

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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:

<u>Title Of Each Class</u>	<u>Trading Symbol</u>	<u>Name Of Each Exchange On Which Registered</u>
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 August 6, 2020, there were 15,315,025 shares of Class A common stock, par value \$0.001 per share, 1,000,000 shares of Class B-1 common stock, par value \$0.001 per share, and 15,000,000 shares of Class B-2 common stock, par value \$0.001 per share outstanding.

THE RMR GROUP INC.

FORM 10-Q

June 30, 2020

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

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

	June 30, 2020	September 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 393,655	\$ 358,448
Due from related parties	79,312	93,521
Prepaid and other current assets	3,595	5,848
Total current assets	476,562	457,817
Property and equipment, net	2,148	2,383
Due from related parties, net of current portion	5,837	9,238
Equity method investment	6,974	6,658
Equity method investment accounted for under the fair value option	4,598	3,682
Goodwill	1,859	1,859
Intangible assets, net of amortization	288	323
Operating lease right of use assets	35,755	—
Deferred tax asset	24,621	25,729
Other assets, net of amortization	146,081	153,143
Total assets	\$ 704,723	\$ 660,832
Liabilities and Equity		
Current liabilities:		
Other client company reimbursable expenses	\$ 59,127	\$ 65,909
Accounts payable and accrued expenses	30,858	20,266
Operating lease liabilities	4,343	—
Employer compensation liability	998	4,814
Total current liabilities	95,326	90,989
Deferred rent payable, net of current portion	—	1,620
Operating lease liabilities, net of current portion	33,156	—
Amounts due pursuant to tax receivable agreement, net of current portion	29,950	29,950
Employer compensation liability, net of current portion	5,837	9,238
Total liabilities	164,269	131,797
Commitments and contingencies		
Equity:		
Class A common stock, \$0.001 par value; 31,600,000 shares authorized; 15,315,445 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	105,863	103,360
Retained earnings	280,091	257,457
Cumulative common distributions	(90,783)	(72,194)
Total shareholders' equity	295,202	288,654
Noncontrolling interest	245,252	240,381
Total equity	540,454	529,035
Total liabilities and equity	\$ 704,723	\$ 660,832

See accompanying notes.

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Revenues:				
Management services	\$ 38,625	\$ 43,641	\$ 129,221	\$ 133,729
Incentive business management fees	—	—	—	120,094
Advisory services	625	802	2,252	2,345
Total management and advisory services revenues	39,250	44,443	131,473	256,168
Reimbursable compensation and benefits	13,749	13,583	40,077	40,868
Other client company reimbursable expenses	85,650	85,689	267,852	257,088
Total reimbursable costs	99,399	99,272	307,929	297,956
Total revenues	138,649	143,715	439,402	554,124
Expenses:				
Compensation and benefits	29,569	28,530	89,888	85,523
Equity based compensation	1,299	1,334	3,183	4,349
Separation costs	—	239	645	7,050
Total compensation and benefits expense	30,868	30,103	93,716	96,922
General and administrative	6,335	7,670	20,678	22,112
Other client company reimbursable expenses	85,650	85,689	267,852	257,088
Transaction and acquisition related costs	427	42	1,596	273
Depreciation and amortization	229	250	731	762
Total expenses	123,509	123,754	384,573	377,157
Operating income	15,140	19,961	54,829	176,967
Interest and other income	727	2,408	4,102	6,402
Impairment loss on Tremont Mortgage Trust investment	—	(6,213)	—	(6,213)
Equity in earnings of investees	458	174	1,037	318
Unrealized gain (loss) on equity method investment accounted for under the fair value option	1,678	(731)	916	(2,978)
Income before income tax expense	18,003	15,599	60,884	174,496
Income tax expense	(2,608)	(2,226)	(8,944)	(24,335)
Net income	15,395	13,373	51,940	150,161
Net income attributable to noncontrolling interest	(8,678)	(7,524)	(29,306)	(83,935)
Net income attributable to The RMR Group Inc.	\$ 6,717	\$ 5,849	\$ 22,634	\$ 66,226
Weighted average common shares outstanding - basic	16,198	16,137	16,187	16,126
Weighted average common shares outstanding - diluted	31,198	16,149	31,187	16,142
Net income attributable to The RMR Group Inc. per common share - basic	\$ 0.41	\$ 0.36	\$ 1.39	\$ 4.08
Net income attributable to The RMR Group Inc. per common share - diluted	\$ 0.41	\$ 0.36	\$ 1.37	\$ 4.08

See accompanying notes.

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

	Class A Common Stock	Class B-1 Common Stock	Class B-2 Common Stock	Additional Paid In Capital	Retained Earnings	Cumulative Common Distributions	Total Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at September 30, 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	15	1	15	103,994	266,906	(78,389)	292,542	244,226	536,768
Share grants, net	—	—	—	1,271	—	—	1,271	—	1,271
Net income	—	—	—	—	6,468	—	6,468	8,453	14,921
Tax distributions to Member	—	—	—	—	—	—	—	(4,156)	(4,156)
Common share distributions	—	—	—	—	—	(6,194)	(6,194)	(4,500)	(10,694)
Balance at March 31, 2020	15	1	15	105,265	273,374	(84,583)	294,087	244,023	538,110
Share grants, net	—	—	—	598	—	—	598	—	598
Net income	—	—	—	—	6,717	—	6,717	8,678	15,395
Tax distributions to Member	—	—	—	—	—	—	—	(2,949)	(2,949)
Common share distributions	—	—	—	—	—	(6,200)	(6,200)	(4,500)	(10,700)
Balance at June 30, 2020	\$ 15	\$ 1	\$ 15	\$ 105,863	\$ 280,091	\$ (90,783)	\$ 295,202	\$ 245,252	\$ 540,454

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, 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	15	1	15	100,808	235,086	80	(55,147)	280,858	255,231	536,089
Share grants, net	—	—	—	862	—	—	—	862	—	862
Net income	—	—	—	—	8,168	—	—	8,168	10,540	18,708
Tax distributions to Member	—	—	—	—	—	—	—	—	(11,616)	(11,616)
Common share distributions	—	—	—	—	—	—	(5,680)	(5,680)	(4,500)	(10,180)
Other comprehensive loss	—	—	—	—	—	(5)	—	(5)	(5)	(10)
Reclassification due to disposition of our Australian operations	—	—	—	—	—	(75)	—	(75)	—	(75)
Balance at March 31, 2019	15	1	15	101,670	243,254	—	(60,827)	284,128	249,650	533,778
Share grants, net	—	—	—	1,177	—	—	—	1,177	—	1,177
Net income	—	—	—	—	5,849	—	—	5,849	7,524	13,373
Tax distributions to Member	—	—	—	—	—	—	—	—	(8,819)	(8,819)
Common share distributions	—	—	—	—	—	—	(5,684)	(5,684)	(4,500)	(10,184)
Balance at June 30, 2019	\$ 15	\$ 1	\$ 15	\$ 102,847	\$ 249,103	\$ —	\$ (66,511)	\$ 285,470	\$ 243,855	\$ 529,325

See accompanying notes.

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

	Nine Months Ended June 30,	
	2020	2019
Cash Flows from Operating Activities:		
Net income	\$ 51,940	\$ 150,161
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	731	762
Straight line office rent	124	166
Amortization expense related to other assets	7,062	7,062
Deferred income taxes	1,108	(293)
Operating expenses paid in The RMR Group Inc. common shares	2,658	3,764
Impairment loss on Tremont Mortgage Trust investment	—	6,213
Equity in earnings of investees	(1,037)	(318)
Distributions from equity method investments	721	198
Unrealized (gain) loss on equity method investment accounted for under the fair value option	(916)	2,978
Changes in assets and liabilities:		
Due from related parties	10,393	(50,183)
Prepaid and other current assets	2,253	3,012
Other client company reimbursable expenses	(6,782)	53,375
Accounts payable and accrued expenses	10,535	16,956
Net cash from operating activities	<u>78,790</u>	<u>193,853</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(404)	(299)
Equity method investment in TravelCenters of America Inc.	—	(8,382)
Equity method investment in Tremont Mortgage Trust	—	(5,650)
Advances to Tremont Mortgage Trust under the credit agreement	—	(14,220)
Repayments from Tremont Mortgage Trust under the credit agreement	—	14,220
Net cash used in investing activities	<u>(404)</u>	<u>(14,331)</u>
Cash Flows from Financing Activities:		
Distributions to noncontrolling interest	(24,435)	(41,972)
Distributions to common shareholders	(18,589)	(17,044)
Repurchase of common shares	(155)	(156)
Net cash used in financing activities	<u>(43,179)</u>	<u>(59,172)</u>
Effect of exchange rate fluctuations on cash and cash equivalents	—	(85)
Increase in cash and cash equivalents	35,207	120,265
Cash and cash equivalents at beginning of period	358,448	256,848
Cash and cash equivalents at end of period	<u>\$ 393,655</u>	<u>\$ 377,113</u>
Supplemental Cash Flow Information and Non-Cash Activities:		
Income taxes paid	<u>\$ 6,385</u>	<u>\$ 22,185</u>
Fair value of share based payments recorded	<u>\$ 1,394</u>	<u>\$ 2,954</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 June 30, 2020, RMR Inc. owned 15,315,445 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 June 30, 2020. 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 June 30, 2020, 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 June 30, 2020, 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, 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 ABP Trust and its subsidiaries, or collectively ABP Trust, and provided management services to Affiliates Insurance Company, or AIC, an Indiana insurance company, until its dissolution on February 13, 2020, and RMR Office Property Fund LP, or the Open End Fund, until its dissolution on July 28, 2020.

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 Mortgage Trust (formerly known as RMR Real Estate Income Fund), or RMRM. RMRM is currently a closed-end investment company. On April 16, 2020, shareholders of RMRM approved its conversion from a registered investment company to a commercial mortgage REIT and amended RMRM’s fundamental investment policies and restrictions to permit RMRM to pursue its new business. RMRM is focused on realigning its portfolio so that it is no longer an “investment company” under the Investment Company Act of 1940, or the 1940 Act, and has applied to the SEC to deregister as an investment company under the 1940 Act.

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, and, as of December 18, 2019, Centre Street Finance LLC, or Centre Street, a private fund. Both TRMT and Centre Street focus primarily on originating and investing in first mortgage whole loans secured by middle market and transitional commercial real estate. Centre Street is a direct wholly owned subsidiary of ABP Trust. TRMT, together with

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

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.

