment in writing, duly executed by the parties hereto.

13. **Independent Contractor.** This Agreement is not one of general agency by the Managing Agent for Owner, but the Managing Agent is being engaged as an independent contractor. Nothing in this Agreement is intended to create a joint venture, partnership, tenancy-in-common or other similar relationship between Owner and the Managing Agent for any purposes whatsoever, and, without limiting the generality of the foregoing, neither the terms of this Agreement nor the fact that Owner and the Managing Agent have joint interests in any one or more investments, ownership or other interests in any one or more entities or may have common officers or employees or a tenancy relationship shall be construed so as to make them such partners or joint venturers or impose any liability as such on either of them.

14. **Governing Law.** The provisions of this Agreement and any Dispute (as defined below), whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of Maryland without regard to principles of conflicts of law.

15. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, any successors or permitted assigns of the parties hereto as provided herein.

16. **No Third Party Beneficiary.** Except as otherwise provided in Section 19, no person or entity other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

17. **Severability.** If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

18. **Survival.** Except for Sections 1 through 5, all other provisions of this Agreement shall survive the termination hereof. Any termination of this Agreement shall be without prejudice to the rights of the parties hereto accrued prior to the termination or upon termination.

19. **Dispute Resolution.**

(a) Any disputes, claims or controversies arising out of or relating to this Agreement, including any disputes, claims or controversies brought by or on behalf of a party hereto, a direct or indirect parent of a party, or any holder of equity interests (which, for purposes of this Section 19, shall mean any holder of record or beneficial owner of any equity interests, or any former holder of record or beneficial owner of equity interests) of a party, either on its own behalf, on behalf of a party or on behalf of any series or class of equity interests of a party or holders of any equity interests of a party against a party, or any of their respective trustees, directors, members, officers, managers (including The RMR Group LLC or its parent and their respective successor), agents or employees, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance, application or enforcement of this Agreement, including the agreements set forth in this Section 19 or the governing documents of a party (all of which are referred to as “Disputes”), or relating in any way to such a Dispute or Disputes shall, on the demand of any party to such Dispute or Disputes be resolved through binding and final arbitration in accordance with the Commercial Arbitration Rules (the “Rules”) of the American Arbitration Association (the “AAA”) then in effect, except as those Rules may be modified in this Section 19. For the avoidance of doubt, and not as a limitation, Disputes are intended to include derivative actions against the trustees, directors, officers or managers of a party and class actions by a holder of equity interests against those Persons and a party. For the avoidance of doubt, a Dispute shall include a Dispute made derivatively on behalf of one party against another party.

(b) There shall be three (3) arbitrators. If there are only two (2) parties to the Dispute, each party shall select one (1) arbitrator within fifteen (15) days after receipt by respondent of a copy of a demand for arbitration. Such arbitrators may be affiliated or interested persons of such parties. If there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand, shall each select, by the vote of a majority of the claimants or the respondents, as the case may be, one (1) arbitrator within fifteen (15) days after receipt of a demand for arbitration. Such arbitrators may be affiliated or interested persons of the claimants or the respondents, as the case may be. If either a claimant (or all claimants) or a respondent (or all respondents) fail(s) to timely select an arbitrator, then the party (or parties) who has selected an arbitrator may request the AAA to provide a list of three (3) proposed arbitrators in accordance with the Rules (each of whom shall be neutral, impartial and unaffiliated with any party) and the party (or parties) that failed to timely appoint an arbitrator shall have ten (10) days from the date the AAA provides such list to select one (1) of the three (3) arbitrators proposed by the AAA. If the party (or parties) fail(s) to select the second (2nd) arbitrator by that time, the party (or parties) who have appointed the first (1st) arbitrator shall then have ten (10) days to select one (1) of the three (3) arbitrators proposed by the AAA to be the second (2nd) arbitrator; and, if they should fail to select the second (2nd) arbitrator by such time, the AAA shall select, within fifteen (15) days thereafter, one (1) of the three (3) arbitrators it had proposed as the second (2nd) arbitrator. The two (2) arbitrators so appointed shall jointly appoint the third (3rd)

and presiding arbitrator (who shall be neutral, impartial and unaffiliated with any party) within fifteen (15) days of the appointment of the second (2nd) arbitrator. If the third (3rd) arbitrator has not been appointed within the time limit specified herein, then the AAA shall provide a list of proposed arbitrators in accordance with the Rules, and the arbitrator shall be appointed by the AAA in accordance with a listing, striking and ranking procedure, with each party having a limited number of strikes, excluding strikes for cause.

(c) Any arbitration hearings shall be held in Boston, Massachusetts, unless otherwise agreed by the parties, but the seat of arbitration shall be Maryland.

