

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 December 31, 2019

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 checked="" 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 February 5, 2020, there were 15,300,302 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

December 31, 2019

Table of Contents

	<u>Page</u>	
PART I.	Financial Information	
Item 1.	Financial Statements (unaudited)	
	Condensed Consolidated Balance Sheets — December 31, 2019 and September 30, 2019	3
	Condensed Consolidated Statements of Comprehensive Income — Three Months Ended December 31, 2019 and 2018	4
	Condensed Consolidated Statements of Shareholders' Equity — Three Months Ended December 31, 2019 and 2018	5
	Condensed Consolidated Statements of Cash Flows — Three Months Ended December 31, 2019 and 2018	6
	Notes to Unaudited Condensed Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	31
Item 4.	Controls and Procedures	31
	Warning Concerning Forward-Looking Statements	31
PART II.	Other Information	
Item 1A.	Risk Factors	33
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 6.	Exhibits	34
	Signatures	35

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

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

	December 31, 2019	September 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 385,695	\$ 358,448
Due from related parties	76,264	93,521
Prepaid and other current assets	5,013	5,848
Total current assets	466,972	457,817
Property and equipment, net	2,315	2,383
Due from related parties, net of current portion	9,001	9,238
Equity method investment	6,561	6,658
Equity method investment accounted for under the fair value option	5,120	3,682
Goodwill	1,859	1,859
Intangible assets, net of amortization	312	323
Operating lease right of use assets	36,899	—
Deferred tax asset	25,302	25,729
Other assets, net of amortization	150,789	153,143
Total assets	\$ 705,130	\$ 660,832
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 94,944	\$ 90,989
Total current liabilities	94,944	90,989
Deferred rent payable, net of current portion	—	1,620
Operating lease liabilities, net of current portion	34,467	—
Amounts due pursuant to tax receivable agreement, net of current portion	29,950	29,950
Employer compensation liability, net of current portion	9,001	9,238
Total liabilities	168,362	131,797
Commitments and contingencies		
Equity:		
Class A common stock, \$0.001 par value; 31,600,000 shares authorized; 15,301,767 and 15,302,710 shares issued and outstanding, respectively	15	15
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	103,994	103,360
Retained earnings	266,906	257,457
Cumulative common distributions	(78,389)	(72,194)
Total shareholders' equity	292,542	288,654
Noncontrolling interest	244,226	240,381
Total equity	536,768	529,035
Total liabilities and equity	\$ 705,130	\$ 660,832

See accompanying notes.

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

	Three Months Ended December 31,	
	2019	2018
Revenues:		
Management services	\$ 47,275	\$ 47,488
Incentive business management fees	—	120,094
Advisory services	847	782
Total management and advisory services revenues	48,122	168,364
Reimbursable compensation and benefits	13,795	13,873
Other client company reimbursable expenses	97,975	98,076
Total reimbursable costs	111,770	111,949
Total revenues	159,892	280,313
Expenses:		
Compensation and benefits	30,197	28,012
Equity based compensation	1,582	1,811
Separation costs	260	6,397
Total compensation and benefits expense	32,039	36,220
General and administrative	7,046	7,320
Other client company reimbursable expenses	97,975	98,076
Transaction and acquisition related costs	796	184
Depreciation and amortization	256	255
Total expenses	138,112	142,055
Operating income	21,780	138,258
Interest and other income	1,875	1,526
Equity in earnings of investees	255	35
Unrealized gain (loss) on equity method investment accounted for under the fair value option	1,438	(2,769)
Income before income tax expense	25,348	137,050
Income tax expense	(3,724)	(18,970)
Net income	21,624	118,080
Net income attributable to noncontrolling interest	(12,175)	(65,871)
Net income attributable to The RMR Group Inc.	\$ 9,449	\$ 52,209
Other comprehensive loss:		
Foreign currency translation adjustments	\$ —	\$ (4)
Other comprehensive loss	—	(4)
Comprehensive income	21,624	118,076
Comprehensive income attributable to noncontrolling interest	(12,175)	(65,869)
Comprehensive income attributable to The RMR Group Inc.	\$ 9,449	\$ 52,207
Weighted average common shares outstanding - basic	16,177	16,120
Weighted average common shares outstanding - diluted	16,177	16,131
Net income attributable to The RMR Group Inc. per common share - basic and diluted	\$ 0.58	\$ 3.22

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 Other Comprehensive Income	Cumulative Common Distributions	Total Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at September 30, 2019	\$ 15	\$ 1	\$ 15	\$ 103,360	\$ 257,457	\$ —	\$ (72,194)	\$ 288,654	\$ 240,381	\$ 529,035
Share grants, net	—	—	—	634	—	—	—	634	—	634
Net income	—	—	—	—	9,449	—	—	9,449	12,175	21,624
Tax distributions to Member	—	—	—	—	—	—	—	—	(3,830)	(3,830)
Common share distributions	—	—	—	—	—	—	(6,195)	(6,195)	(4,500)	(10,695)
Balance at December 31, 2019	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ 15</u>	<u>\$ 103,994</u>	<u>\$ 266,906</u>	<u>\$ —</u>	<u>\$ (78,389)</u>	<u>\$ 292,542</u>	<u>\$ 244,226</u>	<u>\$ 536,768</u>
Balance at September 30, 2018	\$ 15	\$ 1	\$ 15	\$ 99,239	\$ 182,877	\$ 82	\$ (49,467)	\$ 232,762	\$ 201,899	\$ 434,661
Share grants, net	—	—	—	1,569	—	—	—	1,569	—	1,569
Net income	—	—	—	—	52,209	—	—	52,209	65,871	118,080
Tax distributions to Member	—	—	—	—	—	—	—	—	(8,037)	(8,037)
Common share distributions	—	—	—	—	—	—	(5,680)	(5,680)	(4,500)	(10,180)
Other comprehensive loss	—	—	—	—	—	(2)	—	(2)	(2)	(4)
Balance at December 31, 2018	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ 15</u>	<u>\$ 100,808</u>	<u>\$ 235,086</u>	<u>\$ 80</u>	<u>\$ (55,147)</u>	<u>\$ 280,858</u>	<u>\$ 255,231</u>	<u>\$ 536,089</u>

See accompanying notes.

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

	Three Months Ended December 31,	
	2019	2018
Cash Flows from Operating Activities:		
Net income	\$ 21,624	\$ 118,080
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	256	255
Straight line office rent	35	54
Amortization expense related to other assets	2,354	2,354
Deferred income taxes	427	(76)
Operating expenses paid in The RMR Group Inc. common shares	634	1,569
Equity in earnings of investees	(255)	(35)
Distributions from equity method investments	352	—
Unrealized (gain) loss on equity method investment accounted for under the fair value option	(1,438)	2,769
Changes in assets and liabilities:		
Due from related parties	16,007	(161,939)
Prepaid and other current assets	835	5,910
Accounts payable and accrued expenses	1,089	85,137
Net cash from operating activities	<u>41,920</u>	<u>54,078</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(148)	(170)
Equity method investment in TravelCenters of America Inc.	—	(8,382)
Net cash used in investing activities	<u>(148)</u>	<u>(8,552)</u>
Cash Flows from Financing Activities:		
Distributions to noncontrolling interest	(8,330)	(12,537)
Distributions to common shareholders	(6,195)	(5,680)
Net cash used in financing activities	<u>(14,525)</u>	<u>(18,217)</u>
Effect of exchange rate fluctuations on cash and cash equivalents	—	2
Increase in cash and cash equivalents	27,247	27,311
Cash and cash equivalents at beginning of period	358,448	256,848
Cash and cash equivalents at end of period	<u>\$ 385,695</u>	<u>\$ 284,159</u>
Supplemental Cash Flow Information:		
Income taxes paid	<u>\$ 165</u>	<u>\$ 332</u>
Supplemental Schedule of Non-Cash Activities:		
Fair value of share based payments recorded	<u>\$ 948</u>	<u>\$ 1,316</u>
Recognition of right of use assets and related lease liabilities	<u>\$ 39,746</u>	<u>\$ —</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 December 31, 2019, RMR Inc. owned 15,301,767 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 52.1% of the economic interest of RMR LLC as of December 31, 2019. 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 47.9% of the economic interest of RMR LLC as of December 31, 2019, which is presented as a noncontrolling interest within the condensed consolidated financial statements. Adam D. Portnoy, one of our Managing Directors, 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 December 31, 2019, managed a diverse portfolio of publicly owned real estate and real estate related businesses. RMR LLC provides management services to four publicly traded real estate investment trusts, or REITs: Diversified Healthcare Trust (formerly known as Senior Housing Properties 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. Until December 31, 2018, RMR LLC provided management services to Select Income REIT, or SIR. On December 31, 2018, SIR merged with and into a subsidiary of OPI (then named Government Properties Income Trust, or GOV), or the GOV/SIR Merger, which then merged with and into OPI, with OPI as the surviving entity. The combined company continues to be managed by RMR LLC pursuant to OPI’s business and property management agreements with RMR LLC. DHC, ILPT, OPI, SVC and, until December 31, 2018, SIR, are collectively referred to as the Managed Equity REITs.

RMR LLC also provides management services to other publicly traded and private businesses, including: Five Star Senior Living Inc., or Five Star, a publicly traded operator of senior living communities, many of which are owned by DHC; Sonesta International Hotels Corporation, or Sonesta, a privately owned franchisor and operator of hotels, resorts and cruise ships in the United States, Latin America, the Caribbean and the Middle East, many of whose U.S. hotels are owned by SVC; and TravelCenters of America Inc., or TA, an operator and franchisor of travel centers along the U.S. Interstate Highway System, many of which are owned by SVC, standalone truck service facilities and restaurants. Hereinafter, Five Star, Sonesta and TA are collectively referred to as the Managed Operators. In addition, RMR LLC also provides management services to certain related private companies, including Affiliates Insurance Company, or AIC, an Indiana insurance company, ABP Trust and its subsidiaries, or collectively ABP Trust, and RMR Office Property Fund LP, or the Open End Fund.

RMR Advisors LLC, or RMR Advisors, is an investment adviser registered with the Securities and Exchange Commission, or SEC. RMR Advisors is a wholly-owned subsidiary of RMR LLC and is the adviser to RMR Real Estate Income Fund, or RIF. RIF is currently a closed end investment company focused on investing in real estate securities, including REITs and other dividend paying securities, but excluding our Client Companies, as defined below. In December 2019, RIF announced its intention to convert from a registered investment company to a commercial mortgage REIT.

Tremont Realty Advisors LLC, or Tremont Advisors, an investment adviser registered with the SEC, was formed in connection with the acquisition of certain assets of Tremont Realty Capital LLC, or the Tremont business. Tremont Advisors is a wholly owned subsidiary of RMR LLC that manages Tremont Mortgage Trust, or TRMT, a publicly traded mortgage real estate investment trust that focuses primarily on originating and investing in first mortgage whole loans secured by middle market and transitional commercial real estate and, as of December 18, 2019, Centre Street Finance LLC, or Centre Street, a private fund focused on originating and investing in mortgage loans. Centre Street is a direct wholly owned subsidiary of ABP Trust. TRMT, together with Centre Street, are referred to as the Tremont Advisory Clients. The Tremont business also acts as a transaction originator for non-investment advisory clients for negotiated fees.

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

In these financial statements, we refer to the Managed Equity REITs, the Managed Operators, RIF, TRMT, AIC, ABP Trust, the Open End Fund, Centre Street and the clients of the Tremont business as our Client Companies. We refer to the Managed Equity REITs and TRMT collectively as the Managed REITs.

The accompanying condensed consolidated financial statements of RMR Inc. 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. 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, 2019, or our 2019 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. Reclassifications have been made to the prior year's condensed consolidated financial statements to conform to the current year's presentation.

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 financial statements and related notes. The actual results could differ from these estimates.

Note 2. Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2016-02, *Leases*, as amended, or ASU No. 2016-02, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU No. 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right of use asset and a lease liability for all leases with a term of greater than twelve months regardless of their classification.

On October 1, 2019, we adopted ASU No. 2016-02 along with certain allowable practical expedients using the modified retrospective transition approach. We elected to apply the guidance to each lease that had commenced as of the adoption date. We also elected a package of practical expedients that allowed us not to reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases and (iii) the recognition requirements for initial direct costs for any expired or existing leases. Additionally, we elected to account for the lease and non-lease components as a single lease component.

The adoption of ASU No. 2016-02 did not affect our condensed consolidated statements of comprehensive income and cash flows. See Note 10, *Leases*, for further information regarding the adoption of ASU No. 2016-02.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, or ASU No. 2016-13, which requires that entities use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for credit losses. The measurement of expected credit losses is based upon historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 will become effective for fiscal years beginning after December 15, 2019. The effective date for us is the first day of fiscal year 2021 (October 1, 2020). We are continuing to assess this guidance, but we have not historically experienced credit losses from our Client Companies and do not expect the adoption of ASU No. 2016-13 to have a material impact on our condensed consolidated financial statements.

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

Note 3. Revenue Recognition

Base Business Management Fees—Managed Equity REITs

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 monthly in arrears. For purposes of these fees, a Managed Equity REIT's assets under management do not include shares it owns of another Client Company.

For the three months ended December 31, 2019 and 2018, we earned aggregate base business management fees from the Managed Equity REITs of \$27,391 and \$28,271, respectively.

Incentive Business Management Fees—Managed Equity REITs

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 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, except for ILPT, whose annual incentive business management fee is based on a shorter period from its initial public offering on January 12, 2018 through the applicable calendar year end. On December 31, 2018, RMR LLC's business management agreements with ILPT and OPI were amended to provide that, for periods beginning on and after January 1, 2019, the SNL U.S. Industrial REIT Index and the SNL U.S. Office REIT Index will be used by ILPT and OPI, respectively, rather than the SNL U.S. REIT Equity Index, to calculate the benchmark return per share, as defined, for purposes of determining the incentive management fee, if any, payable thereunder.

For the three months ended December 31, 2019 and 2018, we recognized aggregate incentive business management fees earned from the Managed Equity REITs of zero and \$120,094, respectively.

Management Agreements—Managed Operators, ABP Trust, AIC and the Open End Fund

We earn management fees by providing continuous services pursuant to the management agreements from the Managed Operators and ABP Trust equal to 0.6% of: (i) in the case of Five Star, Five Star's revenues from all sources reportable under GAAP, less any revenues reportable by Five Star 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; (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; and (iv) in the case of ABP Trust, revenues from all sources reportable under GAAP. These fees are estimated and payable monthly in advance.

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

Until June 30, 2019, we earned fees from AIC pursuant to a management agreement equal to 3.0% of its total premiums paid under active insurance underwritten or arranged by AIC. AIC's property insurance program expired on June 30, 2019 and was not continued. As a result, we have not earned any management fees from AIC since that date.

We earn fees from the Open End Fund by providing a continuing and suitable real estate investment program consistent with the Open End Fund's real estate investment policies and objectives pursuant to an administration services agreement. We earn fees equal to 1.0% of the Open End Fund's net asset value, as defined, annually. These fees are payable quarterly in arrears.

For the three months ended December 31, 2019 and 2018, we earned aggregate fees from the Managed Operators, ABP Trust, AIC and the Open End Fund of \$6,679 and \$7,395, respectively.

Property Management Fees

We earn property management fees by providing continuous services pursuant to property management agreements with certain Client Companies. 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 in connection with certain construction activities undertaken at the managed properties equal to 5.0% of the cost of such construction. For the three months ended December 31, 2019 and 2018, we earned aggregate property management fees of \$12,525 and \$11,770, respectively.

Advisory Services and Other Agreements

RMR Advisors is compensated pursuant to its agreement with RIF at an annual rate of 0.85% of RIF's average daily managed assets. Average daily managed assets includes the net asset value attributable to RIF's outstanding common shares, plus the liquidation preference of RIF's outstanding preferred shares, plus the principal amount of any borrowings, including from banks or evidenced by notes, commercial paper or other similar instruments issued by RIF. RMR Advisors earned advisory services revenue of \$811 and \$733 for the three months ended December 31, 2019 and 2018, respectively.