In these financial statements, we refer to the Managed Equity REITs, the Managed Operators, RMRM, 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.

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 determines 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 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 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 June 30, 2020 and 2019, we earned aggregate base business management fees from the Managed Equity REITs of \$21,010 and \$24,833, respectively. For the nine months ended June 30, 2020 and 2019, we earned aggregate base business management fees from the Managed Equity REITs of \$72,928 and \$78,640, 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 business management fees are calculated for each Managed Equity REIT as 12.0% of the product of (a) the equity market capitalization of the Managed Equity REIT, as defined in the applicable business management agreement, on the last trading day of the year immediately prior to the relevant measurement period and (b) the amount, expressed as a percentage, by which the Managed Equity REIT's total return per share, as defined in the applicable business management agreement, exceeded the applicable benchmark total return per share, as defined in the applicable business management agreement, of a specified REIT index identified in the applicable business management agreement for the measurement period, as adjusted for net share issuances during the period and subject to caps on the values of the incentive fees. The measurement period for the annual incentive business management fees is defined as the three year period ending on December 31 of the year for which such fee is being calculated, 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 business management fee, if any, payable thereunder.

For the nine months ended June 30, 2020 and 2019, 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 until December 31, 2019, 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. Effective January 1, 2020,

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management fees earned from ABP Trust are equal to 0.5% of ABP Trust's average invested capital, as defined in the management agreement. These fees are estimated and payable monthly in advance.

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 through AIC's dissolution on February 13, 2020.

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. The Open End Fund was dissolved on July 28, 2020. As a result, we will not earn any fees subsequent to that date.

We earned aggregate fees from the Managed Operators, ABP Trust, AIC and the Open End Fund of \$5,963 and \$7,145 for the three months ended June 30, 2020 and 2019, respectively, and \$19,626 and \$21,292 for the nine months ended June 30, 2020 and 2019, 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. We earned aggregate property management fees of \$11,618 and \$11,626 for the three months ended June 30, 2020 and 2019, respectively, and \$35,851 and \$33,603 for the nine months ended June 30, 2020 and 2019, respectively.

Advisory Services and Other Agreements

RMR Advisors is compensated pursuant to its agreement with RMRM at an annual rate of 0.85% of RMRM's average daily managed assets. Average daily managed assets includes the net asset value attributable to RMRM's outstanding common shares, plus the liquidation preference of RMRM'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 RMRM. RMR Advisors earned advisory services revenue of \$585 and \$767 for the three months ended June 30, 2020 and 2019, respectively, and \$2,139 and \$2,225 for the nine months ended June 30, 2020 and 2019, 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. Tremont Advisors has waived any business management and incentive fees otherwise due and payable by TRMT pursuant to the management agreement for the period beginning July 1, 2018 until December 31, 2020.

Tremont Advisors earned advisory services revenue from the Tremont Advisory Clients of \$40 and \$35 for the three months ended June 30, 2020 and 2019, respectively, and \$113 and \$120 for the nine months ended June 30, 2020 and 2019, 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 non-investment advisory clients. The Tremont business earned fees for such origination services of \$34 and \$37 for the three months ended June 30, 2020 and 2019, respectively, and \$816 and \$194 for the nine months ended June 30, 2020 and 2019, respectively, which amounts are included in management services revenue in our condensed consolidated statements of 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. We realized reimbursable compensation and benefits of \$13,749 and \$13,583 for the three months ended June 30, 2020 and 2019, respectively, and \$40,077 and \$40,868 for the nine months ended June 30, 2020 and 2019, respectively. Included in reimbursable compensation

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and benefits are shared services fees we earn from the Tremont Advisory Clients for compensation and other costs related to the operation of the Tremont business. We earned shared services fees from the Tremont Advisory Clients of \$250 and \$370 for the three months ended June 30, 2020 and 2019, respectively, and \$964 and \$1,076 for the nine months ended June 30, 2020 and 2019, respectively.

Reimbursable compensation and benefits also includes 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 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 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 \$736 and \$882 for the three months ended June 30, 2020 and 2019, respectively, and \$1,394 and \$2,954 for the nine months ended June 30, 2020 and 2019, 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 certain of 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 \$85,650 and \$85,689 for the three months ended June 30, 2020 and 2019, respectively, and \$267,852 and \$257,088 for the nine months ended June 30, 2020 and 2019, respectively.

Note 4. Investments

Equity Method Investments

As of June 30, 2020, 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 income was \$458 and \$174 for the three months ended June 30, 2020 and 2019, respectively, and \$1,037 and \$318 for the nine months ended June 30, 2020 and 2019, respectively. We received aggregate distributions from TRMT of \$16 and \$132 during the three months ended June 30, 2020 and 2019, respectively, and \$721 and \$198 during the nine months ended June 30, 2020 and 2019, respectively.

Equity Method Investment Accounted for Under the Fair Value Option

As of June 30, 2020, we owned 298,538, or approximately 3.6%, of TA's outstanding common shares. We purchased these shares on October 10, 2018 for \$8,382. On July 6, 2020, in conjunction with a public offering of TA's common shares, we purchased an additional 218,577 shares for \$3,060, maintaining our approximately 3.6% ownership of TA's outstanding common shares. 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 June 30, 2020 and September 30, 2019, based on quoted market prices, was \$4,598 and \$3,682, respectively. The unrealized gain (loss) in our condensed consolidated statements of income related to our investment in TA was \$1,678 and (\$731) for the three months ended June 30, 2020 and 2019, respectively, and \$916 and (\$2,978) for the nine months ended June 30, 2020 and 2019, 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.

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For the three months ended June 30, 2020 and 2019, we recognized estimated income tax expense of \$2,608 and \$2,226, respectively, which includes \$1,900 and \$1,624, respectively, of U.S. federal income tax and \$708 and \$602, respectively, of state income taxes. For the nine months ended June 30, 2020 and 2019, we recognized estimated income tax expense of \$8,944 and \$24,335, respectively, which includes \$6,578 and \$17,756, respectively, of U.S. federal income tax and \$2,366 and \$6,579, respectively, of state income taxes.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Income taxes computed at the federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	3.6 %	2.8 %	3.7 %	3.0 %
Permanent items	0.1 %	0.6 %	0.1 %	0.1 %
Net income attributable to noncontrolling interest	(10.2)%	(10.1)%	(10.1)%	(10.1)%
Total	14.5 %	14.3 %	14.7 %	14.0 %

ASC 740, *Income Taxes*, provides a model for how a company should recognize, measure and present in its financial statements uncertain tax positions that have been taken or are expected to be taken with respect to all open years and in all significant jurisdictions. Pursuant to this topic, we recognize a tax benefit only if it is “more likely than not” that a particular tax position will be sustained upon examination or audit. To the extent the “more likely than not” standard has been satisfied, the benefit associated with a tax position is measured as the largest amount that is greater than 50.0% likely to be realized upon settlement. As of June 30, 2020, we had no uncertain tax positions.

Note 6. Fair Value of Financial Instruments

As of June 30, 2020 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, which include liabilities related to other Client Company reimbursable 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 June 30, 2020 and September 30, 2019:

	June 30,	September 30,
	2020	2019
Money market funds included in cash and cash equivalents	\$ 344,063	\$ 357,526
Current portion of due from related parties related to share based payment awards	998	4,814
Long term portion of due from related parties related to share based payment awards	5,837	9,238
Current portion of employer compensation liability related to share based payment awards	998	4,814
Long term portion of employer compensation liability related to share based payment awards	5,837	9,238

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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 June 30, 2020, Adam D. Portnoy beneficially owned, in aggregate, (i) 147,502 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, RMRM and TA, a director of Sonesta (and its parent) and is a controlling shareholder of Sonesta. Jennifer B. Clark, our other Managing Director, is a managing trustee of DHC and RMRM, a managing director of FVE and a director of Sonesta, and she serves as the secretary of all the publicly traded Client Companies and Sonesta and as an officer of ABP Trust. Prior to its dissolution on February 13, 2020, Mr. Portnoy was a director of AIC and Ms. Clark was the president and chief executive officer of AIC. As of June 30, 2020, Adam D. Portnoy beneficially owned, in aggregate, 6.4% of Five Star's outstanding common shares, 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 RMRM's outstanding common shares, and 19.5% of TRMT's outstanding common shares (including through Tremont Advisors). Until its dissolution on February 13, 2020, ABP Trust owned 14.3% of AIC.

The Managed Equity REITs, the Open End Fund, TRMT and RMRM all have no employees. RMR LLC provides or arranges for all the personnel, overhead and services required for the operation of the Managed Equity REITs, the Open End Fund (until its dissolution on July 28, 2020) and AIC (until its dissolution on February 13, 2020), pursuant to management agreements with them. All the officers of the Managed Equity REITs and the Open End Fund are officers or employees of RMR LLC. 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. All officers, overhead and required office space of RMRM are provided or arranged by RMR Advisors. All of RMRM's officers are officers or employees of RMR Advisors or RMR LLC. Many of the executive officers of the Managed Operators are officers or employees of RMR LLC. Some of our executive officers are also managing directors or managing trustees of certain of the Managed REITs, the Managed Operators and RMRM.

As of June 30, 2020, ABP Trust owned 100% of Centre Street and 206,300 limited partnership units, or 100%, of the Open End Fund. RMR LLC owned no limited partnership units of the Open End Fund, but as of June 30, 2020, had 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. On July 28, 2020, the Open End Fund was dissolved and RMR LLC's \$100,000 commitment was terminated as a result. In connection with the dissolution of the Open End Fund, the Transaction Agreement, dated as of July 31, 2018, between ABP Trust and RMR LLC was terminated.

Additional information about our related person transactions appears in Note 8, *Shareholders' Equity*, below and in our 2019 Annual Report.