(d) There shall be only limited documentary discovery of documents directly related to the issues in dispute, as may be ordered by the arbitrators. For the avoidance of doubt, it is intended that there shall be no depositions and no other discovery other than limited documentary discovery as described in the preceding sentence.

(e) In rendering an award or decision (an “Award”), the arbitrators shall be required to follow the laws of the State of Maryland, without regard to principles of conflicts of law. Any arbitration proceedings or Award rendered hereunder and the validity, effect and interpretation of the agreements set forth in this Section 19 shall be governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq. An Award shall be in writing and may, but shall not be required to, briefly state the findings of fact and conclusions of law on which it is based. Any monetary Award shall be made and payable in U.S. dollars free of any tax, deduction or offset. Subject to Section 19(f), each party against which an Award assesses a monetary obligation shall pay that obligation on or before the thirtieth (30th) day following the date of such Award or such other date as such Award may provide.

(f) Except to the extent expressly provided by this Agreement or as otherwise agreed by the parties thereto, to the maximum extent permitted by Maryland law, each party involved in a Dispute shall bear its own costs and expenses (including attorneys’ fees), and the arbitrators shall not render an Award that would include shifting of any such costs or expenses (including attorneys’ fees) or, in a derivative case or class action, award any portion of a party’s Award to the claimant or the claimant’s attorneys. Each party (or, if there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand, respectively) shall bear the costs and expenses of its (or their) selected arbitrator and the parties (or, if there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand) shall equally bear the costs and expenses of the third (3rd) appointed arbitrator.

(g) Notwithstanding any language to the contrary in this Agreement, any Award, including but not limited to any interim Award, may be appealed pursuant to the AAA’s Optional Appellate Arbitration Rules (“Appellate Rules”). An Award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of an Award by filing a notice of appeal with any AAA office. Following the appeal process, the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof. For the avoidance of doubt, and despite any contrary provision of the Appellate Rules, Section 19(f) shall apply to any appeal pursuant to this Section 19(g) and the appeal tribunal shall not render an Award that would include shifting of any costs or expenses (including attorneys’ fees) of any party.

(h) Following the expiration of the time for filing the notice of appeal, or the conclusion of the appeal process set forth in Section 19(g), an Award shall be final and binding upon the parties thereto and shall be the sole and exclusive remedy between those parties relating to the Dispute, including any claims, counterclaims, issues or accounting presented to the arbitrators. Judgment upon an Award may be entered in any court having jurisdiction. To the fullest extent permitted by law, no application or appeal to any court of competent jurisdiction may be made in connection with any question of law arising in the course of arbitration or with respect to any Award made, except for actions relating to enforcement of the agreements set forth in this Section 19 or any arbitral award issued hereunder and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

(i) This Section 19 is intended to benefit and be enforceable by the parties hereto and their respective shareholders, stockholders, members, beneficial interest owners, direct and indirect parents, trustees, directors, officers, managers (including The RMR Group LLC or its parent and their respective successor), members, agents or employees and their respective successors and assigns and shall be binding on the parties and such Persons and be in addition to, and not in substitution for, any other rights to indemnification or contribution that such Persons may have by contract or otherwise.

20. Consent to Jurisdiction and Forum. This Section 20 is subject to, and shall not in any way limit the application of, Section 19; in case of any conflict between this Section 20 and Section 19, Section 19 shall govern. Notwithstanding anything to the contrary in Section 19, the exclusive jurisdiction and venue in any action brought by any party hereto pursuant to this Agreement shall lie in any federal or state court located in Boston, Massachusetts. By execution and delivery of this Agreement, each party hereto irrevocably submits to the jurisdiction of such courts for itself and in respect of its property with respect to such action. The parties irrevocably agree that venue would be proper in such court, and hereby waive any objection that such court is an improper or inconvenient forum for the resolution of such action. The parties further agree and consent to the service of any process required by any such court by delivery of a copy thereof in accordance with Section 11 and that any such delivery shall constitute valid and lawful service of process against it, without necessity for service by any other means provided by statute or rule of court. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PROVISION OF SERVICES BY MANAGING AGENT PURSUANT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. Notwithstanding anything herein to the contrary, if a demand for arbitration of a Dispute is made pursuant to Section 19, this Section 20 shall not pre-empt resolution of the Dispute pursuant to Section 19.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Property Management Agreement as of the date first written above.

MANAGING AGENT:

THE RMR GROUP LLC

By: /s/ Matthew P. Jordan

Name: Matthew P. Jordan

Title: Executive Vice President, Chief Financial Officer and Treasurer

OWNER:

FLORAL VALE LLC

By: /s/ Tiffany R. Sy

Name: Tiffany R. Sy

Title: Chief Financial Officer and Treasurer

[Signature Page to Property Management Agreement (Floral Vale LLC)]