Tremont Advisors is primarily compensated pursuant to its management agreements with TRMT and Centre Street at an annual rate of 1.5% of TRMT's and Centre Street's equity, respectively, as defined in the applicable agreements. Tremont Advisors may also earn an incentive fee under these management agreements for TRMT and (beginning the first full calendar quarter of 2021) Centre Street. In June 2018, Tremont Advisors agreed to waive any business management fees otherwise due and payable by TRMT pursuant to the management agreement for the period beginning July 1, 2018 until June 30, 2020. In addition, no incentive fee was paid or will be payable by TRMT to Tremont Advisors for the 2018 or 2019 calendar years, respectively.

Tremont Advisors earned advisory services revenue of \$36 and \$49 for the three months ended December 31, 2019 and 2018, respectively, in each case net of the fee waiver referenced above, as applicable.

The Tremont business earns between 0.5% and 1.0% of the aggregate principal amounts of any loans it originates. For the three months ended December 31, 2019 and 2018, the Tremont business earned fees for such origination services of \$680 and \$52, respectively, which amounts are included in management services revenue in our condensed consolidated statements of comprehensive income.

Reimbursable Compensation and Benefits

Reimbursable compensation and benefits include reimbursements, at cost, that arise primarily from services we provide pursuant to our property management agreements, a significant portion of which are charged or passed through to and were paid by tenants of our Client Companies. We recognize the revenue for reimbursements when we incur the related reimbursable compensation and benefits and other costs on behalf of our Client Companies. For the three months ended December 31, 2019 and 2018, we realized reimbursable compensation and benefits of \$13,795 and \$13,873, respectively. Included in reimbursable compensation and benefits are shared services fees we earn from TRMT for compensation and other costs related to the operation of the Tremont business. We earned shared services fees from TRMT of \$346 and \$336 for the three months ended December 31, 2019 and 2018, respectively.

Reimbursable compensation and benefits include grants of common shares from Client Companies directly to certain of our officers and employees in connection with the provision of management services to those companies. The revenue in

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

respect of each grant is based on the fair value as of the grant date for those shares that have vested, with subsequent changes in the fair value of the unvested grants being recognized in our condensed consolidated statements of comprehensive income over the requisite service periods. We record an equal offsetting amount as equity based compensation expense for the value of the grants of common shares from our Client Companies to certain of our officers and employees. We realized equity based compensation expense and related reimbursements of \$948 and \$1,316 for the three months ended December 31, 2019 and 2018, respectively.

Other Client Company Reimbursable Expenses

Other client company reimbursable expenses include reimbursements that arise from services we provide pursuant to our property management agreements, a significant portion of which are charged or passed through to and were paid by tenants of our Client Companies. We have determined that we control the services provided by third parties for our Client Companies and therefore we account for the cost of these services and the related reimbursement revenue on a gross basis.

We realized other client company reimbursable expenses reflecting corresponding amounts in revenue and expense of \$97,975 and \$98,076 for the three months ended December 31, 2019 and 2018, respectively.

Note 4. Investments

Equity Method Investments

As of December 31, 2019, Tremont Advisors owned 1,600,100, or approximately 19.4%, of TRMT's outstanding common shares. We account for our investment in TRMT using the equity method of accounting because we are deemed to exert significant influence, but not control, over TRMT's most significant activities. Our share of earnings from our investment in TRMT included in equity in earnings of investees in our condensed consolidated statements of comprehensive income for the three months ended December 31, 2019 and 2018 was \$255 and \$35, respectively.

Equity Method Investment Accounted for Under the Fair Value Option

As of December 31, 2019, we own 298,538, or approximately 3.6%, of TA's outstanding common shares. We purchased these shares on October 10, 2018 for \$8,382. We account for our investment in TA using the equity method of accounting because we are deemed to exert significant influence, but not control, over TA's most significant activities. We elected the fair value option to account for our equity method investment in TA and determine fair value using the closing price of TA's common shares, which is a Level 1 fair value input. The market value of our investment in TA as of December 31, 2019 and September 30, 2019, based on quoted market prices, was \$5,120 and \$3,682, respectively. The unrealized gain (loss) in our condensed consolidated statements of comprehensive income for the three months ended December 31, 2019 and 2018 related to our investment in TA was \$1,438 and \$(2,769), respectively.

Note 5. 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 December 31, 2019 and 2018, we recognized estimated income tax expense of \$3,724 and \$18,970, respectively, which includes \$2,777 and \$13,842, respectively, of U.S. federal income tax and \$947 and \$5,128, 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 December 31,	
	2019	2018
Income taxes computed at the federal statutory rate	21.0 %	21.0 %
State taxes, net of federal benefit	3.6 %	3.0 %
Permanent items	0.2 %	(0.1)%
Net income attributable to noncontrolling interest	(10.1)%	(10.1)%
Total	14.7 %	13.8 %

In December 2019, the Internal Revenue Service and Department of the Treasury released regulations expanding the applicability of limits on executive compensation deductions to more taxpayers, including executive compensation allocated to publicly held corporations by a partnership. The expanded application of these regulations result in the effective tax rate of RMR Inc. increasing to 14.7% for the full fiscal year.

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 December 31, 2019, we had no uncertain tax positions.

Note 6. Fair Value of Financial Instruments

As of December 31, 2019 and September 30, 2019, the fair values of our financial instruments, which include cash and cash equivalents, amounts due from related parties and accounts payable and accrued expenses, were not materially different from their carrying values due to the short term nature of these financial instruments.

Recurring Fair Value Measures

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 Estimates

The following are our assets and liabilities that all have been measured at fair value using Level 1 inputs in the fair value hierarchy as of December 31, 2019 and September 30, 2019:

	December 31, 2019	September 30, 2019
Money market funds included in cash and cash equivalents	\$ 384,400	\$ 357,526
Current portion of due from related parties related to share based payment awards	3,563	4,814
Long term portion of due from related parties related to share based payment awards	9,001	9,238
Current portion of employer compensation liability related to share based payment awards included in accounts payable and accrued expenses	3,563	4,814
Long term portion of employer compensation liability related to share based payment awards	9,001	9,238

Note 7. Related Person Transactions

Adam D. Portnoy, one of our Managing Directors, 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. As of December 31, 2019, Adam D.

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

Portnoy beneficially owned, in aggregate, (i) 144,502 shares of Class A common stock of RMR Inc., or Class A Common Shares; (ii) all the outstanding shares of Class B-1 common stock of RMR Inc., or Class B-1 Common Shares; (iii) all the outstanding shares of Class B-2 common stock of RMR Inc., or Class B-2 Common Shares; and (iv) 15,000,000 Class A Units of RMR LLC. Adam D. Portnoy and Jennifer B. Clark, our other Managing Director, are also officers of ABP Trust and RMR Inc. and officers and employees of RMR LLC. Matthew P. Jordan, our Executive Vice President, Chief Financial Officer and Treasurer is also an officer of ABP Trust and an officer and employee of RMR LLC.

Adam D. Portnoy is also the chair of the board of trustees of each of the Managed Equity REITs, the chair of the board of directors of each of Five Star and TA, a managing trustee or managing director of each of the Managed REITs, Five Star, RIF and TA, a director of AIC and the majority owner and director of Sonesta. Jennifer B. Clark, our other Managing Director, is a managing trustee of DHC and RIF, president and chief executive officer of AIC and a director of Sonesta. As of December 31, 2019, Adam D. Portnoy beneficially owned, in aggregate, 35.3% of Five Star's outstanding common shares (6.3% as of January 1, 2020), 1.1% of SVC's outstanding common shares, 1.2% of ILPT's outstanding common shares, 1.5% of OPI's outstanding common shares, 1.1% of DHC's outstanding common shares, 4.0% of TA's outstanding common shares (including through RMR LLC), 2.3% of RIF's outstanding common shares, and 19.5% of TRMT's outstanding common shares (including through Tremont Advisors).

The Managed Equity REITs and AIC have no employees. RMR LLC provides or arranges for all the personnel, overhead and services required for the operation of the Managed Equity REITs and AIC pursuant to management agreements with them. All the officers of the Managed Equity REITs, AIC and the Open End Fund are officers or employees of RMR LLC. TRMT has no employees. All the officers, overhead and required office space of TRMT are provided or arranged by Tremont Advisors. All of TRMT's officers are officers or employees of Tremont Advisors or RMR LLC. Many of the executive officers of the Managed Operators are officers or employees of RMR LLC. All of RIF's officers are officers or employees of RMR Advisors or RMR LLC. Some of our executive officers are also managing directors or managing trustees of certain of the Managed REITs, the Managed Operators and RIF.

As of December 31, 2019, ABP Trust owned 100% of Centre Street, 14.3% of AIC and 206,300 limited partner units, or 100%, of the Open End Fund and RMR LLC owned no limited partnership units, but has committed to contributing \$100,000 to the Open End Fund. The general partner of the Open End Fund is a subsidiary of ABP Trust and is not entitled to any compensation for services rendered to the Open End Fund in its capacity as general partner.

Additional information about our related person transactions appears in Note 8, *Shareholders' Equity*, below and in our 2019 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 December 31, 2019 and 2018, we recognized revenues from related parties as set forth in the following table:

	Three Months Ended December 31, ⁽¹⁾			
	2019		2018	
	\$	%	\$	%
Managed Equity REITs:				
DHC ⁽²⁾	\$ 43,557	27.2%	\$ 85,979	30.7%
ILPT	16,341	10.2	8,460	3.0
OPI ⁽³⁾	64,883	40.6	56,243	20.1
SIR ⁽²⁾⁽³⁾	—	—	47,843	17.1
SVC ⁽²⁾	19,124	12.0	66,395	23.7
	<u>143,905</u>	<u>90.0</u>	<u>264,920</u>	<u>94.6</u>
Managed Operators:				
Five Star	2,276	1.4	2,413	0.9
Sonesta	625	0.4	757	0.3
TA	3,445	2.2	3,853	1.4
	<u>6,346</u>	<u>4.0</u>	<u>7,023</u>	<u>2.6</u>
Other Client Companies:				
ABP Trust	3,317	2.1	3,335	1.2
AIC	91	0.1	60	—
Open End Fund	3,996	2.5	3,477	1.2
RIF	811	0.5	733	0.2
TRMT	697	0.4	695	0.2
	<u>8,912</u>	<u>5.6</u>	<u>8,300</u>	<u>2.8</u>
Total revenues from related parties	<u>159,163</u>	<u>99.6</u>	<u>280,243</u>	<u>100.0</u>
Revenues from unrelated parties	729	0.4	70	—
	<u>\$ 159,892</u>	<u>100.0%</u>	<u>\$ 280,313</u>	<u>100.0%</u>

- (1) Revenues from related parties for the three months ended December 31, 2019 and 2018 include (i) reimbursable compensation and benefits of \$13,795 and \$13,873, respectively, and (ii) other client company reimbursable expenses of \$97,975 and \$98,076, respectively.
- (2) The amounts for the three months ended December 31, 2018 include incentive business management fees of \$40,642, \$25,817 and \$53,635, which RMR LLC earned from DHC, SIR and SVC, respectively, and which were paid in January 2019.
- (3) SIR merged with and into a subsidiary of OPI on December 31, 2018, which subsidiary then merged into OPI, and SIR's separate business and property management agreements with RMR LLC were terminated. The combined company continues to be managed by RMR LLC pursuant to OPI's business and property management agreements with RMR LLC. This table presents the management services, reimbursable compensation and benefits and other client company reimbursable expenses revenues from SIR separately as they relate to periods prior to the merger with OPI.

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 represents amounts due from related parties as of the dates indicated:

	December 31, 2019	September 30, 2019
Managed Equity REITs:		
DHC	\$ 25,197	\$ 25,505
ILPT	7,748	10,630
OPI	34,717	39,233
SVC	10,988	18,933
	<u>78,650</u>	<u>94,301</u>
Managed Operators:		
Five Star	181	136
Sonesta	13	37
TA	618	392
	<u>812</u>	<u>565</u>
Other Client Companies:		
ABP Trust	2,338	2,580
AIC	7	7
Open End Fund	2,647	4,567
RIF	39	75
TRMT	772	664
	<u>5,803</u>	<u>7,893</u>
	<u>\$ 85,265</u>	<u>\$ 102,759</u>

Leases

As of December 31, 2019, we 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 \$1,433 and \$1,287 for the three months ended December 31, 2019 and 2018, 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 December 31, 2019, our condensed consolidated balance sheet reflects a liability related to the tax receivable agreement of \$32,061, including \$2,111 classified as a current liability that we expect to pay to ABP Trust during the fourth quarter of fiscal year 2020.

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 estimated quarterly, subject to future adjustment based on actual results. For the three months ended December 31, 2019 and 2018, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to holders of its membership units totaling \$7,993 and \$16,722, respectively, of which \$4,163 and \$8,685, respectively, was distributed to us and \$3,830 and \$8,037, 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 its noncontrolling interest. We used 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.

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

Separation Arrangements

David J. Hegarty, Mark L. Kleifges, Bruce J. Mackey Jr., Thomas M. O'Brien and John C. Popeo, each a former Executive Vice President of RMR LLC, retired from and resigned their RMR LLC officer positions between November 29, 2017 and December 31, 2018. We entered into retirement agreements with these former officers in connection with their retirements. Pursuant to these agreements, we made various cash payments and accelerated the vesting of unvested shares RMR Inc. previously awarded to these retiring officers. We also enter into separation arrangements from time to time with other nonexecutive officers and employees of ours. There remains no further substantive performance obligations with respect to any such arrangements, and we in turn recognized all applicable provisions in our condensed consolidated statements of comprehensive income as separation costs.

In December 2019, we entered into a retirement agreement with TA and a former executive officer of RMR LLC, Andrew J. Rebholz. Mr. Rebholz was also a managing director and chief executive officer of TA. Pursuant to his retirement agreement, Mr. Rebholz will continue to serve as an employee of RMR LLC through June 30, 2020. Under Mr. Rebholz's retirement agreement, consistent with past practice, RMR LLC and TA will continue to pay Mr. Rebholz his current aggregate annual base salary of \$375 until June 30, 2020 and RMR LLC and TA paid him an aggregate cash bonus in respect of 2019 of \$1,250 in December 2019. RMR LLC and TA also agreed to pay Mr. Rebholz a combined cash payment of \$1,250 in 2020, subject to certain conditions. Pursuant to the retirement agreement, TA has paid or will pay 80.0% of the above referenced amounts to Mr. Rebholz and RMR LLC has paid or will pay the remaining 20.0%, including any payroll taxes due. In addition, in January 2020, our Equity Plan Committee approved the acceleration of all 7,300 unvested shares owned by Mr. Rebholz of us as of his retirement date, June 30, 2020. We expect to record approximately \$324 of equity based separation costs related to the acceleration of these shares in the quarter ending March 31, 2020.

For the three months ended December 31, 2019 and 2018, we recognized cash and equity based separation costs as set forth in the following table:

	Three Months Ended December 31,	
	2019	2018
Former executive officers:		
Cash separation costs	\$ 260	\$ 5,312
Equity based separation costs	—	1,074
	260	6,386
Former nonexecutive officers:		
Cash separation costs	—	11
	—	11
Total separation costs	\$ 260	\$ 6,397

Note 8. Shareholders' Equity*Repurchases*

In December 2019, we withheld and repurchased 133 of our Class A Common Shares valued at \$45.67 per share, the closing price of our Class A Common Shares on Nasdaq on the date of purchase, from one employee of RMR LLC in satisfaction of tax withholding and payment obligations in connection with the issuance of awards of our common shares. The aggregate value of the withheld and repurchased shares was \$6. In connection with the acquisition of these Class A Common Shares, and as required by the RMR LLC operating agreement, RMR LLC concurrently acquired an identical number of Class A Units from RMR Inc.