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Revenues from Related Parties

For the three and nine months ended June 30, 2020 and 2019, we recognized revenues from related parties as set forth in the following table:

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2020		2019		2020		2019	
	\$	%	\$	%	\$	%	\$	%
Managed Equity REITs:								
DHC ⁽¹⁾	\$ 43,472	31.4%	\$ 43,483	30.3%	\$ 128,076	29.1%	\$ 166,313	30.0%
ILPT	10,034	7.2	12,664	8.8	36,649	8.3	27,998	5.1
OPI ⁽²⁾	58,443	42.1	57,374	39.9	179,895	41.0	171,731	31.0
SIR ⁽¹⁾⁽²⁾	—	—	—	—	—	—	47,843	8.6
SVC ⁽¹⁾	12,156	8.8	11,887	8.3	48,341	11.0	89,731	16.2
	<u>124,105</u>	<u>89.5</u>	<u>125,408</u>	<u>87.3</u>	<u>392,961</u>	<u>89.4</u>	<u>503,616</u>	<u>90.9</u>
Managed Operators:								
Five Star	2,227	1.6	2,466	1.7	6,953	1.6	7,318	1.3
Sonesta	209	0.2	881	0.6	1,477	0.3	2,420	0.4
TA	3,130	2.3	3,455	2.4	10,021	2.3	10,536	1.9
	<u>5,566</u>	<u>4.1</u>	<u>6,802</u>	<u>4.7</u>	<u>18,451</u>	<u>4.2</u>	<u>20,274</u>	<u>3.6</u>
Other Client Companies:								
ABP Trust	3,024	2.2	3,476	2.5	9,195	2.2	10,746	1.9
AIC	2	—	187	0.1	98	—	307	0.1
Open End Fund	4,738	3.4	5,583	3.9	13,653	3.1	13,693	2.5
RMRM	585	0.4	767	0.5	2,139	0.5	2,225	0.4
TRMT	577	0.4	1,283	0.9	1,932	0.4	2,857	0.5
Centre Street	18	—	—	—	108	—	—	—
	<u>8,944</u>	<u>6.4</u>	<u>11,296</u>	<u>7.9</u>	<u>27,125</u>	<u>6.2</u>	<u>29,828</u>	<u>5.4</u>
Total revenues from related parties	138,615	100.0	143,506	99.9	438,537	99.8	553,718	99.9
Revenues from unrelated parties	34	—	209	0.1	865	0.2	406	0.1
	<u>\$ 138,649</u>	<u>100.0%</u>	<u>\$ 143,715</u>	<u>100.0%</u>	<u>\$ 439,402</u>	<u>100.0%</u>	<u>\$ 554,124</u>	<u>100.0%</u>

(1) The amounts for the nine months ended June 30, 2019 include incentive business management fees of \$40,642, \$25,817 and \$53,635, which RMR LLC earned for the 2018 calendar year from DHC, SIR and SVC, respectively, and which were paid in January 2019.

(2) OPI acquired SIR by merger on December 31, 2018. This table presents revenues for the nine months ended June 30, 2019 from SIR separately as they relate to a period prior to this merger.

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Amounts Due From Related Parties

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

	June 30, 2020	September 30, 2019
Managed Equity REITs:		
DHC	\$ 28,374	\$ 25,505
ILPT	5,835	10,630
OPI	35,640	39,233
SVC	10,089	18,933
	79,938	94,301
Managed Operators:		
Five Star	361	136
Sonesta	69	37
TA	454	392
	884	565
Other Client Companies:		
ABP Trust	1,108	2,580
AIC	7	7
Open End Fund	2,161	4,567
RMRM	165	75
TRMT	877	664
Centre Street	9	—
	4,327	7,893
	\$ 85,149	\$ 102,759

Leases

As of June 30, 2020, RMR LLC leased from ABP Trust and certain Managed Equity REITs office space for use as our headquarters and local offices. We incurred rental expense under related party leases of \$1,367 and \$1,366 for the three months ended June 30, 2020 and 2019, respectively, and \$4,230 and \$4,224 for the nine months ended June 30, 2020 and 2019, respectively.

Tax-Related Payments

Pursuant to our tax receivable agreement with ABP Trust, RMR Inc. pays to ABP Trust 85.0% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that RMR Inc. realizes as a result of (a) the increases in tax basis attributable to our dealings with ABP Trust and (b) tax benefits related to imputed interest deemed to be paid by us as a result of the tax receivable agreement. As of June 30, 2020, 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, subject to future adjustment based on actual results. For the nine months ended June 30, 2020 and 2019, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to holders of its membership units totaling \$23,062 and \$59,279, respectively, of which \$12,127 and \$30,807, respectively, was distributed to us and \$10,935 and \$28,472, 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

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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.

Separation Arrangements

We entered into retirement agreements with each of Mark L. Kleifges, Bruce J. Mackey Jr. and John C. Popeo, each a former Executive Vice President of RMR LLC, between October 25, 2018 and December 11, 2018 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 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 served as an employee of RMR LLC through June 30, 2020. Under Mr. Rebholz's retirement agreement, RMR LLC paid Mr. Rebholz an annual base salary of \$75 until June 30, 2020 and RMR LLC paid him a cash bonus in respect of 2019 of \$250 in December 2019. RMR LLC also paid Mr. Rebholz an additional cash payment of \$250 in 2020. In addition, in January 2020, we accelerated the vesting of all 7,300 unvested shares of RMR Inc. owned by Mr. Rebholz as of his retirement date, June 30, 2020. We recorded approximately \$281 of equity based separation costs related to the acceleration of these shares for the nine months ended June 30, 2020.

For the three and nine months ended June 30, 2020 and 2019, we recognized cash and equity based separation costs as set forth in the following table:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Former executive officers:				
Cash separation costs	\$ —	\$ —	\$ 260	\$ 5,312
Equity based separation costs	—	—	281	1,488
	—	—	541	6,800
Former nonexecutive officers:				
Cash separation costs	—	142	80	153
Equity based separation costs	—	97	24	97
	—	239	104	250
Total separation costs	\$ —	\$ 239	\$ 645	\$ 7,050

Note 8. Shareholders' Equity

Issuances and Repurchases

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

On March 11, 2020, we granted 3,000 of our Class A Common Shares, valued at \$31.28 per share, the closing price of our Class A Common Shares on The Nasdaq Stock Market LLC, or Nasdaq, on that day, to each of our Managing Directors and Independent Directors as part of his or her annual compensation for serving as a Director. On June 23, 2020, in connection with the election of one of our Independent Directors, we awarded to such Director 3,000 of our common shares, valued at \$31.66 per share, the closing price of our common shares on the Nasdaq on that day. For the three and nine months ended June 30, 2020, we recorded general and administrative expense of \$95 and \$564, respectively, for Director grants.

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Equity based compensation expense related to shares granted to certain officers and employees was \$563 and \$452 for the three months ended June 30, 2020 and 2019, respectively, and \$1,789 and \$1,395 for the nine months ended June 30, 2020 and 2019, respectively. As of June 30, 2020, we had 109,210 unvested shares outstanding which are scheduled to vest as follows: 39,910 shares in 2020, 31,940 shares in 2021, 23,280 shares in 2022 and 14,080 in 2023.

In connection with the vesting and issuance of awards of our Class A Common Shares to our Directors, officers and employees, we provide for the ability to repurchase our Class A Common Shares to satisfy tax withholding and payment obligations. The repurchase price is based on the closing price of our Class A Common Shares on the Nasdaq on the repurchase date. During the nine months ended June 30, 2020, we withheld and repurchased 4,455 of our Class A Common Shares for an aggregate value of \$155, which is reflected as a decrease to shareholders' equity in our condensed consolidated balance sheets.

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

Distributions

During the nine months ended June 30, 2020 and 2019, we declared and paid dividends on our Class A Common Shares and Class B-1 Common Shares as follows:

Declaration Date	Record Date	Paid Date	Distributions Per Common Share		Total Distributions
<i>Nine Months Ended June 30, 2020</i>					
10/17/2019	10/28/2019	11/14/2019	\$	0.38	\$ 6,195
1/16/2020	1/27/2020	2/20/2020		0.38	6,194
4/16/2020	4/27/2020	5/21/2020		0.38	6,200
			\$	1.14	\$ 18,589
<i>Nine Months Ended June 30, 2019</i>					
10/18/2018	10/29/2018	11/15/2018	\$	0.35	\$ 5,680
1/18/2019	1/28/2019	2/21/2019		0.35	5,680
4/18/2019	4/29/2019	5/16/2019		0.35	5,684
			\$	1.05	\$ 17,044

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

Declaration Date	Record Date	Paid Date	Distributions Per RMR LLC Membership Unit		Total RMR LLC Distributions	RMR LLC Distributions to RMR Inc.	RMR LLC Distributions to ABP Trust
<i>Nine Months Ended June 30, 2020</i>							
10/17/2019	10/28/2019	11/14/2019	\$	0.30	\$ 9,391	\$ 4,891	\$ 4,500
1/16/2020	1/27/2020	2/20/2020		0.30	9,390	4,890	4,500
4/16/2020	4/27/2020	5/21/2020		0.30	9,394	4,894	4,500
			\$	0.90	\$ 28,175	\$ 14,675	\$ 13,500
<i>Nine Months Ended June 30, 2019</i>							
10/18/2018	10/29/2018	11/15/2018	\$	0.30	\$ 9,369	\$ 4,869	\$ 4,500
1/18/2019	1/28/2019	2/21/2019		0.30	9,369	4,869	4,500
4/18/2019	4/29/2019	5/16/2019		0.30	9,372	4,872	4,500
			\$	0.90	\$ 28,110	\$ 14,610	\$ 13,500

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

On July 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 July 27, 2020, in the amount of \$0.38 per Class A Common Share and Class B-1 Common Share, or \$6,200. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the

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

amount of \$0.30 per unit, or \$9,395, of which \$4,895 will be distributed to us based on our aggregate ownership of 16,315,445 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 August 20, 2020.

Note 9. Per Common Share Amounts

Basic earnings per common share reflects net income attributable to RMR Inc. divided by our weighted average Class A Common Shares and our Class B-1 Common Shares outstanding 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 basic earnings per common share. Diluted earnings per common share reflects net income divided by our weighted average Class A Common Shares and our Class B-1 Common Shares plus the effect of dilutive common share equivalents during the applicable periods. Diluted common share equivalents reflect the assumed issuance of Class A Common Shares pursuant to our 2016 Plan and the assumed issuance of Class A Common Shares related to the assumed redemption of the 15,000,000 Class A Units using the if-converted method.

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 income.