Distributions

During the three months ended December 31, 2019 and 2018, we declared and paid dividends on our Class A Common Shares and Class B-1 Common Shares as follows:

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

Declaration Date	Record Date	Paid Date	Distributions Per Common Share	Total Distributions
<i>Three Months Ended December 31, 2019</i>				
10/17/2019	10/28/2019	11/14/2019	\$ 0.38	\$ 6,195
<i>Three Months Ended December 31, 2018</i>				
10/18/2018	10/29/2018	11/15/2018	\$ 0.35	\$ 5,680

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>Three Months Ended December 31, 2019</i>						
10/17/2019	10/28/2019	11/14/2019	\$ 0.30	\$ 9,391	\$ 4,891	\$ 4,500
<i>Three Months Ended December 31, 2018</i>						
10/18/2018	10/29/2018	11/15/2018	\$ 0.30	\$ 9,369	\$ 4,869	\$ 4,500

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

On January 16, 2020, we declared a quarterly dividend on our Class A Common Shares and Class B-1 Common Shares to our shareholders of record as of January 27, 2020, in the amount of \$0.38 per Class A Common Share and Class B-1 Common Share, or \$6,194. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the amount of \$0.30 per unit, or \$9,390, of which \$4,890 will be distributed to us based on our aggregate ownership of 16,300,302 membership units of RMR LLC and \$4,500 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 February 20, 2020.

Note 9. Per Common Share Amounts

Earnings per common share reflects net income attributable to RMR Inc. divided by our weighted average common shares outstanding. Basic and diluted weighted average common shares outstanding represents our outstanding Class A Common Shares and our Class B-1 Common Shares during the applicable periods. Our Class B-2 Common Shares, which are paired with ABP Trust's Class A Units, have no independent economic interest in RMR Inc. and thus are not included as common shares outstanding for purposes of calculating our net income attributable to RMR Inc. per common share.

Unvested Class A Common Shares granted to our employees are deemed participating securities for purposes of calculating earnings per common share because they have dividend rights. We calculate earnings per share using the two-class method. 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. Earnings attributable to unvested Class A Common Shares are excluded from earnings per share under the two-class method as reflected in our condensed consolidated statements of comprehensive income.

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

The calculation of basic and diluted earnings per share is as follows:

	Three Months Ended December 31,	
	2019	2018
Basic EPS		
Numerator:		
Net income attributable to The RMR Group Inc.	\$ 9,449	\$ 52,209
Income attributable to unvested participating securities	(73)	(353)
Net income attributable to The RMR Group Inc. used in calculating basic EPS	<u>\$ 9,376</u>	<u>\$ 51,856</u>
Denominator:		
Weighted average common shares outstanding - basic	16,177	16,120
Net income attributable to The RMR Group Inc. per common share - basic	<u>\$ 0.58</u>	<u>\$ 3.22</u>
Diluted EPS		
Numerator:		
Net income attributable to The RMR Group Inc.	\$ 9,449	\$ 52,209
Income attributable to unvested participating securities	(73)	(353)
Net income attributable to The RMR Group Inc. used in calculating diluted EPS	<u>\$ 9,376</u>	<u>\$ 51,856</u>
Denominator:		
Weighted average common shares outstanding - basic	16,177	16,120
Dilutive effect of incremental unvested shares	—	11
Weighted average common shares outstanding - diluted	<u>16,177</u>	<u>16,131</u>
Net income attributable to The RMR Group Inc. per common share - diluted	<u>\$ 0.58</u>	<u>\$ 3.22</u>

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. If all outstanding Class A Units that we do not own had been redeemed for our Class A Common Shares in the periods presented, our Class A Common Shares outstanding as of December 31, 2019, would have been 30,301,767. In computing the dilutive effect, if any, that the aforementioned 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 (including any tax impact). For the periods presented, such redemption is not reflected in diluted earnings per share as the assumed redemption would be anti-dilutive.

Note 10. Leases

We enter into operating leases, as the lessee, for office space and determine if an arrangement is a lease at inception of the arrangement. Operating lease liabilities and right of use assets are recognized based on the present value of the future minimum lease payments over the lease term using our estimated incremental borrowing rate. Operating lease expense associated with minimum lease payments is recognized on a straight line basis over the lease term and was \$1,603 for the three months ended December 31, 2019. Minimum lease payments for leases with an initial term of twelve months or less are not recorded on our condensed consolidated balance sheet. Lease expense for leases with an initial term of twelve months or less was \$15 for the three months ended December 31, 2019. As of December 31, 2019, our operating leases expire on various dates through 2030, the weighted average remaining lease term was 9.6 years and the determination of the present value of the remaining lease payments utilized a weighted average discount rate of 3.1%.

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

The following table presents the undiscounted cash flows on an annual basis for our operating lease liabilities as of December 31, 2019:

2020	\$	3,916
2021		5,272
2022		5,343
2023		4,708
2024		4,205
Thereafter		21,283
Total lease payments ⁽¹⁾		44,727
Less: imputed interest		(6,173)
Present value of operating lease liabilities		38,554
Less: current portion of operating lease liabilities		(4,087)
Operating lease liabilities, net of current portion	\$	34,467

(1) Excludes \$1,052 of lease payments for signed leases that have not yet commenced.

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

Note 11. Segment Reporting

We have one reportable business segment, which is RMR LLC. In the tables below, our All Other Operations includes the operations of RMR Inc., RMR Advisors and Tremont Advisors.

	Three Months Ended December 31, 2019		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 46,595	\$ 680	\$ 47,275
Advisory services	—	847	847
Total management and advisory services revenues	46,595	1,527	48,122
Reimbursable compensation and benefits	12,702	1,093	13,795
Other client company reimbursable expenses	97,975	—	97,975
Total reimbursable costs	110,677	1,093	111,770
Total revenues	157,272	2,620	159,892
Expenses:			
Compensation and benefits	27,275	2,922	30,197
Equity based compensation	1,567	15	1,582
Separation costs	260	—	260
Total compensation and benefits expense	29,102	2,937	32,039
General and administrative	6,125	921	7,046
Other client company reimbursable expenses	97,975	—	97,975
Transaction and acquisition related costs	49	747	796
Depreciation and amortization	244	12	256
Total expenses	133,495	4,617	138,112
Operating income (loss)	23,777	(1,997)	21,780
Interest and other income	1,720	155	1,875
Equity in earnings of investees	—	255	255
Unrealized gain on equity method investment accounted for under the fair value option	1,438	—	1,438
Income (loss) before income tax expense	26,935	(1,587)	25,348
Income tax expense	—	(3,724)	(3,724)
Net income (loss)	\$ 26,935	\$ (5,311)	\$ 21,624
Total assets	\$ 654,196	\$ 50,934	\$ 705,130

(1) Intersegment revenues of \$2,075 recognized by RMR LLC for services provided to our All Other Operations segment have been eliminated in the condensed consolidated financial statements.

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

	Three Months Ended December 31, 2018		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 47,436	\$ 52	\$ 47,488
Incentive business management fees	120,094	—	120,094
Advisory services	—	782	782
Total management and advisory services revenues	167,530	834	168,364
Reimbursable compensation and benefits	13,308	565	13,873
Other client company reimbursable expenses	98,076	—	98,076
Total reimbursable costs	111,384	565	111,949
Total revenues	278,914	1,399	280,313
Expenses:			
Compensation and benefits	26,425	1,587	28,012
Equity based compensation	1,784	27	1,811
Separation costs	6,397	—	6,397
Total compensation and benefits expense	34,606	1,614	36,220
General and administrative	6,385	935	7,320
Other client company reimbursable expenses	98,076	—	98,076
Transaction and acquisition related costs	184	—	184
Depreciation and amortization	242	13	255
Total expenses	139,493	2,562	142,055
Operating income (loss)	139,421	(1,163)	138,258
Interest and other income	1,373	153	1,526
Equity in earnings of investees	—	35	35
Unrealized loss on equity method investment accounted for under the fair value option	(2,769)	—	(2,769)
Income (loss) before income tax expense	138,025	(975)	137,050
Income tax expense	—	(18,970)	(18,970)
Net income (loss)	\$ 138,025	\$ (19,945)	\$ 118,080
Total assets	\$ 625,063	\$ 62,862	\$ 687,925

(1) Intersegment revenues of \$848 recognized by RMR LLC for services provided to our All Other Operations segment have been eliminated in the condensed consolidated financial statements.

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 1, Item 1 of this Quarterly Report on Form 10-Q and with our 2019 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. As of December 31, 2019, RMR LLC managed over 2,100 properties in 49 states, Washington, D.C., Puerto Rico and Canada that are principally owned by the Managed Equity REITs.

RMR LLC manages a diverse portfolio of publicly owned real estate and real estate related businesses. Our Client Companies include the Managed Equity REITs, the Managed Operators, RIF, TRMT, AIC, ABP Trust, the Open End Fund, Centre Street and the clients of the Tremont business, each of which are discussed in further detail below.

Managed Equity REITs

The base business management fees we earn from the Managed Equity REITs are principally based upon 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 upon the gross rents collected at certain managed properties owned by the REITs, excluding rents or other revenues from hotels, travel centers, senior living properties and wellness centers which are separately managed by one of our Managed Operators or a third party. 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 December 31, 2019 and 2018, as applicable:

REIT	Primary Strategy	Lesser of Historical Cost of Assets Under Management or Total Market Capitalization as of December 31,	
		2019	2018
DHC	Medical office and life science properties, senior living communities and wellness centers	\$ 5,543,586	\$ 6,469,758
ILPT	Industrial and logistics properties	2,538,189	1,578,306
OPI	Office properties primarily leased to single tenants, including the government	3,935,421	4,651,888
SVC	Hotels and net lease service and necessity-based retail properties	10,130,161	8,153,868
		<u>\$ 22,147,357</u>	<u>\$ 20,853,820</u>

Base business management fees payable to us by the Managed Equity REITs are calculated monthly based upon the lesser of the average historical cost of each Managed Equity REIT's assets under management or its average market capitalization, as calculated in accordance with the applicable business management agreement. 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 months ended December 31, 2019 and 2018 may differ from the basis at the end of the periods presented in the table above. As of December 31, 2019, the market capitalization was lower than the historical costs of assets under management for DHC, OPI and SVC; the historical costs of assets under management for DHC, OPI and SVC as of December 31, 2019, were \$8,623,500, \$5,807,041 and \$12,447,913, respectively. For ILPT, the historical costs of assets under management were lower than its market capitalization of \$2,877,088, calculated as of December 31, 2019.

The fee revenues we earned from the Managed Equity REITs for the three months ended December 31, 2019 and 2018 are set forth in the following tables:

Three Months Ended December 31, 2019 ⁽¹⁾				
REIT	Base Business Management Revenues	Incentive Business Management Revenues	Property Management Revenues	Total
DHC	\$ 6,632	\$ —	\$ 3,323	\$ 9,955
ILPT	3,392	—	2,182	5,574
OPI	4,890	—	5,273	10,163
SVC	12,477	—	1,196	13,673
	<u>\$ 27,391</u>	<u>\$ —</u>	<u>\$ 11,974</u>	<u>\$ 39,365</u>

Three Months Ended December 31, 2018 ⁽¹⁾				
REIT	Base Business Management Revenues	Incentive Business Management Revenues	Property Management Revenues	Total
DHC	\$ 8,605	\$ 40,642	\$ 3,686	\$ 52,933
ILPT	2,104	—	1,354	3,458
OPI ⁽²⁾	3,374	—	3,972	7,346
SIR ⁽²⁾	4,124	25,817	2,335	32,276
SVC	10,064	53,635	20	63,719
	<u>\$ 28,271</u>	<u>\$ 120,094</u>	<u>\$ 11,367</u>	<u>\$ 159,732</u>

(1) Excludes reimbursable compensation and benefits and other client company reimbursable expenses.

(2) SIR merged with and into OPI on December 31, 2018 with OPI continuing as the surviving entity.

Managed Operators, ABP Trust, AIC and the Open End Fund

We provide business management services to the Managed Operators. Five Star operates senior living communities throughout the United States, many of which are owned by and leased from, or 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 Sonesta's U.S. hotels 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 owns, operates and franchises standalone truck service facilities and restaurants. Generally, our fees earned from business management services to the Managed Operators are based on a percentage of certain revenues.

In addition, we provide management services to ABP Trust, AIC and the Open End Fund. The fees we earn from ABP Trust include business management fees based on a percentage of revenues, property management fees based on rents collected from managed properties and construction management fees based on the cost of construction activities. The fees we earned from AIC were based on a percentage of total premiums paid for insurance arranged by AIC. AIC's property insurance program expired on June 30, 2019 and was not continued. As a result, AIC has not incurred any management fees payable to RMR LLC since that date. The fees we earn from the Open End Fund include administrative service fees based on a percentage of the Open End Fund's net asset value, property management fees based on rents collected from managed properties and construction management fees based on the cost of construction activities.

[Table of Contents](#)

Our revenues from services to the Managed Operators, ABP Trust, AIC and the Open End Fund for the three months ended December 31, 2019 and 2018 are set forth in the following table:

Company	Three Months Ended December 31, ⁽¹⁾			
	2019		2018	
ABP Trust	\$	223	\$	219
AIC		—		60
Five Star		2,252		2,351
Open End Fund		840		734
Sonesta		579		711
TA		3,295		3,723
	\$	7,189	\$	7,798

(1) Excludes reimbursable client company operating expenses and reimbursable compensation and benefits.

RMR Advisors, Tremont Advisors and the Tremont Business

RMR Advisors is compensated pursuant to its agreement with RIF at an annual rate of 0.85% of RIF's average daily managed assets, as defined in the agreement. The value of RIF's assets, as defined by the investment advisory agreement, managed by RMR Advisors was \$360,001 and \$303,174 as of December 31, 2019 and 2018, respectively. The advisory fees earned by RMR Advisors included in our revenue were \$811 and \$733 for the three months ended December 31, 2019 and 2018, respectively.

Tremont Advisors primarily manages TRMT, a publicly traded mortgage REIT that focuses primarily on originating and investing in first mortgage whole loans secured by middle market and transitional commercial real estate and, as of December 18, 2019, Centre Street, a private fund focused on originating and investing in mortgage loans. In June 2018, Tremont Advisors agreed to waive any business management fees otherwise due and payable by TRMT pursuant to the management agreement for the period beginning July 1, 2018 until June 30, 2020 and any incentive management fee that it may earn for the 2018 or 2019 calendar years. Tremont Advisors earned advisory services revenue from TRMT of \$36 and \$49 for the three months ended December 31, 2019 and 2018, respectively. Tremont Advisors did not earn any revenue from Centre Street for the period from their inception on December 18, 2019 to December 31, 2019.

The Tremont business acts as a transaction originator for non-investment advisory clients for negotiated fees. The Tremont business earned fees for such origination services of \$680 and \$52 for the three months ended December 31, 2019 and 2018, respectively, which amounts are included in management services revenue in our condensed consolidated statements of comprehensive income.

Business Environment and Outlook

The continuation and growth of our business depends upon our ability to operate the Managed REITs so as to maintain and increase the value of their businesses, to assist our Managed Operators to grow their businesses and operate profitably and to successfully execute on new business ventures and investments we may pursue, such as the Open End Fund and Centre Street. Our business and the businesses of our Client Companies 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 in migration or out migration in 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. We also believe that these regional or special factors can be reinforced or sometimes overwhelmed by general economic factors; for example, the expectation that U.S. interest rates will increase, or decrease, may cause a general decrease, or increase, in the value of securities of real estate businesses or in their value relative to other types of securities and investments, including those real estate businesses that use large amounts of debt and that attract equity investors by paying dividends such as REITs. We try to take account of industry and general economic factors as well as specific property and regional geographic considerations when providing services to our Client Companies.