The 15,000,000 Class A Units that we do not own may be redeemed for our Class A Common Shares on a one-for-one basis, or upon such redemption, we may elect to pay cash instead of issuing Class A Common Shares. Upon redemption of a Class A Unit, the Class B-2 Common Share "paired" with such unit is canceled for no additional consideration. In computing the dilutive effect, if any, that the 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 offset by any tax effect, which may be dilutive. For the three and nine months ended June 30, 2019, such redemption is not reflected in diluted earnings per share as the assumed redemption would be anti-dilutive. For the three and nine months ended June 30, 2020, the assumed redemption is dilutive to earnings per share as presented in the table below. The calculation of basic and diluted earnings per share for the three and nine months ended June 30, 2020 and 2019, is as follows:

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Numerators:				
Net income attributable to The RMR Group Inc.	\$ 6,717	\$ 5,849	\$ 22,634	\$ 66,226
Income attributable to unvested participating securities	(48)	(37)	(166)	(437)
Net income attributable to The RMR Group Inc. used in calculating basic EPS	6,669	5,812	22,468	65,789
Effect of dilutive securities:				
Add back: net income attributable to noncontrolling interest	8,678	—	29,306	—
Add back: income tax expense	2,608	—	8,944	—
Income tax expense at enacted tax rates assuming redemption of noncontrolling interest's Class A Units for Class A Common Shares	(5,313)	—	(18,114)	—
Net income attributable to The RMR Group Inc. used in calculating diluted EPS	\$ 12,642	\$ 5,812	\$ 42,604	\$ 65,789
Denominators:				
Weighted average common shares outstanding - basic	16,198	16,137	16,187	16,126
Effect of dilutive securities:				
Assumed redemption of noncontrolling interest's Class A Units for Class A Common Shares	15,000	—	15,000	—
Incremental unvested shares	—	12	—	16
Weighted average common shares outstanding - diluted	31,198	16,149	31,187	16,142
Net income attributable to The RMR Group Inc. per common share - basic	\$ 0.41	\$ 0.36	\$ 1.39	\$ 4.08
Net income attributable to The RMR Group Inc. per common share - diluted	\$ 0.41	\$ 0.36	\$ 1.37	\$ 4.08

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 costs totaled \$1,568 and \$4,794 for the three and nine months ended June 30, 2020, respectively, including variable lease payments of \$143 and \$504, respectively, and straight-line rent amounts of \$52 and \$124, respectively. 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 \$11 and \$44 for the three and nine months ended June 30, 2020, respectively. As of June 30, 2020, our operating leases expire on various dates through 2030, the weighted average remaining lease term was 9.1 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 June 30, 2020:

2020	\$	1,349
2021		5,480
2022		5,555
2023		4,926
2024		4,428
Thereafter		21,400
Total lease payments ⁽¹⁾		43,138
Less: imputed interest		(5,639)
Present value of operating lease liabilities		37,499
Less: current portion of operating lease liabilities		(4,343)
Operating lease liabilities, net of current portion	\$	33,156

(1) Excludes \$771 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 June 30, 2020		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 38,590	\$ 35	\$ 38,625
Advisory services	—	625	625
Total management and advisory services revenues	38,590	660	39,250
Reimbursable compensation and benefits	13,479	270	13,749
Other client company reimbursable expenses	85,650	—	85,650
Total reimbursable costs	99,129	270	99,399
Total revenues	137,719	930	138,649
Expenses:			
Compensation and benefits	28,203	1,366	29,569
Equity based compensation	1,255	44	1,299
Total compensation and benefits expense	29,458	1,410	30,868
General and administrative	5,292	1,043	6,335
Other client company reimbursable expenses	85,650	—	85,650
Transaction and acquisition related costs	317	110	427
Depreciation and amortization	217	12	229
Total expenses	120,934	2,575	123,509
Operating income (loss)	16,785	(1,645)	15,140
Interest and other income	667	60	727
Equity in earnings of investees	—	458	458
Unrealized gain on equity method investment accounted for under the fair value option	1,678	—	1,678
Income (loss) before income tax expense	19,130	(1,127)	18,003
Income tax expense	—	(2,608)	(2,608)
Net income (loss)	\$ 19,130	\$ (3,735)	\$ 15,395
Total assets	\$ 655,413	\$ 49,310	\$ 704,723

(1) Intersegment revenues of \$988 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)

	Nine Months Ended June 30, 2020		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 128,404	\$ 817	\$ 129,221
Advisory services	—	2,252	2,252
Total management and advisory services revenues	128,404	3,069	131,473
Reimbursable compensation and benefits	38,684	1,393	40,077
Other client company reimbursable expenses	267,852	—	267,852
Total reimbursable costs	306,536	1,393	307,929
Total revenues	434,940	4,462	439,402
Expenses:			
Compensation and benefits	84,401	5,487	89,888
Equity based compensation	3,079	104	3,183
Separation costs	645	—	645
Total compensation and benefits expense	88,125	5,591	93,716
General and administrative	17,731	2,947	20,678
Other client company reimbursable expenses	267,852	—	267,852
Transaction and acquisition related costs	366	1,230	1,596
Depreciation and amortization	696	35	731
Total expenses	374,770	9,803	384,573
Operating income (loss)	60,170	(5,341)	54,829
Interest and other income	3,753	349	4,102
Equity in earnings of investees	—	1,037	1,037
Unrealized gain on equity method investment accounted for under the fair value option	916	—	916
Income (loss) before income tax expense	64,839	(3,955)	60,884
Income tax expense	—	(8,944)	(8,944)
Net income (loss)	\$ 64,839	\$ (12,899)	\$ 51,940
Total assets	\$ 655,413	\$ 49,310	\$ 704,723

(1) Intersegment revenues of \$4,153 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 June 30, 2019		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 43,604	\$ 37	\$ 43,641
Advisory services	—	802	802
Total management and advisory services revenues	43,604	839	44,443
Reimbursable compensation and benefits	12,982	601	13,583
Other client company reimbursable expenses	85,689	—	85,689
Total reimbursable costs	98,671	601	99,272
Total revenues	142,275	1,440	143,715
Expenses:			
Compensation and benefits	26,864	1,666	28,530
Equity based compensation	1,310	24	1,334
Separation costs	239	—	239
Total compensation and benefits expense	28,413	1,690	30,103
General and administrative	6,746	924	7,670
Other client company reimbursable expenses	85,689	—	85,689
Transaction and acquisition related costs	42	—	42
Depreciation and amortization	237	13	250
Total expenses	121,127	2,627	123,754
Operating income (loss)	21,148	(1,187)	19,961
Interest and other income	2,185	223	2,408
Impairment loss on Tremont Mortgage Trust investment	—	(6,213)	(6,213)
Equity in earnings of investees	—	174	174
Unrealized loss on equity method investment accounted for under the fair value option	(731)	—	(731)
Income (loss) before income tax expense	22,602	(7,003)	15,599
Income tax expense	—	(2,226)	(2,226)
Net income (loss)	\$ 22,602	\$ (9,229)	\$ 13,373
Total assets	\$ 606,164	\$ 54,275	\$ 660,439

(1) Intersegment revenues of \$909 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)

	Nine Months Ended June 30, 2019		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 133,535	\$ 194	\$ 133,729
Incentive business management fees	120,094	—	120,094
Advisory services	—	2,345	2,345
Total management and advisory services revenues	253,629	2,539	256,168
Reimbursable compensation and benefits	39,103	1,765	40,868
Other client company reimbursable expenses	257,088	—	257,088
Total reimbursable costs	296,191	1,765	297,956
Total revenues	549,820	4,304	554,124
Expenses:			
Compensation and benefits	80,800	4,723	85,523
Equity based compensation	4,270	79	4,349
Separation costs	7,050	—	7,050
Total compensation and benefits expense	92,120	4,802	96,922
General and administrative	19,298	2,814	22,112
Other client company reimbursable expenses	257,088	—	257,088
Transaction and acquisition related costs	273	—	273
Depreciation and amortization	723	39	762
Total expenses	369,502	7,655	377,157
Operating income (loss)	180,318	(3,351)	176,967
Interest and other income	5,650	752	6,402
Impairment loss on Tremont Mortgage Trust investment	—	(6,213)	(6,213)
Equity in earnings of investees	—	318	318
Unrealized loss on equity method investment accounted for under the fair value option	(2,978)	—	(2,978)
Income (loss) before income tax expense	182,990	(8,494)	174,496
Income tax expense	—	(24,335)	(24,335)
Net income (loss)	\$ 182,990	\$ (32,829)	\$ 150,161
Total assets	\$ 606,164	\$ 54,275	\$ 660,439

(1) Intersegment revenues of \$2,696 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 I, 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 June 30, 2020, RMR LLC managed over 2,100 properties in 47 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, RMRM, TRMT, ABP Trust, Centre Street, the clients of the Tremont business, AIC (until its dissolution on February 13, 2020) and the Open End Fund (until its dissolution on July 28, 2020), each of which are discussed in further detail below.

Business Environment

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and, in response to the outbreak, the U.S. Health and Human Services Secretary declared a public health emergency in the United States and many states and municipalities declared public health emergencies. The virus that causes COVID-19 has continued to spread throughout the United States and the world. Various governmental responses attempting to contain and mitigate the spread of the virus have negatively impacted, and continue to negatively impact, the global economy, including the U.S. economy. As a result, most market observers believe the global economy and the U.S. economy are in a recession.

Recently, states and municipalities across the United States have been allowing certain businesses to re-open and easing certain restrictions they had previously implemented in response to the COVID-19 pandemic, often in stages that are phased in over time. Economic data have indicated that the U.S. economy has improved since the lowest periods experienced in March and April 2020. However, certain areas of the United States have experienced increased numbers of COVID-19 infections following the re-openings of their economies and easing of restrictions and, in some cases, certain states have imposed or re-imposed closings of certain business activities and other restrictions in response. It is unclear whether the increases in the number of COVID-19 infections will continue or amplify and, if so, what the impact of that would be on human health and safety, the economy, our Client Companies and our business.

We are continuing to closely monitor the impact of the COVID-19 pandemic and resulting market disruptions on all aspects of our business and our Client Companies' businesses including:

- the adverse impact of volatility in our Managed Equity REITs' share prices and the adverse impacts to our business management fee revenues, as the majority of our Managed Equity REITs are currently paying business management fees on a total market capitalization basis,
- tenants of our Client Companies' ability to withstand the current economic conditions and continue as going concerns, including possible adverse impacts to our future property management fee revenues due to declines in our Client Companies' tenant rental receipts,
- our Client Companies' operations, liquidity and capital needs and resources, including reductions in our construction management fees as a result of the Managed Equity REITs reducing or delaying their capital spending in order to conserve capital or because of construction moratoriums issued by governments in response to the COVID-19 pandemic,
- our Client Companies' ability to comply with financial covenants under their debt agreements,
- our Client Companies' ability to access debt and equity capital, and
- possible government relief funding sources and other programs that may be available to us and our Client Companies.