At present we believe that the current interest rate environment available for real estate purchase financing, as well as the increased levels of available private capital allocated to real estate investments, may be causing real estate valuations to

generally exceed replacement cost for certain types of properties (e.g., industrial and residential) and in certain markets (e.g., urban areas). Conversely, for other types of properties (e.g., retail and office) and in certain markets (e.g., suburban areas), we believe real estate valuations are generally below replacement cost. Because of this market dynamic, we believe property acquisitions and dispositions should be undertaken on a careful basis. We also believe that because of the diversity of properties which our Client Companies own and operate there should be opportunities for growth in selected property types and locations and that we and our Client Companies should maintain financial flexibility using only reasonable amounts of debt so as to take advantage of growth opportunities which come to our and their attention. We, on behalf of our Client Companies and ourselves, attempt to take advantage of opportunities in the real estate market when they arise. For example: (i) on January 17, 2018, SIR launched an equity REIT, ILPT, that it formed to focus on the ownership and leasing of industrial and logistics properties throughout the U.S.; (ii) on December 31, 2018, GOV and SIR merged to form OPI, a REIT with a broader investment strategy than its predecessor companies and ultimately a stronger combined entity that will be better positioned for future growth; and (iii) on September 20, 2019, SVC acquired a net leased portfolio of 767 service oriented retail properties, providing SVC with a greater diversity in tenant base, property type and geography. In addition, we balance our pursuit of growth of our and our Client Companies' businesses by executing, on behalf of our Client Companies, prudent capital recycling or business arrangement restructurings in an attempt to help our Client Companies prudently manage leverage and to reposition their portfolios and businesses when circumstances warrant such changes or when other more desirable opportunities are identified.

Please see "Risk Factors" in Item 1A of our 2019 Annual Report for a discussion of some of the circumstances that may adversely affect our performance and the performance of our Client Companies.

RESULTS OF OPERATIONS (dollars in thousands)
Three Months Ended December 31, 2019, Compared to the Three Months Ended December 31, 2018

The following table presents the changes in our operating results for the three months ended December 31, 2019 compared to the three months ended December 31, 2018:

	Three Months Ended December 31,			
	2019	2018	\$ Change	% Change
Revenues:				
Management services	\$ 47,275	\$ 47,488	\$ (213)	(0.4)%
Incentive business management fees	—	120,094	(120,094)	n/m
Advisory services	847	782	65	8.3%
Total management and advisory services revenues	48,122	168,364	(120,242)	(71.4)%
Reimbursable compensation and benefits	13,795	13,873	(78)	(0.6)%
Other client company reimbursable expenses	97,975	98,076	(101)	(0.1)%
Total reimbursable costs	111,770	111,949	(179)	(0.2)%
Total revenues	159,892	280,313	(120,421)	(43.0)%
Expenses:				
Compensation and benefits	30,197	28,012	2,185	7.8%
Equity based compensation	1,582	1,811	(229)	(12.6)%
Separation costs	260	6,397	(6,137)	(95.9)%
Total compensation and benefits expense	32,039	36,220	(4,181)	(11.5)%
General and administrative	7,046	7,320	(274)	(3.7)%
Other client company reimbursable expenses	97,975	98,076	(101)	(0.1)%
Transaction and acquisition related costs	796	184	612	n/m
Depreciation and amortization	256	255	1	0.4%
Total expenses	138,112	142,055	(3,943)	(2.8)%
Operating income	21,780	138,258	(116,478)	(84.2)%
Interest and other income	1,875	1,526	349	22.9%
Equity in earnings of investees	255	35	220	n/m
Unrealized gain (loss) on equity method investment accounted for under the fair value option	1,438	(2,769)	4,207	151.9%
Income before income tax expense	25,348	137,050	(111,702)	(81.5)%
Income tax expense	(3,724)	(18,970)	15,246	80.4%
Net income	21,624	118,080	(96,456)	(81.7)%
Net income attributable to noncontrolling interest	(12,175)	(65,871)	53,696	81.5%
Net income attributable to The RMR Group Inc.	\$ 9,449	\$ 52,209	\$ (42,760)	(81.9)%

n/m - not meaningful

Management services revenue. For the three months ended December 31, 2019 and 2018, we earned base business and property management services revenue from the following sources:

Source	Three Months Ended December 31,		
	2019	2018	Change
Managed Equity REITs	\$ 39,365	\$ 39,639	\$ (274)
Managed Operators	6,126	6,785	(659)
Other	1,784	1,064	720
Total	\$ 47,275	\$ 47,488	\$ (213)

Management services revenue decreased \$213 primarily due to (i) declines in the market capitalization of DHC and OPI (compared to GOV's and SIR's combined market capitalization in the 2018 period) resulting in decreases to base business management fees of \$1,973 and \$2,608, respectively, (ii) decreases in property management fees earned from OPI (compared to GOV's and SIR's combined property management fees in the 2018 period) of \$1,034, primarily due to asset dispositions and (iii) a decrease of \$428 in base business management fees earned from TA due to the sale of its convenience stores at the end of the first quarter of fiscal 2019. These decreases were partially offset by (i) growth in base business management fees of \$1,288 and property management fees of \$828 earned from ILPT, primarily reflecting acquisition activity and (ii) growth in base business management fees of \$2,413 and property management fees of \$1,176 earned from SVC, primarily from its acquisition of a net leased property portfolio in September 2019.

Incentive business management fees. Incentive business management fees are contingent performance based fees which are recognized in our first fiscal quarter when amounts, if any, for the applicable measurement periods become known and the incentive business management fees are earned. Incentive business management fees for the three months ended December 31, 2018 include fees earned from DHC, SIR and SVC of \$40,642, \$25,817, and \$53,635, respectively, for the calendar year 2018. We did not earn any incentive business management fees for calendar year 2019.

Advisory services revenue. Advisory services revenue includes the fees RMR Advisors earns for managing RIF and the fees Tremont Advisors earns for managing TRMT and Centre Street Finance LLC, or the Tremont Advisory Clients. Advisory services revenues increased by \$65 primarily due to increases in the net asset value of RIF's portfolio driven by higher prices of its investments.

Reimbursable compensation and benefits. Reimbursable compensation and benefits represents amounts reimbursed to us by the Managed Equity REITs for certain property related employee compensation and benefits expenses incurred in the ordinary course of business in our capacity as property manager, at cost. A significant portion of these reimbursable compensation and benefits costs arise from services we provide that are paid or reimbursed to the Managed Equity REITs by their tenants, as well as non-cash share based compensation from the Managed Equity REITs granted to some of our employees. Reimbursable compensation and benefits for the three months ended December 31, 2019 and 2018 include non-cash share based compensation granted to some of our employees by our Client Companies totaling \$948 and \$1,316, respectively. Reimbursable compensation and benefits decreased \$78 primarily due to decreases in share based compensation granted to our employees by our Client Companies as a result of decreases in their respective share prices, partially offset by annual increases in employee compensation and benefits for which we receive reimbursement.

Other client company reimbursable expenses. For further information about these reimbursements, see Note 3, *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 \$2,185 primarily due to annual employee merit increases on October 1, 2019 and anticipated bonus inflation for fiscal 2020.

Equity based compensation. Equity based compensation consists of the value of vested shares granted to certain of our employees under our equity compensation plan and by our Client Companies. Equity based compensation decreased \$229 primarily due to declines in the Managed Equity REITs' share prices, partially offset by increases in our shares granted to certain of our employees.

Separation costs. Separation costs consist of employment termination costs. For further information about these costs, see Note 7, *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 decreased \$274 primarily due to professional fees incurred in the 2018 period related to our registration statement on Form S-3 filing with the SEC in December 2018.

Transaction and acquisition related costs. Transaction and acquisition related costs increased \$612 primarily due to costs incurred in connection with RIF's intention to convert from a registered investment company to a commercial mortgage REIT announced in December 2019. RMR Advisors has committed to pay all costs related to this proposed transaction.

Depreciation and amortization. Depreciation and amortization expense was relatively unchanged from the prior year.

Interest and other income. Interest and other income increased \$349 primarily due to increased cash balances invested during the three months ended December 31, 2019 as compared to the three months ended December 31, 2018, partially offset by lower interest rates earned in the 2019 period.

Equity in earnings of investees. Equity in earnings of investees represents our proportionate share of earnings from our equity interest in TRMT.

Unrealized gain (loss) on equity method investment accounted for under the fair value option. Unrealized gain (loss) on equity method investment accounted for under the fair value option represents the gain (loss) on our investment in TA common shares. The gain for the current period is a result of recent increases in TA's share price, as compared to TA share price declines in the same period in the prior year. For further information, see Note 4, *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 decrease in income tax expense of \$15,246 is primarily attributable to declines in taxable income for the three months ended December 31, 2019 as compared to same period in the prior year primarily due to incentive business management fees earned in the three months ended December 31, 2018.

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

Total assets were \$705,130 as of December 31, 2019, an increase of \$44,298, or 6.7% from September 30, 2019. The increase in total assets was primarily due to an increase of \$36,899 in operating lease right of use assets recorded in connection with our adoption of ASU No. 2016-02 on October 1, 2019. For further information regarding the adoption of ASU No. 2016-02, please see Note 2, *Recent Accounting Pronouncements*, and Note 10, *Leases*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our current assets have historically been comprised predominantly of cash, cash equivalents and receivables for business management, property management and advisory services fees. 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 December 31, 2019 and September 30, 2019, we had cash and cash equivalents of \$385,695 and \$358,448, respectively, of which \$29,778 and \$26,883, respectively, was held by RMR Inc., with the remainder being held at RMR LLC. As of December 31, 2019 and September 30, 2019, \$384,400 and \$357,526, respectively, of our cash and cash equivalents were invested in money market funds. The increase in cash and cash equivalents principally reflects cash generated from operations during the three months ended December 31, 2019.

Total liabilities were \$168,362 as of December 31, 2019, an increase of \$36,565, or 27.7% from September 30, 2019. The increase in total liabilities was primarily due to an increase of \$38,554 in total operating lease liabilities recorded in connection with our adoption of ASU No. 2016-02 on October 1, 2019. For further information regarding the adoption of ASU No. 2016-02, please see Note 2, *Recent Accounting Pronouncements*, and Note 10, *Leases*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our current liabilities have historically included accounts payable and accrued expenses, including accrued employee compensation and accounts payable and accrued expenses related to other client company reimbursable expenses. As of December 31, 2019 and September 30, 2019, we had current liabilities of \$94,944 and \$90,989, respectively, including \$51,708 and \$65,909, respectively, of accounts payable and accrued expenses related to other client company reimbursable expenses. The decrease in current liabilities primarily reflects lower other client company reimbursable expenses, partially offset by accrued employee compensation related to annual bonuses historically paid during the last quarter of our fiscal year.

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. The cash we generate from our operating activities could decline in future periods due to strategic capital recycling and declines in the common share prices at our Managed Equity REITs, among other reasons. This disposition activity could result in reductions to our business and property management services revenue. Additionally, our business management fees and incentive management fees are also adversely impacted as our Managed Equity REITs share prices decline. Conversely, the cash we generate from our operating activities may increase if our Managed Equity REITs' market capitalizations increase or they acquire additional properties, particularly properties for which we would provide property management services.

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, within 30 days following each calendar year end. Historically, we have not experienced losses on collection of our fees and have not recorded any allowances for bad debts.

We currently intend to use our cash and cash flows to fund our working capital needs, pay our dividends and fund new business ventures, including our \$100,000 commitment to the Open End Fund. This commitment may be drawn in the future, subject to the timing of acquisitions and the raising of independent third party capital. We believe that our cash on hand and operating cash flow will be sufficient to meet our operating needs for the next 12 months and for the reasonably foreseeable future.

During the three months ended December 31, 2019, 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 \$10,695. On January 16, 2020, we declared a quarterly dividend on our Class A Common Shares and Class B-1 Common Shares to our shareholders of record as of January 27, 2020 in the amount of \$0.38 per Class A Common Share and Class B-1 Common Share, or \$6,194. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the amount of \$0.30 per unit, or \$9,390, of which \$4,890 will be distributed to us based on our aggregate ownership of 16,300,302 membership units of RMR LLC and \$4,500 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 \$10,694 and we expect to pay this dividend on or about February 20, 2020. See Note 8, *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 three months ended December 31, 2019, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to its holders of its membership units totaling \$7,993, of which \$4,163 was distributed to us and \$3,830 was distributed to ABP Trust, based on each membership unit holder's then respective ownership percentage in RMR LLC. The \$4,163 distributed to us was eliminated in our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the \$3,830 distributed to ABP Trust was recorded as a reduction of their 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 7, *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

Our changes in cash flows for the three months ended December 31, 2019 compared to the three months ended December 31, 2018 were as follows: (i) net cash from operating activities decreased \$12,158 from \$54,078 in the 2018 period to \$41,920 in the 2019 period; (ii) net cash used in investing activities decreased \$8,404 from \$8,552 in the 2018 period to \$148 in the 2019 period; and (iii) net cash used in financing activities decreased \$3,692 from \$18,217 in the 2018 period to \$14,525 in the 2019 period.

The decrease in cash from operating activities for the three months ended December 31, 2019, compared to the same period in 2018 primarily reflects the net effect of declines in net income and working capital. The decrease in cash used in investing activities for the three months ended December 31, 2019 compared to the same period in 2018 was primarily due to our purchase of 298,538 TA common shares in the 2018 period. For further information, see Note 4, *Investments*, to our condensed consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q. The decrease in cash used in financing activities for the three months ended December 31, 2019 compared to the same period in 2018 was primarily due to lower tax distributions based on current estimates for taxable income in this fiscal year, partially offset by an increased dividend rate of \$0.38 per Class A Common Share in the period ended December 31, 2019.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements that have had or that we expect would be reasonably likely to have a future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, other than our \$100,000 commitment to the Open End Fund. For further information, see Note 7, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

Tax Receivable Agreement

We are party to a tax receivable agreement, or 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 7, *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 2019 Annual Report. As of December 31, 2019, our condensed consolidated balance sheet reflects a liability related to the tax receivable agreement of \$32,061, of which we expect to pay \$2,111 to ABP Trust during the fourth quarter of fiscal year 2020.

Market Risk and Credit Risk

We have not invested in derivative instruments, borrowed through issuing debt securities or transacted a significant part of our businesses in foreign currencies. As a result, we are not now 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 Client Companies' 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.

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 funds. The majority of our cash is maintained in U.S. bank accounts. Some U.S. bank account balances exceed the FDIC 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, one of our Managing Directors, as well as our Client Companies. Our Managing Directors have historical and continuing relationships with our Client Companies and several of our Client Companies have material historical and ongoing relationships with other Client Companies. For example: Adam D. Portnoy is the sole trustee and owns all of the voting securities and a majority of the economic interests of our controlling shareholder, ABP Trust; ABP Trust also holds membership units of our subsidiary, RMR LLC; we are a party to a tax receivable agreement with ABP Trust; Adam D. Portnoy, 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 and RMR Inc. and officers and employees of RMR LLC; Adam D. Portnoy serves as the chair of the board of trustees of each of the Managed Equity REITs, as a managing trustee of each Managed REIT and RIF and as the chair of the board of directors and a managing director of each of Five Star and TA; Jennifer B. Clark serves as a managing trustee of DHC and RIF; certain of our other officers serve as managing trustees, managing directors or directors of our Client Companies; all of the executive officers of the Managed Equity REITs and the Open End Fund and many of the executive officers of the Managed Operators are our officers and employees, TRMT's officers are officers or employees of Tremont Advisors or RMR LLC, and RIF's officers are officers or employees of RMR Advisors or RMR LLC; Adam D. Portnoy is an owner and director of Sonesta and Jennifer B. Clark is a director of Sonesta; and, until July 1, 2019, the Managed Equity REITs (other than ILPT) owned a majority of our outstanding Class A Common Shares and, as of January 1, 2020, Adam D. Portnoy, directly and indirectly, owned approximately 6.3% of Five Star's outstanding common shares (including through ABP Trust); 4.0% of TA's outstanding common shares (including through RMR LLC); and 19.5% of TRMT's outstanding common shares (including through Tremont Advisors); and a subsidiary of ABP Trust is the general partner of the Open End Fund and ABP Trust is a limited partner of the Open End Fund.

For further information about these and other such relationships and related person transactions, please see Note 7, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, the section captioned "Business" in Part I, Item 1 of our 2019 Annual Report, our other filings with the SEC and our definitive Proxy Statement for our 2020 Annual Meeting of Shareholders. In addition, for more information about these transactions and relationships and about the risks that may arise as a result of these and other related person transactions and relationships, please see elsewhere in our 2019 Annual Report, including "Warning Concerning Forward-Looking Statements" and Part I, Item 1A "Risk Factors." Our filings with the SEC and copies of certain of our agreements with these related persons filed as exhibits to our filings with the SEC are available at the SEC's website, www.sec.gov.

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 December 31, 2019 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. Our forward-looking statements reflect our current views, intents and expectations with respect to, among other things, our operations and financial performance. Our forward-looking statements can be identified by the use of words such as “outlook,” “believe,” “expect,” “potential,” “will,” “may,” “estimate,” “anticipate” and derivatives or negatives of such words or similar words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be factors that could cause actual outcomes or results to differ materially from those stated or implied in these statements. We believe these factors include, but are not limited to the following:

- substantially all our revenues are derived from services to a limited number of Client Companies;
- our revenues are highly variable;
- changing market conditions that may adversely impact our Client Companies and our business with them;
- potential terminations of our management agreements with our Client Companies;
- our ability to expand our business depends upon the growth and performance of our Client Companies and our ability to obtain or create new clients for our business and is often dependent upon circumstances beyond our control;
- the ability of our Client Companies to operate their businesses profitably and to grow and increase their market capitalizations and total shareholder returns;
- litigation risks;
- risks related to acquisitions, dispositions and other activities by or among our Client Companies;
- risks related to potential impairment of our equity investments;
- 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; and
- risks associated with and costs of compliance with laws and regulations, including securities regulations, exchange listing standards and other laws and regulations affecting public companies.

For example:

- We have a limited number of Client Companies. We have long term contracts with our Managed Equity REITs; however, the other contracts under which we earn our revenues are for shorter terms, and the long term contracts with our Managed Equity REITs may be terminated in certain circumstances. The termination or loss of any of our management contracts may have a material adverse impact upon our revenues, profits, cash flows and business reputation;

[Table of Contents](#)

- Our base business management fees earned from our Managed Equity REITs are calculated monthly based upon the lower of each REIT's cost of its applicable assets and such REIT's market capitalization. Our business management fees earned from our Managed Operators are calculated based upon certain revenues from each operator's business. Accordingly, our future revenues, income and cash flows will decline if the business activities, assets or market capitalizations of our Client Companies decline;
- The fact that we earned significant incentive business management fees from certain Managed Equity REITs in previous years may imply that we will earn incentive business management fees in future years. The incentive business management fees which we may earn from our Managed Equity REITs are based upon total returns realized by the REITs' shareholders compared to the total shareholders return of certain identified indices. We have only limited control over the total returns realized by shareholders of our Managed Equity REITs and effectively no control over indexed total returns. There can be no assurance that we will earn any incentive business management fees in the future;
- We currently intend to pay a regular quarterly dividend of \$0.38 per Class A Common Share and Class B-1 Common Share. Our dividends are declared and paid at the discretion of our board of directors. Our board may consider many factors when deciding whether to declare and pay dividends, including our current and projected earnings, our cash flows and alternative uses for any available cash. Our board may decide to lower or even eliminate our dividends. There can be no assurance that we will continue to pay any regular dividends or with regard to the amount of dividends we may pay;
- We have undertaken new initiatives and are considering other initiatives to grow our business and any actions we may take to grow our business may not be successful or we may elect to abandon pursuing some or all of those initiatives in order to pursue other initiatives or for other reasons. In addition, any investments or repositioning of the properties we or our Client Companies may make or pursue may not increase the value of the applicable properties, offset the decline in value those properties may otherwise experience, or increase the market capitalization or total shareholder returns of our Client Companies; and
- We state that RMR LLC's \$100.0 million commitment to the Open End Fund may be drawn in the future by the Open End Fund. The acquisition environment for office properties in the United States is competitive and the fund may not be successful in drawing and investing all, or any, of this capital.

There are or will be additional important factors that could cause business outcomes or financial results to differ materially from those stated or implied in our forward-looking statements. For example, changing market conditions may lower the market value of our Managed Equity REITs or cause the revenues of our Managed Operators to decline and, as a result, our revenues may decline.

We have based our forward-looking statements on our current expectations about future events that we believe may affect our business, financial condition and results of operations. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, our forward-looking statements should not be relied on as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected or implied in our forward-looking statements. The matters discussed in this warning should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Quarterly Report on Form 10-Q and in our 2019 Annual Report, including the "Risk Factors" section of our 2019 Annual Report. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Part II. Other Information**Item 1A. Risk Factors**

There have been no material changes to risk factors from those we previously disclosed in our 2019 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 December 31, 2019:

Calendar Month	Number of Shares Purchased ⁽¹⁾	Price(s) 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
December 2019	133	\$ 45.67	N/A	N/A
Total	133	\$ 45.67	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 value based upon the trading price of our Class A Common Shares at the close of trading on Nasdaq on the purchase dates.

Item 6. Exhibits

Exhibit Number	Description
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	Fourth Amended and Restated Bylaws of the Registrant adopted September 13, 2017 ⁽³⁾
4.1	Form of The RMR Group Inc. Share Certificate for Class A Common Stock ⁽⁴⁾
4.2	Registration Rights Agreement, dated as of June 5, 2015, by and between the Registrant and ABP Trust ⁽¹⁾
10.1	Letter Agreement, dated as of December 13, 2019, by and among The RMR Group LLC, TravelCenters of America Inc. and Andrew J. Rebholz (Filed herewith.)
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	Management Agreement, dated as of December 18, 2019, between Centre Street Finance LLC and Tremont Realty Advisors LLC. (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 U.S. Securities and Exchange Commission 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 U.S. Securities and Exchange Commission on March 11, 2016.
(3)	Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 001-37616) filed with the U.S. Securities and Exchange Commission on September 15, 2017.
(4)	Incorporated by reference to the Registrant's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-207423) filed with the U.S. Securities and Exchange Commission on November 2, 2015.

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: February 6, 2020

TravelCenters of America

December 13, 2019

Mr. Andrew J. Rebholz
18054 Spyglass Hill Drive
Strongsville, Ohio 44136

Dear Andy:

You, TravelCenters of America Inc. (“TA”) and The RMR Group LLC (“RMR”) are entering into this letter agreement (this “Agreement”) to confirm the terms and conditions of your retirement from TA and RMR on June 30, 2020 (the “Retirement Date”).

I. TRANSITION PERIOD AND RETIREMENT

A. Resignation from TA. You will continue to serve as the Chief Executive Officer and a Managing Director of TA until December 15, 2019 (the “Effective Date”) as of which date you will resign as Chief Executive Officer of TA, as a Managing Director of TA, any other officer or director positions you hold within TA, and any positions you hold with third parties on behalf of TA. You will continue to serve as an employee of TA until the Retirement Date in order to transition your duties and responsibilities to your successor(s).

B. Resignation from RMR. You will continue to serve as an Executive Vice President of RMR until the Effective Date as of which date you will resign as an Executive Vice President of RMR and any other officer positions you hold within RMR. You will continue to serve as an employee of RMR until the Retirement Date in order to transition your duties and responsibilities to your successor(s).

C. Transition Period. Until the Retirement Date, you will work towards the orderly transition of your responsibilities, use all reasonable efforts to assist in training your successor(s), provide advice and counsel to TA and RMR, and assist TA’s internal and external partners with the transition, each as requested. You acknowledge that you may be asked to travel to, and visit with, key partners and customers. It is understood that you are not required to work out of the corporate office after the Effective Date. You agree to fulfill your duties as a responsible party or identified officer for all TA licenses until a replacement is installed and to cooperate with TA’s efforts to remove you from such licenses.

D. Payments and Benefits during the Transition Period. Until the Retirement Date, you will continue to receive your same cash salary compensation as you currently receive, payable 80% by TA and 20% by RMR, and you will continue to be reimbursed by TA for all reasonable out-of-pocket business expenses. Subject to any contribution required by you

consistent with past practices, TA will also maintain and provide your current insurance benefits until the Retirement Date, except that after the Effective Date you will not accrue any vacation time. In December 2019, you will receive a cash bonus from TA in the amount of \$1,000,000 and from RMR in the amount of \$250,000, each payable consistent with past practices. You understand and agree that you will not receive any additional stock grants in TA, The RMR Group Inc. ("RMR Inc.") or in any RMR managed company.

E. Outplacement Services. TA will pay for outplacement services to be provided to you by CareerCurve.

F. Payments and Benefits on the Retirement Date. On the Retirement Date, TA will pay your unpaid wages for the period through the Retirement Date and for your remaining and unused vacation time as of the Effective Date, subject to all usual and applicable taxes and deductions. Your health insurance on TA's group plan will terminate on the Retirement Date. To continue any health insurance beyond the Retirement Date, you must complete a continuation of coverage (COBRA) election form and make timely payments for coverage. Information regarding COBRA will be mailed to you. Any group life and disability insurance on our group plan will also terminate on the Retirement Date, as will your participation in TA's and RMR's 401(k) plans.

G. Release Benefits. Provided you sign and do not revoke the Waiver and Release of Claims attached as Exhibit A and you satisfactorily perform your transition responsibilities, you will receive the following additional retirement payments and benefits:

(1) Cash Payment. TA will pay you \$1,000,000 and RMR will pay you \$250,000 upon the expiration of the revocation period set forth in the Waiver and Release of Claims.

(2) TA Share Grants.

a. All of your existing TA share grants will continue to vest under the existing vesting schedule (as set forth in your Restricted Share Agreements) through the Retirement Date. Upon the Retirement Date, all of your existing TA share grants will vest (which vesting includes the lifting of any restrictions) immediately in full and you will be permitted to settle any resulting tax liability with vesting shares, commonly referred to as "net share settlement." TA will cooperate with you in removing any restrictive legends from your vested TA shares.

b. You agree with TA that, as long as you own shares in TA, your shares shall be voted at any meeting of the shareholders of TA or in connection with any consent solicitation or other action by shareholders in favor of all nominees for director and all proposals recommended by the Board of Directors in the proxy statement for such meeting or materials for such written consent or other action. If your shares are not voted in accordance with this covenant and such failure continues after notice, you agree to pay liquidated damages to TA in an amount equal to the market value of the shares not so voted. For the avoidance of doubt, this provision is for the benefit of TA and is not an agreement with RMR.

c. You hereby grant to TA (or its nominee) a first right of refusal in connection with your sale of all or a portion of your TA shares at the average closing price for the ten (10) trading days preceding the date of your written notice (“ROFR Notice”) to TA and RMR of your intent to sell. TA (or its nominee) may elect to purchase the shares described in the ROFR Notice by notifying you in writing within ten (10) days after receipt of the ROFR Notice. In the event TA declines to exercise its purchase right, RMR (or its nominee) may elect to purchase such shares at the price offered to TA within five (5) days after notice from you that TA has declined to purchase the offered shares. Purchase of the shares described in the ROFR Notice shall close no later than five (5) days after the purchaser gives notice of its election to purchase such shares. If TA and RMR each decline to exercise their purchase rights after proper notice, or if either TA or RMR elects to purchase shares but fails to timely complete the purchase, the first refusal rights of TA and RMR shall permanently lapse with regard to those shares described in the ROFR Notice. All costs of all transactions arising out of the exercise of the rights of first refusal under this paragraph will be paid for by the purchaser.

d. You understand and agree that, although the TA Code of Business Conduct and Ethics will no longer apply to you after the Retirement Date, you are subject to all laws and regulations with respect to all of your shares in TA, including, but not limited to, those applicable to the purchase or sale of securities while in possession of material, non-public information concerning TA.

(3) RMR and RMR Managed Company Share Grants.

a. RMR will recommend to the Boards of Directors of RMR Inc. and to the Boards of Trustees and Boards of Directors of Industrial Logistics Properties Trust, Office Properties Income Trust, Service Properties Trust, Senior Housing Properties Trust, Tremont Mortgage Trust and Five Star Senior Living Inc. (together, the “RMR Managed Companies”) that all of your existing stock grants vest (which vesting includes the lifting of any restrictions) immediately in full upon the Retirement Date and that you be permitted to settle any resulting tax liability with vesting shares, commonly referred to as “net share settlement,” on a company-by-company basis. RMR will cooperate with you in removing any restrictive legends from your vested shares in the RMR Managed Companies.

b. You agree for the benefit of RMR Inc. or the applicable RMR Managed Company, as the case may be, that, as long as you own shares in RMR Inc. and/or the RMR Managed Companies, your shares shall be voted at any meeting of the shareholders of RMR Inc. and/or the RMR Managed Companies or in connection with any consent solicitation or other action by shareholders in favor of all nominees for director and all proposals recommended by the Board of Directors or Trustees in the proxy statement for such meeting or materials for such written consent or other action. If your shares are not voted in accordance with this covenant and such failure continues after notice, you agree to pay liquidated damages to RMR Inc. and/or the applicable RMR Managed Company in an amount equal to the market value of the shares not so voted. For the avoidance of doubt, this provision is for the benefit of RMR Inc. and each RMR Managed Company only with respect to your shares in such company and is not an agreement with RMR.

c. You understand and agree that, although the RMR Code of Business Conduct and Ethics will no longer apply to you after the Retirement Date, you are subject to all laws and regulations with respect to all of your shares in RMR Inc. and the RMR Managed Companies, including, but not limited to, those applicable to the purchase or sale of securities while in possession of material, non-public information concerning RMR Inc. and the RMR Managed Companies.

(4) Technology and Mobile Phone Number. You may keep all technology equipment issued to you by TA, including your mobile telephone, laptop and desktop computer. At your request, TA agrees to consent to and cooperate with you in the transfer to you of your mobile phone number, and to pay for any costs associated with such transfer (except that you will be responsible for the cost of replacement service). You agree to be responsible for all cell phone payments for service after the Retirement Date.

II. TAX PROVISIONS

You agree that you shall be responsible and will pay your own tax obligations and/or liabilities created under state or federal tax laws by this Agreement. You further agree that you shall indemnify TA, RMR and any of the RMR Managed Companies for any tax obligations and/or liabilities that may be imposed on them for your failure to comply with this provision.

III. INTERNAL AND EXTERNAL ANNOUNCEMENTS

All internal and external announcements regarding your retirement shall be subject to your reasonable approval.

IV. CONFIDENTIALITY

You agree that, unless otherwise agreed, on or before the Retirement Date, you will return to TA all property of TA including, but not limited to, all documents, records, materials, software, building keys or entry cards, and other physical property that have come into your possession or been produced by you in connection with your employment, except as provided above.

You agree that, unless otherwise agreed, on or before the Effective Date, you will return to RMR all property of RMR including, but not limited to, all documents, records, materials, software, equipment, building keys or entry cards, and other physical property that have come into your possession or been produced by you in connection with your employment with RMR.

In addition, you shall not at any time reveal to any person or entity, except to employees of TA or RMR who need to know such information for purposes of their employment or as otherwise authorized by TA or RMR in writing, any confidential information of TA, RMR, or any RMR Managed Company, including, but not limited to, confidential information regarding (i) the marketing, business and financial activities and/or strategies of TA, RMR, or any RMR Managed Company and their respective affiliates, (ii) the costs, sources of supply, financial performance, projects, plans, branding, acquisition or dispositions, franchising and other

business operational strategies or plans, proposals and strategic plans of TA, RMR, or any RMR Managed Company and their respective affiliates, and (iii) information and discussions concerning any past or present lawsuits, arbitrations or other pending or threatened disputes in which TA, RMR, or any RMR Managed Company or their respective affiliates is or was a party.

You, TA and RMR agree to keep the terms of your retirement confidential, except that you acknowledge that this Agreement will be filed with the Securities and Exchange Commission.