As a result of the COVID-19 pandemic and resulting market disruptions, some of our Client Companies' tenants have requested rent assistance. As of August 3, 2020, our Client Companies have granted temporary rent assistance totaling \$22,368

to 311 tenants. This assistance generally entails a deferral of rent, in most cases one month of rent, until September 2020 when the deferred rent amounts will begin to be payable generally over a 12-month period. Our liquidity will be temporarily impacted by these rent deferrals as we earn our property management fee revenue based on gross rents collected. As such, our property management fees related to these deferred amounts will be earned beginning in September 2020, assuming our Client Companies' tenants then begin to pay these deferred amounts.

While our Client Companies continue to face many challenges related to the COVID-19 pandemic, we believe that our current financial resources enable us to withstand the COVID-19 pandemic. As of June 30, 2020, we had \$393,655 in cash and cash equivalents, no debt and for the nine months ended June 30, 2020, we generated cash from operations of \$78,790.

Further, we believe that because of the diversity of properties which our Client Companies own and operate there should be select opportunities for growth in select property types and locations as this pandemic ebbs. 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; (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; and (iv) on March 31, 2020, ILPT completed a \$680 million joint venture with an Asian institutional investor. 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.

In response to the ongoing COVID-19 pandemic, we have implemented enhanced cleaning protocols and social distancing guidelines at our corporate headquarters and regional offices, as well as business continuity plans to ensure our employees remain safe and able to support our Client Company managed assets, including providing appropriate information technology such as notebook computers, smart phones, computer applications, information technology security applications and technology support. We have taken measures to reduce the possibility of persons gathering in groups and in close proximity to each other, for the purpose of mitigating the potential for spreading of COVID-19 infections.

All of our property management and engineering personnel have been trained on COVID-19 precaution procedures. Our property management teams have also established business continuity plans to ensure operational stability at our managed properties. As stay at home orders have been lifted or loosened across the United States, we have implemented additional procedures at our managed properties based on recommended guidelines from the Center for Disease Control and Prevention and other regulatory agencies. For example:

- installing signage throughout our managed properties with social distancing reminders;
- changes to certain building HVAC systems and equipment, including adjusting outdoor air control programs to increase the amount of outside air delivered to interior spaces and to adjust control sequences to maintain space relative humidity in order to help minimize the concentration of the virus;
- flushing domestic water systems to prepare for re-occupancy;
- performing service calls and preventative maintenance after business hours to limit social interactions;
- requiring vendors to follow best practices under COVID-19 pandemic conditions, including providing us with documented preventative measures for their employees and requiring staff to wear appropriate personal protective equipment when working at our managed properties; and
- altering cleaning schedules to perform vacuuming at times intended to reduce the potential airborne spread of the virus.

Finally, as many of our managed retail, office and industrial assets are experiencing lower tenant utilization, we have worked to reduce and optimize operating costs by:

- deferring non-emergency work,
- implementing energy reduction protocols for lighting and HVAC systems,
- reducing non-essential building services and staff, and

- reducing the frequency of trash removal.

Economic Outlook

There are extensive uncertainties surrounding the COVID-19 pandemic. These uncertainties include among others:

- the duration and severity of the negative economic impact, especially on the hospitality, senior living and service retail sectors,
- the strength and sustainability of any economic recovery,
- the timing and process for how federal, state and local governments and other market participants may oversee and conduct the return of economic activity when the COVID-19 pandemic abates, such as what continuing restrictions and protective measures may remain in place or be added and what restrictions and protective measures may be lifted or reduced in order to foster a return of increased economic activity in the United States, and
- whether, following a recommencing of more normal levels of economic activities, the United States or other countries experience increased numbers of COVID-19 infections and, if so, the responses of governments, businesses and the general public to those events.

As a result of these uncertainties, we are unable to determine what the ultimate impact will be on our Client Companies and our financial position. For further information and risks relating to the COVID-19 pandemic on us and our business, see Part II, Item 1A, Risk Factors, in this Quarterly Report on Form 10-Q.

Managed Equity REITs

The base business management fees we earn from the Managed Equity REITs are 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 June 30, 2020 and 2019, as applicable:

REIT	Primary Strategy	Lesser of Historical Cost of Assets Under Management or Total Market Capitalization as of June 30,	
		2020	2019
DHC	Medical office and life science properties, senior living communities and wellness centers	\$ 4,596,718	\$ 5,756,149
ILPT	Industrial and logistics properties	2,612,328	2,492,044
OPI	Office properties primarily leased to single tenants, including the government	3,474,277	4,237,239
SVC	Hotels and net lease service and necessity-based retail properties	7,400,127	8,251,377
		<u>\$ 18,083,450</u>	<u>\$ 20,736,809</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 and nine months ended June 30, 2020 and 2019 may differ from the basis at the end of the periods presented in the table above. As of June 30, 2020, 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 June 30, 2020, were \$8,492,240, \$5,735,039 and \$12,440,349, respectively. For ILPT, the historical costs of assets under management were lower than their market capitalization of \$2,717,046 as of June 30, 2020.

The fee revenues we earned from the Managed Equity REITs, excluding reimbursable compensation and benefits and other client company reimbursable expenses, for the three and nine months ended June 30, 2020 and 2019 are set forth in the following tables:

REIT	Three Months Ended June 30, 2020				Three Months Ended June 30, 2019			
	Base Business	Incentive	Property	Total	Base Business	Incentive	Property	Total
	Management	Business	Management		Management	Business	Management	
	Revenues	Management	Management	Revenues	Revenues	Revenues	Revenues	
DHC	\$ 4,995	\$ —	\$ 3,440	\$ 8,435	\$ 6,732	\$ —	\$ 3,522	\$ 10,254
ILPT	3,353	—	1,859	5,212	3,163	—	1,921	5,084
OPI	4,080	—	5,077	9,157	5,099	—	5,483	10,582
SVC	8,582	—	731	9,313	9,839	—	26	9,865
	<u>\$ 21,010</u>	<u>\$ —</u>	<u>\$ 11,107</u>	<u>\$ 32,117</u>	<u>\$ 24,833</u>	<u>\$ —</u>	<u>\$ 10,952</u>	<u>\$ 35,785</u>

REIT	Nine Months Ended June 30, 2020				Nine Months Ended June 30, 2019			
	Base Business	Incentive	Property	Total	Base Business	Incentive	Property	Total
	Management	Business	Management		Management	Business	Management	
	Revenues	Management	Management	Revenues	Revenues	Revenues	Revenues	
DHC	\$ 17,550	\$ —	\$ 9,985	\$ 27,535	\$ 23,206	\$ 40,642	\$ 10,087	\$ 73,935
ILPT	10,127	—	5,964	16,091	7,531	—	4,622	12,153
OPI ⁽¹⁾	13,447	—	15,353	28,800	13,971	—	14,877	28,848
SIR ⁽¹⁾	—	—	—	—	4,124	25,817	2,335	32,276
SVC	31,804	—	2,959	34,763	29,808	53,635	56	83,499
	<u>\$ 72,928</u>	<u>\$ —</u>	<u>\$ 34,261</u>	<u>\$ 107,189</u>	<u>\$ 78,640</u>	<u>\$ 120,094</u>	<u>\$ 31,977</u>	<u>\$ 230,711</u>

(1) 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 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 or provided management services to ABP Trust, AIC and the Open End Fund. The fees we earn from ABP Trust include business management fees equal to 0.5% of ABP Trust's average invested capital (effective January 1, 2020), and business management fees based on a percentage of revenues (prior to January 1, 2020), 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. AIC was dissolved on February 13, 2020. 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. The Open End Fund was dissolved on July 28, 2020. In connection with the dissolution of the Open End Fund, the Transaction Agreement, dated as of July 31, 2018, between ABP Trust and RMR LLC was terminated.

Our revenues from services to the Managed Operators, ABP Trust, AIC and the Open End Fund, excluding reimbursable client company operating expenses and reimbursable compensation and benefits, for the three and nine months ended June 30, 2020 and 2019 are set forth in the following table:

Company	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
ABP Trust	\$ 346	\$ 216	\$ 918	\$ 691
AIC	—	60	—	180
Five Star	2,123	2,409	6,726	7,124
Open End Fund	851	891	2,557	2,444
Sonesta	113	810	1,259	2,206
TA	3,041	3,315	9,715	10,133
	<u>\$ 6,474</u>	<u>\$ 7,701</u>	<u>\$ 21,175</u>	<u>\$ 22,778</u>

RMRM, Tremont Advisory Clients and the Tremont Business

RMR Advisors is compensated pursuant to its agreement with RMRM at an annual rate of 0.85% of RMRM’s average daily managed assets, as defined in the agreement. The value of RMRM’s assets, as defined by the investment advisory agreement, managed by RMR Advisors was \$276,257 and \$342,979 as of June 30, 2020 and 2019, respectively. The advisory fees earned by RMR Advisors included in our revenue were \$585 and \$767 for the three months ended June 30, 2020 and 2019, respectively, and \$2,139 and \$2,225 for the nine months ended June 30, 2020 and 2019, respectively. On April 16, 2020, shareholders of RMRM approved its conversion from a registered investment company to a commercial mortgage REIT and amended RMRM’s fundamental investment policies and restrictions to permit RMRM to pursue its new business. RMRM is focused on realigning its portfolio so that it is no longer an “investment company” under the 1940 Act and has applied to the SEC to deregister as an investment company under the 1940 Act.

Tremont Advisors manages TRMT, a publicly traded mortgage REIT, and, as of December 18, 2019, Centre Street, a private fund. Both TRMT and Centre Street focus primarily on originating and investing in first mortgage whole loans secured by middle market and transitional commercial real estate. Tremont Advisors has waived any business management and incentive fees otherwise due and payable by TRMT pursuant to the management agreement for the period beginning July 1, 2018 until December 31, 2020. Tremont Advisors earned aggregate advisory services revenue from the Tremont Advisory Clients of \$40 and \$35 for the three months ended June 30, 2020 and 2019, respectively, and \$113 and \$120 for the nine months ended June 30, 2020 and 2019, respectively.