Nothing in this Agreement prohibits you from reporting possible violations of federal law or regulation to any government agency or entity, including, but not limited, to the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of applicable law. You do not need prior authorization of TA or RMR to make any such reports or disclosures and you are not required to notify TA or RMR that you have made such reports or disclosures.

V. NON-DISPARAGEMENT

You agree not to make harmful or disparaging remarks, written or oral, concerning TA or RMR, or any of the RMR Managed Companies, or any of its or their respective directors, officers, trustees, employees, agents or service providers. TA and RMR agree to instruct their executive officers not to make any harmful or disparaging remarks, written or oral, concerning you. Nothing in this provision shall prevent you, TA or RMR from testifying truthfully in connection with any litigation, arbitration or administrative proceeding when compelled by subpoena, regulation or court order.

VI. NON-COMPETITION

You agree that for five (5) years following the Retirement Date, you will not directly or indirectly, whether as an owner, director, employee, advisor, consultant or otherwise, without the prior written consent of TA, compete with TA or any of its divisions, subsidiaries or affiliates, including but not limited to, by providing services to any of Pilot-Flying J, Love's (or their successors or affiliates) or any other business that owns more than three (3) truck stops in North America. You agree that for five (5) years following the Retirement Date, you will not directly or indirectly, whether as an owner, director, employee, advisor, consultant or otherwise, without the prior written consent of RMR, compete with RMR or any company managed by RMR or any of its or their divisions, subsidiaries or affiliates. Notwithstanding the foregoing, any service you provide to TA, RMR or any company managed by RMR will not be deemed competitive activity under this Section. Ownership of less than one percent (1%) of a publicly traded company that competes with TA, RMR or a company managed by RMR also shall not be deemed competitive activity under this Section.

VII. NON-SOLICITATION

You agree that for five (5) years following the Retirement Date, you will not directly or indirectly, without the prior written consent of TA or RMR, solicit, attempt to solicit, assist others to solicit, hire, or assist others to hire for employment any person who is, or within the preceding six (6) months was, an employee of TA or RMR, or any RMR Managed Company.

VIII. BREACH OF SECTIONS IV, V, VI OR VII

The parties agree that any breach of Sections IV, V, VI or VII of this Agreement will cause irreparable damage to the non-breaching party and that, in the event of such a breach or threatened breach, the non-breaching party shall have, in addition to any and all remedies at law, the right to an injunction, specific performance or other equitable relief to prevent the violation of any obligations hereunder. The parties agree that, in the event that any provision of Section IV, V, VI or VII shall be determined by any court of competent jurisdiction or arbitration panel to be unenforceable, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

IX. COOPERATION

After the Retirement Date and until December 31, 2020, upon the request of TA, you agree to make yourself reasonably available to provide any additional transitional services at a rate of \$250 per hour, plus reimbursement of any approved out-of-pocket expenses. Any such services shall be deemed a consultancy and you shall perform such services as an independent contractor, assuming all applicable tax obligations. You acknowledge that as an independent contractor you will not be eligible for any benefits afforded employees of TA.

Without limitation as to time, you further agree to cooperate with TA and RMR, at reasonable times and places, with respect to all matters arising during or related to your continuing or past employment, including, without limitation, all formal or informal matters in connection with any government investigation, internal investigation, litigation, regulatory or other proceeding which may have arisen or which may arise. TA or RMR will reimburse you for all reasonable out-of-pocket expenses (not including lost time or opportunity). TA or RMR will provide appropriate legal representation for you in a manner reasonably determined by TA or RMR.

X. INDEMNIFICATION

TA hereby acknowledges and reaffirms the provisions of the Amended and Restated Indemnification Agreement dated May 23, 2018, and specifically acknowledges the application of the Amended and Restated Indemnification Agreement to any claim or liability associated with regulatory licenses (such as gaming, liquor, and lottery licenses) that you executed or registered on behalf of TA. RMR hereby acknowledges and reaffirms the provisions of the Indemnification Agreement dated January 1, 2018.

XI. NON-WAIVER

Any waiver by a party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

XII. NON-ADMISSION

The parties agree and acknowledge that the considerations exchanged herein do not constitute and shall be not construed as constituting an admission of any sort on the part of either party.

XIII. NON-USE IN SUBSEQUENT PROCEEDINGS

The parties agree that this Agreement may not be used as evidence in any subsequent proceeding of any kind except one in which one of the parties alleges a breach of the terms of this Agreement or the Waiver and Release of Claims or one in which one of the parties elects to use this Agreement as a defense to any claim.

XIV. ENTIRE AGREEMENT

This Agreement, together with the Waiver and Release of Claims, constitutes the entire agreement between the parties concerning the terms and conditions of your separation of employment from TA and RMR and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, between the parties, except for the Amended and Restated Indemnification Agreement between you and TA dated May 23, 2018, the Indemnification Agreement between you and RMR dated January 1, 2018 and the Mutual Agreement to Resolve Disputes and Arbitrate Claims effective April 16, 2012, all of which remain in full force and effect. You agree that TA and RMR have not made any warranties, representations, or promises to you regarding the meaning or implication of any provision of this Agreement other than as stated herein.

XV. NO ORAL MODIFICATION

Any amendments to this Agreement shall be in writing and signed by you and an authorized representative of TA and RMR.

XVI. SEVERABILITY

In the event that any provision hereof becomes or is declared by a court of competent jurisdiction or an arbitrator or arbitration panel to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision.

XVII. SECTION 409A

Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. Notwithstanding anything to the contrary in this Agreement, if at the time of your separation from service, you are a "specified employee," as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, will instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon your death and any remaining installments following such date shall be made in accordance with the original payment schedule; except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by TA in its reasonable good faith discretion); or (B) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, ("Section 409A"). For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by TA to be a specified employee under Treasury regulation Section 1.409A-1(i).

XVIII. GOVERNING LAW, JURISDICTION AND SUCCESSOR AND ASSIGNS

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (where both TA and RMR have offices that you use) without reference to any conflict of law principles, and shall be binding upon and inure to the benefit of you and your heirs, successors, and beneficiaries, and RMR and TA and its and their agents, affiliates, representatives, successors, and assigns.

The parties irrevocably agree that any dispute regarding this Agreement shall be settled by binding arbitration in accordance with the Mutual Agreement to Resolve Disputes and Arbitrate Claims, effective April 16, 2012.

In the event of your death before payment of the release payments set forth in Section I.G(1) have been made in full, the balance remaining upon your death shall be payable to Karen L. Rebholz, Trustee under the Andrew J. Rebholz Declaration of Trust dated January 16, 2002, as modified, or any then-acting successor; and, if your death occurs before the Retirement Date, such release payments shall be payable even if you have not executed the Waiver and Release of Claims, provided that the Trustee executes a waiver and release of claims in a form substantially similar to Exhibit A.

XIX. VOLUNTARY ACT

By signing this Agreement, you acknowledge and agree that you are doing so knowingly and voluntarily in order to receive the payments and benefits provided for herein. By signing this Agreement, you represent that you fully understand your right to review all aspects of this Agreement, that you have carefully read and fully understand all the provisions of this

Agreement, that you had an opportunity to ask questions and consult with an attorney of your choice before signing this Agreement; and that you are freely, knowingly, and voluntarily entering into this Agreement.

If you determine to accept this Agreement, understand it, and consent to it, please sign in the space provided below and return a copy so signed to us.

Very truly yours,

/s/ Jennifer B. Clark
Jennifer B. Clark
Secretary

AGREED:

THE RMR GROUP LLC

By: /s/ Adam D. Portnoy
Adam D. Portnoy,
President and CEO

AGREED TO AND ACCEPTED:

/s/ Andrew J. Rebholz
Andrew J. Rebholz

Dated: December 13, 2019

EXHIBIT A**WAIVER AND RELEASE OF CLAIMS**

You, your heirs, executors, legal representatives, successors and assigns, individually and in their beneficial capacity, hereby unconditionally and irrevocably release and forever discharge TravelCenters of America Inc. (“TA”), The RMR Group Inc. and The RMR Group LLC (together, “RMR”) and any companies managed by RMR from time to time, and its and their past, present and future officers, directors, trustees, employees, representatives, shareholders, attorneys, agents, consultants, contractors, successors, and affiliates – hereinafter referred to as the “Releasees” – or any of them of and from any and all suits, claims, demands, interest, costs (including attorneys’ fees and costs actually incurred), expenses, actions and causes of action, rights, liabilities, obligations, promises, agreements, controversies, losses and debts of any nature whatsoever which you, your heirs, executors, legal representatives, successors and assigns, individually and/or in their beneficial capacity, now have, own or hold, or at any time heretofore ever had, owned or held, or could have owned or held, whether known or unknown, suspected or unsuspected, from the beginning of the world to the date of execution of this Waiver and Release of Claims including, without limitation, any claims arising in law or equity in a court, administrative, arbitration, or other tribunal of any state or country arising out of or in connection with your employment by TA and/or RMR; any claims against the Releasees based on statute, regulation, ordinance, contract, or tort; any claims against the Releasees relating to wages, compensation, benefits, retaliation, negligence, or wrongful discharge; any claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended, the Older Workers’ Benefit Protection Act, as amended, the Equal Pay Act, as amended, the Fair Labor Standards Act, as amended, the Employment Retirement Income Security Act, as amended, the Americans with Disabilities Act of 1990 (“ADA”), as amended, The ADA Amendments Act, the Lilly Ledbetter Fair Pay Act, the Worker Adjustment and Retraining Notification Act, the Genetic Information Non-Discrimination Act, the Civil Rights Act of 1991, as amended, the Family Medical Leave Act of 1993, as amended, and the Rehabilitation Act, as amended; The Massachusetts Fair Employment Practices Act (Massachusetts General Laws Chapter 151B), The Massachusetts Equal Rights Act, The Massachusetts Equal Pay Act, the Massachusetts Privacy Statute, The Massachusetts Civil Rights Act, the Massachusetts Payment of Wages Act (Massachusetts General Laws Chapter 149 sections 148 and 150), the Massachusetts Overtime regulations (Massachusetts General Laws Chapter 151 sections 1A and 1B), the Massachusetts Meal Break regulations (Massachusetts General Laws Chapter 149 sections 100 and 101) and any other claims under any federal or state law for unpaid or delayed payment of wages, overtime, bonuses, commissions, incentive payments or severance, missed or interrupted meal periods, interest, attorneys’ fees, costs, expenses, liquidated damages, treble damages or damages of any kind to the maximum extent permitted by law and any claims against the Releasees arising under any and all applicable state, federal, or local ordinances, statutory, common law, or other claims of any nature whatsoever except for unemployment compensation benefits or, in Massachusetts, workers’ compensation benefits.

Nothing in this Waiver and Release of Claims shall affect the EEOC's rights and responsibilities to enforce the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, the National Labor Relations Act or any other applicable law, nor shall anything in this Waiver and Release of Claims be construed as a basis for interfering with your protected right to file a timely charge with, or participate in an investigation or proceeding conducted by, the EEOC, the National Labor Relations Board (the "NLRB"), or any other state, federal or local government entity; provided, however, if the EEOC, the NLRB, or any other state, federal or local government entity commences an investigation on your behalf, you specifically waive and release your right, if any, to recover any monetary or other benefits of any sort whatsoever arising from any such investigation or otherwise, nor will you seek or accept reinstatement to your former position with TA or RMR.

Nothing in this Waiver and Release of Claims prohibits you from reporting possible violations of federal law or regulation to any government agency or entity, including, but not limited to, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of applicable law. You do not need prior authorization of TA or RMR to make any such reports or disclosures and you are not required to notify TA or RMR that you have made such reports or disclosures.

You acknowledge that you have carefully read and fully understand this Waiver and Release of Claims. You acknowledge that you have not relied on any statement, written or oral, which is not set forth in this Waiver and Release of Claims. You further acknowledge that you are hereby advised in writing to consult with an attorney prior to executing this Waiver and Release of Claims; that you are not waiving or releasing any rights or claims that may arise after the date of execution of this Waiver and Release of Claims; that you are releasing claims under the Age Discrimination in Employment Act (ADEA); that you execute this Waiver and Release of Claims in exchange for monies in addition to those to which you are already entitled; that TA and RMR gave you a period of at least twenty-one (21) days within which to consider this Waiver and Release of Claims and a period of seven (7) days following your execution of this Waiver and Release of Claims to revoke your ADEA waiver as provided below; that if you voluntarily execute this Waiver and Release of Claims prior to the expiration of the 21st day, you will voluntarily waive the remainder of the 21 day consideration period; that any changes to this Waiver and Release of Claims by you once it has been presented to you will not restart the 21 day consideration period; and you enter into this Waiver and Release of Claims knowingly, willingly and voluntarily in exchange for the release payments and benefits. To receive the release payments and benefits provided in the letter, dated December 13, 2019 (the "Letter Agreement"), this Waiver and Release of Claims must be signed and returned to Jennifer B. Clark, at, if by physical delivery, RMR, Two Newton Place, Suite 300, 255 Washington Street, Newton, MA 02458, or at, if by email delivery, jclark@rmrgroup.com, **on, and not before, June 30, 2020**. Nothing in this Waiver and Release of Claims constitutes a waiver of any rights you have under the Letter Agreement (including the indemnification rights referenced in Section IX thereof).

You may revoke your release of your ADEA claims up to seven (7) days following your signing this Waiver and Release of Claims. Notice of revocation must be received in writing by Jennifer B. Clark, at RMR, Two Newton Place, Suite 300, 255 Washington Street, Newton, MA 02458, no later than the seventh day (excluding the date of execution) following the execution of this Waiver and Release of Claims. The ADEA release is not effective or enforceable until expiration of the seven day period. However, the ADEA release becomes fully effective, valid and irrevocable if it has not been revoked within the seven day period immediately following your execution of this Waiver and Release of Claims. The parties agree that if you exercise your right to revoke this Waiver and Release of Claims, then you are not entitled to any of the release payments and benefits set forth in Section I.G. of the Letter Agreement. This Waiver and Release of Claims shall become effective eight (8) days after full execution by the parties if you have not revoked your signature as herein provided.

I hereby provide this Waiver and Release of Claims as of the date indicated below and acknowledge that the execution of this Waiver and Release of Claims is in further consideration of the benefits set forth in Section I.G. of the Letter Agreement, to which I acknowledge I would not be entitled if I did not sign this Waiver and Release of Claims. I intend that this Waiver and Release of Claims become a binding agreement by and between me and RMR and TA if I do not revoke my acceptance within seven (7) days.

Andrew J. Rebholz

Dated: June 30, 2020

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: February 6, 2020

/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: February 6, 2020

/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 December 31, 2019 (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: February 6, 2020

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this “Agreement”) is entered into effective as of December 18, 2019 (the “Effective Date”), by and between Centre Street Finance LLC, a Delaware limited liability company, and Tremont Realty Advisors LLC, a Maryland limited liability company (the “Manager”). *Capitalized terms used but not defined in this Agreement shall have the meanings given to them in Exhibit A to this Agreement.*

WHEREAS, the Company desires to engage the Manager for, and the Manager desires to provide, management and other services to the Company upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

1. Engagement. Subject to the terms and conditions hereinafter set forth, the Company hereby engages the Manager to provide the management and other services contemplated by this Agreement with respect to the Company’s business and investments and the Manager hereby accepts such engagement.