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 \$34 and \$37 for the three months ended June 30, 2020 and 2019, respectively, and \$816 and \$194 for the nine months ended June 30, 2020 and 2019, respectively, which amounts are included in management services revenue in our condensed consolidated statements of income.

RESULTS OF OPERATIONS (dollars in thousands)
Three Months Ended June 30, 2020, Compared to the Three Months Ended June 30, 2019

The following table presents the changes in our operating results for the three months ended June 30, 2020 compared to the three months ended June 30, 2019:

	Three Months Ended June 30,			
	2020	2019	\$ Change	% Change
Revenues:				
Management services	\$ 38,625	\$ 43,641	\$ (5,016)	(11.5)%
Advisory services	625	802	(177)	(22.1)%
Total management and advisory services revenues	39,250	44,443	(5,193)	(11.7)%
Reimbursable compensation and benefits	13,749	13,583	166	1.2%
Other client company reimbursable expenses	85,650	85,689	(39)	—%
Total reimbursable costs	99,399	99,272	127	0.1%
Total revenues	138,649	143,715	(5,066)	(3.5)%
Expenses:				
Compensation and benefits	29,569	28,530	1,039	3.6%
Equity based compensation	1,299	1,334	(35)	(2.6)%
Separation costs	—	239	(239)	n/m
Total compensation and benefits expense	30,868	30,103	765	2.5%
General and administrative	6,335	7,670	(1,335)	(17.4)%
Other client company reimbursable expenses	85,650	85,689	(39)	—%
Transaction and acquisition related costs	427	42	385	n/m
Depreciation and amortization	229	250	(21)	(8.4)%
Total expenses	123,509	123,754	(245)	(0.2)%
Operating income	15,140	19,961	(4,821)	(24.2)%
Interest and other income	727	2,408	(1,681)	(69.8)%
Impairment loss on Tremont Mortgage Trust investment	—	(6,213)	6,213	n/m
Equity in earnings of investees	458	174	284	163.2%
Unrealized gain (loss) on equity method investment accounted for under the fair value option	1,678	(731)	2,409	n/m
Income before income tax expense	18,003	15,599	2,404	15.4%
Income tax expense	(2,608)	(2,226)	(382)	(17.2)%
Net income	15,395	13,373	2,022	15.1%
Net income attributable to noncontrolling interest	(8,678)	(7,524)	(1,154)	(15.3)%
Net income attributable to The RMR Group Inc.	\$ 6,717	\$ 5,849	\$ 868	14.8%

n/m - not meaningful

Management services revenue. For the three months ended June 30, 2020 and 2019, we earned base business and property management services revenue from the following sources:

	Three Months Ended June 30,		
	2020	2019	Change
Managed Equity REITs	\$ 32,117	\$ 35,785	\$ (3,668)
Managed Operators	5,277	6,534	(1,257)
Other	1,231	1,322	(91)
Total	\$ 38,625	\$ 43,641	\$ (5,016)

Management services revenue decreased \$5,016 primarily due to (i) declines in the market capitalization of DHC, OPI and SVC resulting in decreases to base business management fees of \$1,737, \$1,019 and \$1,257, respectively, and (ii) declines in management fees earned from the Managed Operators of \$1,257, primarily driven by Sonesta due to temporary hotel closures and overall material hotel occupancy declines as a result of the COVID-19 pandemic. These decreases were partially offset by an increase in property management fees of \$705 earned from SVC, primarily from its acquisition of a net leased property portfolio in September 2019.

Advisory services revenue. Advisory services revenue includes the fees RMR Advisors earns for managing RMRM and the fees Tremont Advisors earns for managing the Tremont Advisory Clients. Advisory services revenues decreased by \$177 primarily due to decreases in the average net asset value of RMRM's portfolio in 2020.

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 revenue for the three months ended June 30, 2020 and 2019 include non-cash share based compensation revenue granted to some of our employees by our Client Companies totaling \$736 and \$882, respectively. Reimbursable compensation and benefits increased \$166 primarily due to annual increases in employee compensation and benefits, as well as business continuity payments to our engineering personnel resulting from the COVID-19 pandemic, largely offset by decreases in share based compensation granted to our employees by our Client Companies as a result of decreases in their respective share prices.

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 \$1,039 primarily due to vacation deferrals and business continuity payments resulting from the COVID-19 pandemic, and annual employee merit increases on October 1, 2019.

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 modestly decreased \$35 primarily due to declines in the Managed Equity REITs' share prices.

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 \$1,335 primarily due to \$784 of annual share awards granted to our Directors in the 2019 period, lower travel expenses of \$369 and lower temporary staffing costs of \$200 incurred in the 2020 period as a result of the ongoing pandemic.

Transaction and acquisition related costs. Transaction and acquisition related costs increased \$385 due to potential strategic transactions and costs incurred in connection with RMRM's plan to convert from a registered investment company to a commercial mortgage REIT. We have committed to pay all costs related to this transaction.

Interest and other income. Interest and other income decreased \$1,681 primarily due to lower interest rates earned during the three months ended June 30, 2020, as compared to the three months ended June 30, 2019.

Impairment loss on Tremont Mortgage Trust investment. Impairment loss recorded for the prior year period relates to our investment in TRMT, whose estimated fair value had fallen below the carrying value, which we had determined was other than temporary.

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 or loss on our investment in TA common shares. The gain for the 2020 period is a result of recent increases in TA's share price, as compared to TA share price declines in the 2019 period. 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 increase in income tax expense of \$382 is primarily attributable to increases in taxable income for the three months ended June 30, 2020, as compared to same period in the prior year.

Nine Months Ended June 30, 2020, Compared to the Nine Months Ended June 30, 2019

The following table presents the changes in our operating results for the nine months ended June 30, 2020 compared to the nine months ended June 30, 2019:

	Nine Months Ended June 30,			
	2020	2019	\$ Change	% Change
Revenues:				
Management services	\$ 129,221	\$ 133,729	\$ (4,508)	(3.4)%
Incentive business management fees	—	120,094	(120,094)	n/m
Advisory services	2,252	2,345	(93)	(4.0)%
Total management and advisory services revenues	131,473	256,168	(124,695)	(48.7)%
Reimbursable compensation and benefits	40,077	40,868	(791)	(1.9)%
Other client company reimbursable expenses	267,852	257,088	10,764	4.2%
Total reimbursable costs	307,929	297,956	9,973	3.3%
Total revenues	439,402	554,124	(114,722)	(20.7)%
Expenses:				
Compensation and benefits	89,888	85,523	4,365	5.1%
Equity based compensation	3,183	4,349	(1,166)	(26.8)%
Separation costs	645	7,050	(6,405)	(90.9)%
Total compensation and benefits expense	93,716	96,922	(3,206)	(3.3)%
General and administrative	20,678	22,112	(1,434)	(6.5)%
Other client company reimbursable expenses	267,852	257,088	10,764	4.2%
Transaction and acquisition related costs	1,596	273	1,323	n/m
Depreciation and amortization	731	762	(31)	(4.1)%
Total expenses	384,573	377,157	7,416	2.0%
Operating income	54,829	176,967	(122,138)	(69.0)%
Interest and other income	4,102	6,402	(2,300)	(35.9)%
Impairment loss on Tremont Mortgage Trust investment	—	(6,213)	6,213	n/m
Equity in earnings of investees	1,037	318	719	n/m
Unrealized gain (loss) on equity method investment accounted for under the fair value option	916	(2,978)	3,894	130.8%
Income before income tax expense	60,884	174,496	(113,612)	(65.1)%
Income tax expense	(8,944)	(24,335)	15,391	63.2%
Net income	51,940	150,161	(98,221)	(65.4)%
Net income attributable to noncontrolling interest	(29,306)	(83,935)	54,629	65.1%
Net income attributable to The RMR Group Inc.	\$ 22,634	\$ 66,226	\$ (43,592)	(65.8)%

n/m - not meaningful

Management services revenue. For the nine months ended June 30, 2020 and 2019, we earned base business and property management services revenue from the following sources:

	Nine Months Ended June 30,		
	2020	2019	Change
Managed Equity REITs	\$ 107,189	\$ 110,617	\$ (3,428)
Managed Operators	17,700	19,463	(1,763)
Other	4,332	3,649	683
Total	\$ 129,221	\$ 133,729	\$ (4,508)

Management services revenue decreased \$4,508 primarily due to (i) declines in the market capitalization of DHC and OPI resulting in decreases to base business management fees of \$5,656 and \$4,648, respectively, (ii) decreases in property management fees earned from OPI of \$1,859, as compared to GOV's and SIR's combined property management fees in the 2019 period, due to OPI's capital recycling activities, and (iii) declines in management fees earned from the Managed Operators of \$1,763, primarily driven by Sonesta due to temporary hotel closures and overall material hotel occupancy declines as a result of the COVID-19 pandemic. These decreases were partially offset by (i) growth in base business management fees of \$2,596 and property management fees of \$1,342 earned from ILPT, primarily reflecting acquisition activity, and (ii) growth in base business management fees of \$1,996 and property management fees of \$2,903 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 nine months ended June 30, 2019 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 decreased by \$93 primarily due to decreases in the average net asset value of RMRM's portfolio.

Reimbursable compensation and benefits. Reimbursable compensation and benefits for the nine months ended June 30, 2020 and 2019 include non-cash share based compensation granted to some of our employees by our Client Companies totaling \$1,394 and \$2,954, respectively. Reimbursable compensation and benefits decreased \$791 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, largely 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 expense increased \$4,365 primarily due to annual employee merit increases on October 1, 2019 and higher levels of accrued bonus as compared to the same point in the prior fiscal year.

Equity based compensation. Equity based compensation decreased \$1,166 primarily due to declines in the Managed Equity REITs' share prices.

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 costs decreased \$1,434 primarily due to decreases in travel, temporary staffing costs and professional fees.

Transaction and acquisition related costs. Transaction and acquisition related costs increased \$1,323 primarily due to costs incurred in connection with RMRM's plan to convert from a registered investment company to a commercial mortgage REIT. We have committed to pay all costs related to this transaction.

Interest and other income. Interest and other income decreased \$2,300 primarily due to lower interest rates earned during the nine months ended June 30, 2020, as compared to the nine months ended June 30, 2019.