2. General Duties of the Manager. The Manager shall use its reasonable best efforts to present to the Company a continuing and suitable investment program consistent with the investment guidelines of the Company. Subject to the management, direction and oversight of the Board, the Manager shall be responsible for the Company’s day to day operations and shall conduct and perform (or cause to be conducted or performed) all corporate office functions for the Company, including, but not limited to the following:

(a) consulting with the Board periodically regarding the Company’s investment policies, financing activities and operations;

(b) investigating, analyzing and identifying possible investment opportunities and originating, acquiring, financing, selling, restructuring or disposing of investments for the Company;

(c) with respect to prospective loans that the Company may originate, negotiating with borrowers the terms of such loans, conducting diligence regarding such loans, documenting and closing such loans and monitoring the performance of such loans;

(d) with respect to possible purchases, sales or exchanges of investments, conducting negotiations on the Company’s behalf with sellers, purchasers and brokers and, if applicable, their respective agents and representatives;

(e) negotiating and entering into, on the Company’s behalf, debt financing arrangements, including repurchase agreements, loan agreements, interest rate swap agreements and other agreements and instruments appropriate for the Company to conduct its business;

(f) collecting or overseeing the collection of amounts due to the Company;

(g) engaging and supervising, on the Company's behalf and at the Company's expense, independent contractors that provide investment banking, securities brokerage, mortgage brokerage and other financial services, diligence services, underwriting review services, legal and accounting services and all other services (including transfer agent and registrar services) as may be required relating to the Company's operations or investments (or potential investments);

(h) providing executive and administrative personnel, office space and office services required in rendering services to the Company;

(i) administering the day to day operations and performing and supervising the performance of such other administrative functions for the Company as may be agreed upon by the Manager and the Company, including the collection of revenues and the payment of the Company's debts and obligations;

(j) communicating on the Company's behalf with the holders of any of the Company's securities or financing counterparties as required to satisfy the reporting and other requirements of any governmental bodies or agencies and maintaining effective relations with such holders and counterparties;

(k) reviewing any relevant tax matters with the Board;

(l) monitoring the operating performance of the Company's investments and providing periodic reports with respect thereto to the Board;

(m) investing and reinvesting any monies and securities of the Company (including investing in interest or dividend paying, short term investments pending investment in other investments, payment of fees, costs and expenses, or payments of dividends or distributions to the Company's members) and consulting with the Board as to the Company's capital structure and capital raising;

(n) coordinating and managing operations of any joint venture or co-investment interests held by the Company and conducting all matters with the joint venture or co-investment partners;

(o) assisting the Company in retaining, on the Company's behalf and at its expense, qualified accountants and legal counsel to assist in developing appropriate accounting procedures and systems, internal controls and any other relevant compliance procedures;

(p) assisting the Company in qualifying to do business in all applicable jurisdictions and obtaining and maintaining all appropriate licenses;

(q) assisting the Company in complying with all regulatory requirements applicable to the Company in respect of its business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings;

(r) assisting the Company in taking all necessary action to enable it to make required tax filings and reports;

(s) managing and assisting with the resolution of all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company may be involved or to which the Company may be subject arising out of the Company's operations, subject to such limitations or parameters as may be imposed from time to time by the Board;

(t) using commercially reasonable efforts to cause expenses incurred by the Company or on the Company's behalf to be commercially reasonable or commercially customary and within any parameters set by the Board from time to time;

(u) assisting the Company in structuring long term financing for the Company's portfolio of assets, and with respect to offering and selling securities publicly or privately in connection with any such financing;

(v) consulting with the Board with respect to decisions regarding any financings or borrowings undertaken by the Company, including (i) assisting the Company in developing criteria for debt and equity financing and (ii) assisting the Company with respect to obtaining appropriate financing for its investments;

(w) providing the Company with portfolio management and monitoring services;

(x) arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote the Company's business;

(y) using commercially reasonable efforts to cause the Company to comply with all applicable Laws; and

(z) performing such other services as may be required from time to time for management and other activities relating to the Company's assets and business as the Board shall reasonably request or the Manager shall deem appropriate under the particular circumstances.

In performing its services under this Agreement, the Manager may retain, for and on behalf of the Company, and at the Company's sole cost and expense, such services of Persons as the Manager deems necessary or advisable in connection with the Company's management and operations, which may include Affiliates of the Manager; provided, that any such services may only be provided by Affiliates of the Manager to the extent (i) such services are on arm's length terms or at competitive market rates in relation to terms or rates that are then customary for agreements regarding the provision of such services to companies that have assets similar in type, quality and value to the Company's assets or (ii) such services are approved by the Board. The Manager shall keep the Board reasonably informed on a periodic basis as to any services provided by the Manager and its Affiliates. Notwithstanding anything herein to the contrary,

fees, costs and expenses of any third party which is not an Affiliate of the Manager retained as permitted hereunder are to be paid by the Company. Without limiting the foregoing sentence, any such fees, costs or expenses which may be paid by the Manager or any of its Affiliates shall be reimbursed to the Manager or such Affiliate, as applicable, by the Company promptly following submission to the Company of a statement of any such fees, costs or expenses by the Manager.

Notwithstanding anything herein, it is understood and agreed that the duties of, and services to be provided by, the Manager pursuant to this Agreement shall not include (x) any services that would subject the Manager to registration with the Commodity Futures Trading Commission as a “commodity trading advisor” (as such term is defined in Section 1a(12) of the Commodity Exchange Act and in CFTC Regulation 1.3(bb)(1)), or affirmatively require it to make any exemptive certifications or similar filings with respect to “commodity trading advisor” registration status or (y) any services or the taking of any action that would render the Manager a “municipal advisor” as defined in Section 15B(e)(4) of the Exchange Act.

3. **Bank Accounts.** The Manager shall establish and maintain one or more bank accounts in its own name or in the name of the Company, and shall collect and deposit into such account or accounts and may disburse therefrom any monies on behalf of the Company; provided, that no funds in any such account shall be commingled with any funds of the Manager or any other Person unless separate records of the Company’s funds are maintained. The Manager shall from time to time, or at any time requested by the Board, render an appropriate accounting of such collections and payments to the Board and to the auditors of the Company.

4. **Records.** The Manager shall maintain appropriate books of account and records relating to this Agreement, which books of account and records shall be available for inspection by representatives of the Company upon reasonable notice during ordinary business hours.

5. **Information Furnished to Manager.** The Board shall at all times keep the Manager fully informed with regard to the investment guidelines, operating policies, investment and financing strategies and leverage and hedging policies of the Company. The Board shall keep the Manager reasonably informed with regard to the Board’s then current intentions as to the future of the Company. The Board shall notify the Manager promptly of its intention to sell or otherwise dispose of any of the Company’s investments or to make new investments. The Company shall furnish the Manager with such information with regard to its affairs as the Manager may from time to time reasonably request. The Company shall retain legal counsel, accountants and third party consultants to provide such legal and accounting advice, services and opinions as the Manager or the Board shall deem necessary or appropriate to adequately perform the functions of the Company.

6. **Compliance with Law and Organizational Documents.** Anything else in this Agreement to the contrary notwithstanding, the Manager shall refrain from any activity which, in its good faith judgment, or in the judgment of the Board as transmitted to the Manager in writing, would (a) violate any Law of any governmental body or agency having jurisdiction over the Company or over its securities or (b) not be permitted by the Company’s organizational documents, except if such action shall be approved by the Board, in which event the Manager shall promptly notify the Board of the Manager’s judgment that such action would adversely

affect such qualification or violate any such Law or the Company's organizational documents and shall refrain from taking such action pending further clarification or instructions from the Board. In addition, the Manager shall take such affirmative steps which, in its judgment made in good faith, or in the judgment of the Board as transmitted to the Manager in writing, would prevent or cure any action described in (a) or (b) of this Section 6.

7. Manager Conduct; Business Opportunities.

(a) Neither the Manager nor any of its Affiliates shall sell any property or assets to the Company or purchase any assets from the Company, directly or indirectly, except as approved by the Board. No compensation, commission or remuneration shall be paid to the Manager or any of its Affiliates on account of services provided to the Company, except as contemplated by this Agreement or otherwise approved by the Board.

(b) The Manager and its Affiliates, and their respective directors, trustees, officers, employees and agents, may engage in other activities or businesses, including those that compete with the Company, and provide services to or act as the sponsor or manager to any other Person that may compete with the Company, including, among other things, with respect to the origination, acquisition, making, arranging or managing of first mortgage loans secured by middle market or transitional commercial real estate or other investments like those the Company intends to make. The Company recognizes that it is not entitled to preferential treatment in receiving information, recommendations and other services from the Manager. The Manager shall act in good faith to endeavor to identify to the Board any conflicts that may arise among the Company, the Manager and/or any other Person on whose behalf the Manager may be engaged. The Company hereby acknowledges the conflicts of interest that may exist with regard to the allocation of investment opportunities and for the time and attention of the Manager, RMR and their personnel as set forth herein and agrees that the Manager, RMR and their Affiliates may resolve such conflicts in good faith and in their fair and reasonable discretion. In the case of such a conflict, the Manager, RMR and their Affiliates shall endeavor to allocate investment opportunities in a fair and reasonable manner, taking into account such factors as they deem appropriate. In doing so, they may allocate investments, including those within the Company's investment objectives, to RMR and its other clients.

(c) If the Manager, any of its Affiliates or any of their respective directors, trustees, officers, employees or agents acquires knowledge of a potential business opportunity, the Company renounces any potential interest or expectation in, or right to be offered or to participate in, such business opportunity to the maximum extent permitted by the laws of the state of Delaware ("Delaware Law"). Accordingly, to the maximum extent permitted by Delaware Law (i) no such Person is required to present, communicate or offer any business opportunity to the Company and (ii) such Person, on his or her own behalf or on behalf of any other Person, shall have the right to hold and exploit any business opportunity, or to direct, recommend, offer, sell, assign or otherwise transfer such business opportunity to any Person other than the Company. The taking by any such Person for itself, himself or herself, or the offering or other transfer to another Person, of any potential business opportunity whether pursuant to this Agreement or otherwise, shall not constitute or be construed or interpreted as a

breach by the Manager of its duties to the Company under this Agreement, or an act or omission of such Person constituting bad faith, fraud, intentional misconduct or knowing disregard of the duties of the Manager under this Agreement.

(d) The Manager shall provide the Company with a management team, along with appropriate support personnel, to provide the management services to be provided by the Manager to the Company hereunder, with the members of such management team devoting such amount of their time to the Company's management as is reasonably necessary and appropriate for the proper performance of all of the Manager's duties, commensurate with the Company's level of activity. The Manager's management team shall receive no compensation from the Company for their services to the Company in any such capacities. The Manager shall not be obligated to dedicate any of its personnel exclusively to the Company nor shall the Manager or any of its personnel be obligated to dedicate any specific portion of its or their time to the Company or its business, except as necessary to perform the services provided for herein.

(e) The Manager's liability under this Agreement shall be as set forth in Section 15.

8. **No Partnership or Joint Venture.** The Company and the Manager are not partners or joint venturers with each other and neither the terms of this Agreement nor the fact that the Company and the Manager have joint interests in any one or more investments, ownership in each other 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.

9. **Fidelity Bond.** The Manager shall not be required to obtain or maintain a fidelity bond in connection with the performance of its services hereunder.

10. **Base Management Fee.** The Manager shall be paid, for the services rendered by it to the Company pursuant to this Agreement, a base management fee (the "Management Fee") in an amount equal to 1.5% per year of the Company's Equity, payable in cash quarterly (0.375% per quarter) in arrears. Each installment of the Management Fee shall be paid by the Company within five (5) business days after the Manager's delivery of the computation of such installment to the Board. The Management Fee, if for a partial quarter, shall be pro-rated based on the number of days during the relevant quarter that this Agreement is in effect.

11. **Incentive Fee.** In addition to the Management Fee, starting in the first full calendar quarter of 2021, the Manager shall be paid quarterly an incentive fee in arrears in cash (the "Incentive Fee") in an amount, which shall not be less than zero, equal to the difference between:

(a) the product of (i) twenty percent (20%) and (ii) the difference between (A) the Core Earnings for the most recent twelve (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) the Equity in the most recent twelve (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) seven percent (7%) per year, and

(b) the sum of any Incentive Fees paid to the Manager with respect to the first three calendar quarters of the most recent twelve (12) month period (or such lesser number of completed calendar quarters preceding the applicable period, if applicable);

provided, however, that no Incentive Fee shall be payable to the Manager with respect to any calendar quarter unless Core Earnings for the twelve (12) most recently completed calendar quarters (or such lesser number of completed calendar quarters from the Effective Date) in the aggregate is greater than zero. Shares of beneficial interest of the Company that are entitled to a specific periodic distribution or have other debt characteristics shall not constitute shares of beneficial interest of the Company in clause (i) (B) of the definition of “Equity” for purposes of calculating any Incentive Fee and instead the aggregate distribution amount that accrues in respect of such shares during the applicable period for such calculation shall be subtracted from Core Earnings for purposes of the calculation of the Incentive Fee, to the extent such distribution is not already otherwise excluded from Core Earnings.

The Manager shall compute the Incentive Fee and deliver a copy thereof to the Board within thirty (30) days following the end of each quarter. Each installment of the Incentive Fee shall be paid by the Company within five (5) business days after the Manager’s delivery of the computation of such installment to the Board. If the effective termination date of this Agreement does not correspond to the end of a fiscal quarter, the Incentive Fee for the quarter in which the termination occurred shall be calculated for the period beginning on the day after the end of the quarter immediately preceding such effective termination date and ending on such effective termination date, which Incentive Fee shall be calculated using Core Earnings for the 12-month period ending on the effective termination date.

12. **Additional Services**. If, and to the extent that, the Company shall request the Manager to render services on behalf of the Company other than those required to be rendered by the Manager in accordance with the terms of this Agreement, such additional services shall be compensated separately on terms to be agreed upon by the Manager and the Company (and approved by the Company) from time to time.

13. **Expenses of the Manager**. The Manager shall bear the expenses related to the employees of the Manager who provide services to the Company, including the costs of employees of the Manager who originate loans for the Company; provided, that the Company shall pay or reimburse the Manager and its Affiliates, as applicable, for any such expense that is approved by the Board from time to time or is a shared services cost as described in the last paragraph of Section 14.

14. **Expenses of the Company**. Except as expressly otherwise provided in Section 13, the Company shall pay all its costs and expenses and shall reimburse the Manager or its Affiliates, as applicable, for all costs and expenses of the Company’s operations, and, without limiting the generality of the foregoing, it is specifically agreed that the following costs and expenses shall be paid by the Company and shall not be paid by the Manager or its Affiliates:

- (a) costs associated with establishing and maintaining any of the Company's repurchase agreements, bank credit facilities (including term loans and revolving facilities), other financing arrangements or other indebtedness (including commitment fees, accounting fees, legal fees, closing and other similar costs);
- (b) the Company's taxes and assessments on real and personal property, if any, and all other taxes and assessments applicable to the Company;
- (c) legal, auditing, accounting, tax planning and tax return preparation fees and expenses, and other fees and expenses for professional services;
- (d) underwriting, reporting and other fees and expenses and taxes incurred in connection with the issuance, distribution or transfer of the Company's securities, including the fees and charges of any printer, engraver and indenture trustee;
- (e) expenses of organizing, restructuring, reorganizing or liquidating the Company or any of its subsidiaries, or of revising, amending, converting or modifying the Company's or any of its subsidiary's organizational documents;
- (f) fees and travel and other expenses paid or reimbursed to officers of the Company in their capacities as such and fees and travel and other expenses paid or reimbursed to advisors, contractors, mortgage servicers, consultants, and other agents and independent contractors employed by or on behalf of the Company;
- (g) all costs and expenses relating to the Company's business operations, including, the costs and expenses of investigating, conducting diligence, acquiring, negotiating, structuring, owning, protecting, maintaining, developing and disposing of investments (whether or not consummated), including the costs of appraisals or other valuation services, foreclosure, insurance premiums, accounting, tax, legal and other professional services, brokerage and sales commissions, maintenance, repair, improvement and local property or investment management;
- (h) all insurance costs incurred in connection with the Company (including officers liability insurance) or in connection with any officer indemnity agreement to which the Company is a party;
- (i) expenses related to payments of distributions or interest or contributions in cash or any other form made or caused to be made by the Board to holders of securities of the Company;
- (j) all expenses connected with communications to holders of securities of the Company and other bookkeeping and clerical work necessary to maintain relations with holders of securities of the Company, including the cost of preparing, printing, posting, distributing and mailing consent solicitation materials and reports to holders of the Company's securities and other investor relations expenses;

(k) filing and recording fees for regulatory or governmental filings, approvals and notices;

(l) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) by or before any court or governmental agency against the Company;

(m) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) by or before any court or governmental agency against any Person in his, her or its capacity as a director, partner, member or officer of the Company, except to the extent not permitted pursuant to Delaware Law, the Company's governing documents or this Agreement;

(n) expenses relating to any office or office facilities (including disaster backup recovery sites and facilities) for the Company, including but not limited to rent, telephone, utilities, office furniture, equipment, machinery and other overhead type expenses;

(o) the Company's allocable share of costs and expenses incurred with respect to market information systems and publications, research publications and materials, including news research and quotation equipment and services; and

(p) all other expenses actually incurred by the Manager or any of its Affiliates (except as otherwise specified herein) which are reasonably necessary for the performance by the Manager of its duties and functions under this Agreement.