Impairment loss on Tremont Mortgage Trust investment. Impairment loss recorded for the prior year period relates to our investment in TRMT, whose estimated fair value had fallen below the carrying value, which we had determined was other than temporary.

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 or loss on our investment in TA common shares. The gain for the 2020 period is a result of recent increases in TA's share price, as compared to TA share price declines in the 2019 period since our acquisition of the common shares in October 2018. 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 \$15,391 is primarily attributable to declines in taxable income for the nine months ended June 30, 2020, as compared to the same period in the prior year, primarily due to incentive business management fees earned in the 2019 period.

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

Total assets were \$704,723 as of June 30, 2020, an increase of \$43,891 from September 30, 2019. The increase in total assets was primarily due to recording an initial operating lease right of use asset totaling \$39,746 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 June 30, 2020 and September 30, 2019, we had cash and cash equivalents of \$393,655 and \$358,448, respectively, of which \$28,505 and \$26,883, respectively, was held by RMR Inc., with the remainder being held at RMR LLC. As of June 30, 2020 and September 30, 2019, \$344,063 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 nine months ended June 30, 2020.

Total liabilities were \$164,269 as of June 30, 2020, an increase of \$32,472 from September 30, 2019. The increase in total liabilities was primarily due to recording initial operating lease liabilities totaling \$39,746 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 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. As highlighted earlier in our discussion regarding the COVID-19 pandemic, the resulting market disruptions is having adverse impacts on our business management fees, property management fees and construction management fees generated by our Client Companies, and could result in reductions in our cash balances. The market turmoil created by COVID-19 may have lasting effects on our business and the businesses of our Client Companies; however, we cannot predict the extent and duration of the pandemic or the severity and duration of its economic impact on us and our Client Companies.

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. 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.

We had previously committed to contribute \$100,000 to the Open End Fund. However, on July 28, 2020, the Open End Fund was dissolved and our \$100,000 commitment was terminated as a result.

During the nine months ended June 30, 2020, 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 \$32,089. On July 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 July 27, 2020 in the amount of \$0.38 per Class A Common Share and Class B-1 Common Share, or \$6,200. 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 \$9,395, of which \$4,895 will be distributed to us based on our aggregate ownership of 16,315,445 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 \$10,700 and we expect to pay this dividend on or about August 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 nine months ended June 30, 2020, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to its holders of its membership units totaling \$23,062, of which \$12,127 was distributed to us and \$10,935 was distributed to ABP Trust, based on each membership unit holder's then respective ownership percentage in RMR LLC. The \$12,127 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 \$10,935 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 nine months ended June 30, 2020 compared to the nine months ended June 30, 2019 were as follows: (i) net cash from operating activities decreased \$115,063 from \$193,853 in the 2019 period to \$78,790 in the 2020 period; (ii) net cash used in investing activities decreased \$13,927 from \$14,331 in the 2019 period to \$404 in the 2020 period; and (iii) net cash used in financing activities decreased \$15,993 from \$59,172 in the 2019 period to \$43,179 in the 2020 period.

The decrease in cash from operating activities for the nine months ended June 30, 2020, compared to the same period in 2019 primarily reflects the net effect of declines in net income. The decrease in cash used in investing activities for the nine months ended June 30, 2020 compared to the same period in 2019 was primarily due to our purchase of 298,538 TA common shares (as adjusted to reflect the one-for-five reverse stock split that TA affected on August 1, 2019) and Tremont Advisors' purchase of 1,000,000 TRMT common shares in the 2019 period. The decrease in cash used in financing activities for the nine months ended June 30, 2020 compared to the same period in 2019 was primarily due to lower tax distributions based on current estimates for taxable income in this fiscal year, offset by an increase to our quarterly dividend rate of \$0.03 per Class A Common Share and Class B-1 Common Share in the period ended June 30, 2020 as compared to the same period in 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.

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 June 30, 2020, 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. Please see Part II, Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q for the risks to us and our Client Companies related to the COVID-19 pandemic.

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 and 100% of Centre Street; 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 RMRM 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 RMRM and as a managing director of FVE; 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 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 RMRM's officers are officers or employees of RMR Advisors or RMR LLC; Adam D. Portnoy is a director of Sonesta (and its parent) and is a controlling shareholder of Sonesta and Jennifer B. Clark is a director of Sonesta (and its parent); until July 1, 2019, the Managed Equity REITs (other than ILPT) owned a majority of our outstanding Class A Common Shares; as of June 30, 2020, Adam D. Portnoy, directly and indirectly, owned approximately 6.4% 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 3, *Revenue Recognition* and 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, our 2019 Annual Report, our definitive Proxy Statement for our 2020 Annual Meeting of Shareholders and our other filings with the SEC. 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. We may engage in additional transactions with related persons, including businesses to which RMR LLC or its subsidiaries provide management services.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

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

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2020 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:

- the impact of the COVID-19 pandemic and the resulting market disruptions on us and our Client Companies;
- substantially all of 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;
- 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;

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- 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;
- Our liquidity will be temporarily impacted by rent deferrals our Client Companies have granted to their tenants because our property management fee revenues are based on gross rents collected and we will not begin to earn fees related to these deferred amounts until September 2020 and then assuming the tenants begin to then pay the deferred amounts to the Client Companies. However, these tenants may be unable to repay those amounts when due. Further, these and other tenants of our Client Companies may be unable to pay other rent amounts and they may default on those payments or our Client Companies may grant them relief, any of which may reduce or delay the fees we earn and negatively impact our liquidity;
- 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. However, these efforts may not be successful and, even if they are successful, they may not be sufficient to prevent our Client Companies from experiencing increases in leverage, to adequately reposition our Client Companies' portfolios and businesses, or to enable our Client Companies to execute successfully on desirable opportunities;
- 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
- The market turmoil created by COVID-19 may have lasting effects on our business and the businesses of our Client Companies. Our business is dependent on revenue generated from sectors that have been and may continue to be adversely impacted by COVID-19 to a greater degree than other sectors. Further, our revenues from other sectors may become increasingly adversely impacted by COVID-19. Accordingly, there can be no assurances that we will be able to successfully manage through the COVID-19 pandemic, resulting market disruptions and their aftermath, or that we will be able to take advantage of any resulting opportunities.

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, the market turmoil created by the COVID-19 pandemic and its aftermath, including the current market conditions, may further lower the market value of our Managed Equity REITs or cause the revenues of our Managed Operators to significantly decline and, as a result, our revenues and cash flows may continue to be adversely impacted.

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 included in Part II, Item 1A of this Quarterly Report on Form 10-Q and 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

Our business faces many risks, a number of which are described under the caption “Risk Factors” in our 2019 Annual Report. The COVID-19 pandemic may subject us to additional risks that are described below. The risks described in our 2019 Annual Report and below may not be the only risks we face. Other risks of which we are not yet aware, or that we currently believe are not material, may also materially and adversely impact our business operations or financial results. If any of the events or circumstances described in the risk factors contained in our 2019 Annual Report or described below occurs, our business, financial condition or results of operations could be adversely impacted and the value of an investment in our securities could decline. Investors and prospective investors should consider the risks described in our 2019 Annual Report and below, and the information contained under the caption “Warning Concerning Forward-Looking Statements” and elsewhere in this Quarterly Report on Form 10-Q before deciding whether to invest in our securities.

Our business, operations, financial results and liquidity have been materially adversely impacted by the COVID-19 pandemic, and it is not known what the duration of this pandemic will be or what its ultimate adverse impact on us and our business will be, but we expect it will be substantial.

The viral disease outbreak known as COVID-19 has been declared a pandemic by the World Health Organization, and the U.S. Health and Human Services Secretary has declared a public health emergency in the United States in response to the outbreak. COVID-19 has had a devastating impact on the global economy, including the U.S. economy, and most market observers believe the global economy and the U.S. economy are in a recession.

These conditions have materially and adversely impacted our and some of our Client Companies’ businesses, results of operations and liquidity. We have experienced declines in the fees we earn from our Client Companies, and we expect these declines will increase in the near term, may become material declines and may continue for an extended period.

The majority of the fees we earn are from the management services we provide to the Managed Equity REITs. Under our business management agreements with the Managed Equity REITs, our fees are based on a percentage of the lower of the Managed Equity REITs’ historical cost of real estate assets and their market capitalizations. We also earn incentive fees under those agreements if the Managed Equity REITs’ total shareholder returns for the measurement periods are positive and exceed applicable benchmarks. The Managed Equity REITs have experienced declines in their market capitalizations and negative total shareholder returns since the concerns regarding the COVID-19 pandemic intensified in the United States. As a result, we have realized a reduction in our business management fees and, as of June 30, 2020, we would not have earned any incentive fees for 2020 if the relevant measurement period had ended as of that date. If the current economic conditions continue for an extended period, or worsen, our fees earned from our Managed Equity REITs are expected to continue to decline as compared to prior periods and we expect those declines may be material.

The fees we earn under our property management agreements with the Managed Equity REITs are based on a percentage of the rents our Managed Equity REITs receive and a percentage of the costs of construction, in each case, at properties we manage for them. To the extent our Managed Equity REITs receive reduced rent or incur lower construction costs due to the impact of the COVID-19 pandemic or its aftermath, our revenues may significantly decline. Our Managed Equity REITs have reported receiving requests for rent relief from their tenants, that they have granted some rent relief to their tenants and that they may grant additional relief in the future. Further, some of our Managed Equity REITs have announced that they intend to reduce their capital expenditures and reduce their property acquisitions in order to preserve liquidity. These reductions in rent and capital expenditures will result in our earning less property management fees from our Managed Equity REITs.

We earn management fees under our management agreements with the Managed Operators based on a percentage of revenues earned by them or generated at the properties they manage, as applicable. A material decline in those revenues resulting from the impact of the COVID-19 pandemic and its aftermath will reduce the fees we earn from our Managed Operators. In addition, we earn advisory services fees from TRMT and RMRM based on income and equity returns and managed assets, respectively. TRMT has announced that it has received some requests for interest payment relief from some of its borrowers, that it has granted some relief and that it may grant additional relief in the future. Further, RMRM’s managed assets have decreased significantly since the COVID-19 pandemic concerns intensified in the United States as a result of declines in market prices of securities of REITs and other real estate companies.