The Company acknowledges and agrees that the Manager has entered into a shared services agreement pursuant to which RMR provides the Manager with certain facilities, technology and services and with access to the full scope of real estate and public company operations services and expertise available within RMR for use by the Manager in conducting the Company's operations. The Company agrees to reimburse the Manager for the shared services costs that the Manager pays to RMR and its affiliates under this shared services agreement, as approved by the Board at least annually. The shared services costs paid by the Manager to RMR and its affiliates under this shared services agreement will include an allocation of RMR's costs of rent, utilities, office furniture, equipment, machinery, facilities, and other overhead type expenses, the costs of legal, accounting, audit, tax planning and tax return preparation, consulting services, diligence related to the Company's investments, investor relations and other professional services, personnel and support services shared by the Manager.

15. **Limits of Manager Responsibility; Indemnification; Company Remedies.**

(a) The Manager assumes no responsibility other than to render the services described herein in good faith and shall not be responsible for any action of the Company in following or declining to follow any advice or recommendation of the Manager. The Manager and its Affiliates, and their respective directors, trustees, officers, members, owners, members, managers, employees and personnel will not be liable to the Company, its members or subsidiaries, or any of the trustees, directors, shareholders, owners, partners or members of any

of the Company's subsidiaries, for any acts or omissions related to the provision of services to the Company under this Agreement, except by reason of acts or omissions that have been determined in a final, non-appealable decision entered by a court, arbitration panel or other adjudicative body of competent jurisdiction to have constituted bad faith, fraud, intentional misconduct, gross negligence or reckless disregard of the duties of the Manager under this Agreement.

(b) The Company shall reimburse, indemnify and hold harmless the Manager and its Affiliates, and their respective directors, trustees, officers, shareholders, owners, members, managers, employees and personnel from and against any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever, including all reasonable attorneys', accountants' and experts' fees and expenses, arising from any acts or omissions related to the provision of services to the Company or the performance of any matter pursuant to an instruction by the Company, except to the extent there is a final, non-appealable decision entered by a court, arbitration panel or other adjudicative body of competent jurisdiction that such acts or omissions constituted bad faith, fraud, intentional misconduct, gross negligence or reckless disregard of the duties of the Manager under this Agreement. Without limiting the foregoing, the Company shall promptly advance expenses incurred by the indemnitees referred to in this Section 15 for matters referred to in this Section 15, upon request for such advancement. In addition, and without limitation of the foregoing, the Manager and its Affiliates and their respective directors, trustees, officers, shareholders, owners, members, managers, employees and personnel will not be liable for trade errors that may result from ordinary negligence, including errors in the investment decision making or trade processes.

16. Term; Renewal; Termination Without Cause.

(a) This Agreement shall continue in force and effect until December 31, 2022, unless terminated in accordance with the terms hereof (the "Initial Term"). On January 1, 2023, and each January 1 thereafter (each, a "Renewal Date"), the term of this Agreement shall be deemed automatically renewed for an additional one year term (an "Automatic Renewal Term"), unless the Company or the Manager elects not to renew this Agreement in accordance with Section 16(b).

(b) The Manager and the Company shall each have the right, upon sixty (60) days prior written notice to the other party, to terminate this Agreement in its entirety.

17. Action Upon Termination. From and after the effective date of termination of this Agreement pursuant to Section 16, the Manager shall not be entitled to compensation for further services pursuant to Section 10 or 11, but the Manager shall be paid all compensation due for services performed prior to the effective date of such termination. Upon such termination, the Manager shall, as promptly as practicable:

(a) pay over to the Company all monies collected and held for the account of the Company by the Manager pursuant to this Agreement, after deducting therefrom any accrued Management Fee, Incentive Fee and any reimbursement for costs or expenses to which it or any of its Affiliates is then entitled;

(b) deliver to the Board a full and complete accounting, including a statement showing all payments collected by it and a statement of all monies held by it for the Company for the period commencing with the date following the date of its last accounting to the Board; and

(c) deliver to the Board all property and documents of the Company then in its custody or possession; provided, that the Manager shall be permitted to retain copies of such documents for its records.

The Manager shall compute the accrued and unpaid Management Fee and Incentive Fee and deliver such computation to the Board within thirty (30) days following the effective date of termination. The accrued and unpaid Management Fee and Incentive Fee shall be paid by the Company within five (5) business days after the Manager's delivery of such computation to the Board.

18. **MEMBERS NOT LIABLE**. NO MEMBER, OFFICER, EMPLOYEE OR AGENT OF THE COMPANY SHALL BE HELD TO ANY PERSONAL LIABILITY, JOINTLY OR SEVERALLY, FOR ANY OBLIGATION OF, OR CLAIM AGAINST, THE COMPANY. ALL PERSONS OR ENTITIES DEALING WITH THE COMPANY, IN ANY WAY, SHALL LOOK ONLY TO THE ASSETS OF THE COMPANY FOR THE PAYMENT OF ANY SUM OR THE PERFORMANCE OF ANY OBLIGATION.

19. **Notices**. Any notice, report or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, (a) upon confirmation of receipt when transmitted by facsimile transmission, (b) on the next business day if transmitted by a nationally recognized overnight courier or (c) on the third (3rd) business day following mailing by first class mail, postage prepaid, in each case as follows (or at such other United States address or facsimile number for a party as shall be specified by like notice):

If to the Company:

Centre Street Finance LLC
Two Newton Place
255 Washington Street
Newton, Massachusetts 02458
Attn: David M. Blackman
Facsimile: (617) 928-1305

If to the Manager:

Tremont Realty Advisors LLC
Two Newton Place
255 Washington Street
Newton, Massachusetts 02458
Attn: President and Chief Executive Officer
Facsimile: (617) 928-1305

20. **Amendments.** This Agreement shall not be amended, changed, modified, terminated or discharged, in whole or in part, except by an instrument in writing signed by each of the parties hereto, or by their respective successors or assigns, or otherwise as provided herein.

21. **Assignment.** Neither party may assign this Agreement or its rights hereunder or delegate its duties hereunder without the written consent of the other party, except that the Manager may assign this Agreement or delegate any of its duties hereunder to any subsidiary of RMR so long as such subsidiary is then Controlled by RMR. Nothing herein shall preclude any pledge, hypothecation or other transfer of any amounts payable to the Manager under this Agreement.

22. **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.

23. **No Third Party Beneficiary.** Except as otherwise provided in Sections 14, 15 and 25, no Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

24. **Governing Law.** The provisions of this Agreement and any Dispute, 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.

25. **Arbitration.**

(a) Procedures for Arbitration of Disputes. Any disputes, claims or controversies arising out of or relating to this Agreement, the provision of services by the Manager or its Affiliates pursuant to this Agreement or the transactions contemplated hereby, including any disputes, claims or controversies brought by or on behalf of the Company, the Manager or RMR or any holder of equity interests (which, for purposes of this Section 25, shall mean any holder of record or any beneficial owner of equity interests or any former holder of record or beneficial owner of equity interests) of the Company, the Manager or RMR, either on his, her or its own behalf, on behalf of the Company, the Manager or RMR or on behalf of any series or class of equity interests of the Company, the Manager or RMR or holders of equity interests of the Company, the Manager or RMR against the Company, the Manager or RMR or any of their respective trustees, directors, members, officers, managers (including the Manager or its successor), agents or employees, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance or enforcement of this Agreement,

including this arbitration agreement or the governing documents of the Company, the Manager or RMR (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 25. 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 the Company, the Manager or RMR and class actions by a holder of equity interests against those individuals or entities and the Company, the Manager or RMR. For the avoidance of doubt, a Dispute shall include a Dispute made derivatively on behalf of one party against another party. For purposes of this Section 25, the term “equity interest” shall mean (i) in respect of the Company, shares of beneficial interest of the Company, (ii) shares of “membership interests” in an entity that is a limited liability company, (iii) general partnership interests in an entity that is a partnership, (iv) shares of capital stock of an entity that is a corporation and (v) similar equity ownership interests in other entities.

(b) Arbitrators. 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 the demand for arbitration. 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 the demand for arbitration. The 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 AAA provides the list to select one (1) of the three (3) arbitrators proposed by 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 AAA to be the second (2nd) arbitrator; and, if he/they should fail to select the second (2nd) arbitrator by such time, 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 AAA shall provide a list of proposed arbitrators in accordance with the Rules, and the arbitrator shall be appointed by AAA in accordance with a listing, striking and ranking procedure, with each party having a limited number of strikes, excluding strikes for cause.

(c) Place of Arbitration. The place of arbitration shall be Boston, Massachusetts unless otherwise agreed by the parties.

(d) Discovery. 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) Awards. 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 and the validity, effect and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq. An Award shall be in writing and shall 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 25(g), 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) Costs and Expenses. Except to the extent expressly provided by this Agreement or as otherwise agreed by the parties thereto, 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 the Company’s, RMR’s or the Manager’s, as applicable, 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) Appeals. Notwithstanding any language to the contrary in this Agreement, an Award, including but not limited to, any interim Award, may be appealed pursuant to the AAA’s Optional Appellate Arbitration Rules (the “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 25(f) shall apply to any appeal pursuant to this Section 25(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) Final and Binding. Following the expiration of the time for filing the notice of appeal, or the conclusion of the appeal process set forth in Section 25(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 maximum 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 this agreement to arbitrate 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) **Beneficiaries.** This Section 25 is intended to benefit and be enforceable by the Company, the Manager, RMR and their respective holders of equity interests, trustees, directors, officers, managers (including the Manager or its successor), agents or employees, and their respective successors and assigns and shall be binding upon the Company, the Manager, RMR and their respective holders of equity interests, and be in addition to, and not in substitution for, any other rights to indemnification or contribution that such individuals or entities may have by contract or otherwise.

26. **Consent to Jurisdiction and Forum.** The exclusive jurisdiction and venue in any action brought by any party hereto pursuant to this Agreement shall lie in the Circuit Court for Baltimore City, Maryland (or, if no state court located within the State of Maryland has subject matter jurisdiction, the U.S. District Court for Maryland). Each of the parties hereby irrevocably and unconditionally agree to request or consent to the assignment of any such proceeding to the Business and Technology Case Management Program of the Circuit Court for Baltimore City, Maryland. 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 19 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 THE MANAGER 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 25, this Section 26 shall not preempt resolution of the Dispute pursuant to Section 25.

27. **Captions; Interpretation.** The captions included herein have been inserted for ease of reference only and shall not be construed to affect the meaning, construction or effect of this Agreement. In this Agreement, unless the context otherwise requires, (i) words used in the singular or in the plural include both the plural and singular, (ii) references to this Agreement and all expressions like “herein”, “hereof” and “hereunder” shall be deemed to refer to this Agreement and all exhibits as amended from time to time, including as affected by any such amendment, (iii) “or”, “either” and “any” are not exclusive, (iv) “including” and its variants mean “including, without limitation,” and its variants, (v) references to “written,” “in writing” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form, (vi) all pronouns and any variations thereof refer to the masculine, feminine or neuter as the context may require, (vii) “Sections” refer to Sections of

this Agreement unless otherwise specified, and (viii) the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends and such phrase shall not mean simply “if.” The agreements of the Company set forth herein are on behalf of itself and its subsidiaries.

28. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes any pre-existing agreements with respect to such subject matter.

29. **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.

30. **Survival.** The provisions of Section 2 (limited to the obligation of the Company to indemnify the Manager and its Affiliates for matters provided thereunder) and Section 14 through and including Section 31 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.

31. **Equal Employment Opportunity Employer.** The Manager is an equal employment opportunity employer and complies with all applicable state and federal Laws to provide a work environment free from discrimination and without regard to race, color, sex, sexual orientation, national origin, ancestry, religion, creed, physical or mental disability, age, marital status, veteran’s status or any other basis protected by applicable Laws.

[Signature Page To Follow]

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

CENTRE STREET FINANCE LLC

By: /s/ David M. Blackman
Name: David M. Blackman
Title: President and Chief Executive
Officer

TREMONT REALTY ADVISORS LLC

By: /s/ Adam D. Portnoy
Name: Adam D. Portnoy
Title: President and Chief Executive

Officer

Exhibit A

Definitions

The following definitions shall be applied to the terms used in this Agreement for all purposes, unless otherwise clearly indicated to the contrary. All capitalized terms used in this Exhibit A, but not defined in this Exhibit A, shall have the respective meanings given to those terms elsewhere in this Agreement. Unless otherwise noted, all section references in this Exhibit A refer to sections in the Agreement.

- (a) “AAA” shall have the meaning set forth in Section 25(a).
- (b) “Affiliate” shall mean, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with, the first Person.
- (c) “Agreement” shall have the meaning set forth in the preamble.
- (d) “Appellate Rules” shall have the meaning set forth in Section 25(g).
- (e) “Automatic Renewal Term” shall have the meaning set forth in Section 16(a).
- (f) “Award” shall have the meaning set forth in Section 25(e).
- (g) “Board” shall mean the board of directors of the Company as constituted from time to time.
- (h) “Company” means Centre Street Finance LLC, a Delaware limited liability company, and, unless the context otherwise requires, includes its subsidiaries.
- (i) “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.
- (j) “Core Earnings” shall mean net income (or loss), computed in accordance with GAAP, including realized losses not otherwise included in GAAP net income (loss), and excluding: (i) the Incentive Fees (if any) earned by the Manager pursuant to this Agreement; (ii) depreciation and amortization (if any); (iii) non-cash equity compensation expense (if any); (iv) unrealized gains, losses and other similar non-cash items that are included in or deducted from net income or in other comprehensive income or loss under GAAP; and (v) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items. For the avoidance of doubt, the exclusion of depreciation and amortization from the calculation of “Core Earnings” shall only apply with respect to real property owned by the Company.

- (k) “Disputes” shall have the meaning set forth in Section 25(a).
- (l) “Equity” shall mean (i) the sum of (A) the capital contributed from time to time to the Company by its sole member, plus (B) the Company’s cumulative Core Earnings for the period commencing on the Effective Date to the end of the most recent calendar quarter, less (ii) (A) any distributions previously paid to the Company’s sole member, and (B) any Incentive Fee previously paid by the Company to the Manager. All items in the foregoing sentence shall be calculated on a daily weighted average basis.
- (m) “equity interest” shall have the meaning set forth in Section 25(a).
- (n) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.
- (o) “GAAP” shall mean generally accepted accounting principles in effect in the United States on the date such principles are applied.
- (p) “Incentive Fee” shall have the meaning set forth in Section 11.
- (q) “Initial Term” shall have the meaning set forth in Section 16(a).
- (r) “Law” shall mean any law, statute, ordinance, rule, regulation, directive, code or order enacted, issued, promulgated, enforced or entered by any governmental entity.
- (s) “Management Fee” shall have the meaning set forth in Section 10.
- (t) “Manager” shall have the meaning set forth in the preamble.
- (u) “Person” shall mean an individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.
- (v) “Renewal Date” shall have the meaning set forth in Section 16(a).
- (w) “RMR” shall mean The RMR Group Inc., a Maryland corporation, its consolidated subsidiaries and its successors and assigns together and each individually.
- (x) “Rules” shall have the meaning set forth in Section 25(a).