Adverse conditions in the commercial real estate industry and declining real estate values resulting from the impact of the COVID-19 pandemic and its aftermath could harm our business and financial condition by limiting our and our Client Companies’ access to debt and equity capital and our and their ability to grow our and their businesses. Adverse conditions may also give rise to an increase in tenant defaults under our Client Companies’ leases, defaults of TRMT’s loans and other

investments, and decreased market capitalizations for the Managed Equity REITs. An economic slowdown, recession or declining real estate values resulting from the impact of the COVID-19 pandemic will materially and adversely affect us and our Client Companies.

We cannot predict the extent and duration of the pandemic or the severity and duration of its economic impact, but we expect that it will be substantial. Potential consequences of the current unprecedented measures taken in response to the spread of COVID-19, and current market disruptions and volatility affecting us include, but are not limited to:

- continued sudden and/or severe declines in the market price of our and our Client Companies' common shares;
- the inability of our Client Companies to comply with certain financial covenants or pay interest and principal on their outstanding debt that could result in their defaulting under their debt agreements;
- the inability of our Client Companies to access debt and equity capital on attractive terms, or at all;
- downgrades of our Client Companies' credit ratings by nationally recognized credit rating agencies;
- the inability of our Client Companies to pay distributions to their shareholders;
- worsening economic and financial market conditions that could significantly reduce the value of the real estate, loans and other investments of our Client Companies and reduce the amounts earned on those investments;
- increased risk of our Client Companies' and their tenants' and managers' default or bankruptcy;
- increased risk of our Client Companies' and their tenants' and managers' inability to weather an extended cessation of normal economic activity and thereby impairing their ability to continue functioning as going concerns and our Client Companies' tenants' and managers' ability to pay rent and returns to our Client Companies;
- our and our Client Companies' and their tenants' and managers' inability to operate our and their businesses if the health of our and their management personnel and other employees is affected, particularly if a significant number of individuals are impacted; and
- reduced economic demand resulting from mass employee layoffs or furloughs in response to governmental action taken to slow the spread of COVID-19, which could impact our and our Client Companies' continued viability.

Further, the extent and strength of any economic recovery after the COVID-19 pandemic abates is uncertain and subject to various factors and conditions. Our business, operations and financial position may continue to be negatively impacted after the COVID-19 pandemic abates and may remain at depressed levels compared to prior to the outbreak of the COVID-19 pandemic and those conditions may continue for an extended period.

We and our Client Companies have taken various actions in an attempt to address the operating and financial impact from the COVID-19 pandemic, and we continue to assess and explore other actions, but those actions may not be sufficient to avoid continued and potentially increased substantial harm to our and our Client Companies' businesses, operations and financial condition.

We and our Client Companies have taken several actions in an attempt to address the operating and financial impact from the COVID-19 pandemic, including:

- some of our Client Companies have reduced their quarterly distribution rates payable to their shareholders;
- some of our Client Companies have deferred capital spending to conserve cash and liquidity;
- some of our Client Companies have raised additional debt and equity capital;
- some of our Client Companies have obtained a waiver from the lenders under their credit facilities;
- we and our Client Companies have been in regular, frequent contact with our and their key managers, tenants, lenders, customers, suppliers and other vendors to implement cost savings measures to minimize losses and preserve liquidity, including agreeing to the closures of certain properties, the reduction of staffing and certain other measures; and
- our Client Companies have provided rent and debt funding relief to certain of their tenants and borrowers.

There can be no assurance that these actions or others that we and our Client Companies may take will be successful or that they will enable our Client Companies to maintain sufficient liquidity and withstand the current economic challenges.

The impact of the COVID-19 pandemic may have significant impact on market, consumer and workplace practices and those changes could be detrimental to us and our Client Companies' businesses.

Temporary closures of businesses and stay in place orders and the resulting remote working arrangements for nonessential personnel in response to the COVID-19 pandemic may result in long-term changed market, consumer and workplace practices that could negatively impact us and our business. For example, the increased adoption of and familiarity with remote work practices could result in decreased demand for hotel stays and office space. In addition, consumer practices and demands may change from what they were prior to the onset of the COVID-19 pandemic, including avoiding activities where people are in close proximity to each other, such as hotels, restaurants and fitness centers. Further, reports of COVID-19 infections and deaths at senior living communities, and negative publicity regarding those matters, may result in decreased demand for senior living communities. If these changes occur, our Client Companies' businesses, operating results, financial condition and prospects may be materially adversely impacted, which may result in our realizing decreased fees from our Client Companies and declines in our operating results and financial condition.

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

Issuer purchases of equity securities.

The following table provides information about our purchases of our equity securities during the quarter ended June 30, 2020:

Calendar Month	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
June 2020	2,034	\$ 29.47	N/A	N/A
Total	2,034	\$ 29.47	N/A	N/A

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

Item 6. Exhibits

Exhibit Number	Description
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	Form of Indemnification Agreement. (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	Purchase Agreement, dated June 28, 2020, by and between TravelCenters of America Inc. and The RMR Group LLC. (Filed herewith.)
99.2	Letter, dated June 29, 2020, between Tremont Mortgage Trust and Tremont Realty Advisors LLC regarding the Management Agreement. (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: August 7, 2020

**THE RMR GROUP INC.
INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT (this “*Agreement*”), effective as of June 23, 2020 (the “*Effective Date*”), by and between The RMR Group Inc., a Maryland corporation (including its predecessors, the “*Company*”), Jonathan Veitch (the “*Indemnitee*”).

WHEREAS, Indemnitee has agreed to serve as a director of the Company and may, in connection therewith, be subjected to claims, suits or proceedings arising from such service; and

WHEREAS, as an inducement to Indemnitee to serve as a director of the Company, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law as hereinafter provided; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) “*Board*” means the board of directors of the Company.

(b) “*Bylaws*” means the bylaws of the Company, as they may be amended from time to time.

(c) “*Change in Control*” means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “*Act*”), whether or not the Company is then subject to such reporting requirement; *provided, however*, that, without limitation, such a Change in Control shall be deemed to have occurred if after the Effective Date:

(i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Act), other than a Founder, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing a majority of the combined voting power of all the Company’s then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such person attaining such percentage interest;

(ii) there occurs a proxy contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other

reorganization not approved by at least two-thirds of the members of the Board then in office, as a consequence of which members of the Board immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or

(iii) during any period of two consecutive years, other than as a result of an event described in clause (a)(ii) of this Section 1, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

(d) "**Charter**" means the charter (as defined in the MGCL) of the Company, as it may be in effect from time to time.

(e) "**Corporate Status**" means the status of a Person who is or was a director, officer, employee, agent or fiduciary of the Company or any of its majority owned subsidiaries and the status of a Person who, while a director, officer, employee, agent or fiduciary of the Company or any of its majority owned subsidiaries, is or was serving at the request of the Company as a director, trustee, officer, partner, manager or fiduciary of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other Enterprise.

(f) "**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.

(g) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification or advance of Expenses is sought by Indemnitee.

(h) "**Enterprise**" shall mean the Company and any other corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, trustee, officer, partner, manager or fiduciary.

(i) "**Expenses**" means all expenses, including, but not limited to, all attorneys' fees and costs, retainers, court or arbitration costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including

without limitation the premium, security for, and other costs relating to any cost bond or other appeal bond or its equivalent.

(j) “**Founder**” means Barry M. Portnoy, Adam D. Portnoy or any entity controlled by either or both of them.

(k) “**Independent Counsel**” means a law firm, or a member of a law firm, selected by the Company and acceptable to the Indemnitee, that is experienced in matters of business law. If, within twenty (20) days after submission by Indemnitee of a written demand for indemnification pursuant to Section 7(a) hereof, no Independent Counsel shall have been selected and agreed to by Indemnitee, either the Company or Indemnitee may petition a Chosen Court for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person so appointed shall act as Independent Counsel hereunder.

(l) “**MGCL**” means the Maryland General Corporation Law.

(m) “**Person**” means an individual, a corporation, a general or limited partnership, an association, a limited liability company, a governmental entity, a trust, a joint venture, a joint stock company or another entity or organization.

(n) “**Proceeding**” means any threatened, pending or completed claim, demand, action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative (including on appeal), whether or not by or in the right of the Company, except one initiated by an Indemnitee pursuant to Section 9.

Section 2. Indemnification - General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; *provided, however*, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 2 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418(g) of the MGCL.

Section 3. Proceedings Other Than Derivative Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 3 if, by reason of his or her Corporate Status, he or she is, or is threatened to be, made a party to any Proceeding, other than a derivative Proceeding by or in the right of the Company (or, if applicable, such other Enterprise at which Indemnitee is or was serving at the request of the Company). Pursuant to this Section 3, Indemnitee shall be indemnified against all judgments, penalties, fines and amounts paid in settlement and all Expenses incurred by Indemnitee or on his or her behalf in connection with a Proceeding by reason of Indemnitee’s Corporate Status unless it is finally determined that such indemnification is not permitted by the MGCL.

Section 4. Derivative Proceedings by or in the Right of the Company. Indemnatee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his or her Corporate Status, he or she is, or is threatened to be, made a party to any derivative Proceeding brought by or in the right of the Company (or, if applicable, such other Enterprise at which Indemnatee is or was serving at the request of the Company) to procure a judgment in its favor. Pursuant to this Section 4, Indemnatee shall be indemnified against all amounts paid in settlement and all Expenses incurred by Indemnatee or on his or her behalf in connection with such Proceeding unless it is finally determined that such indemnification is not permitted by the MGCL.

Section 5. Indemnification for Expenses of a Party Who is Partly Successful. Without limitation on Section 3 or Section 4, if Indemnatee is not wholly successful in any Proceeding covered by this Agreement, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnatee under this Section 5 for all Expenses incurred by Indemnatee or on Indemnatee's behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Advance of Expenses. The Company shall advance all Expenses incurred by or on behalf of Indemnatee in connection with any Proceeding in which Indemnatee may be involved, or is threatened to be involved, including as a party, a witness or otherwise, by reason of Indemnatee's Corporate Status, within ten (10) days after the receipt by the Company of a statement or statements from Indemnatee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnatee and shall be preceded or accompanied by a written affirmation by Indemnatee of Indemnatee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by the MGCL has been met and a written undertaking by or on behalf of Indemnatee, in substantially the form of Exhibit A hereto, to reimburse the portion of any Expenses advanced to Indemnatee relating to claims, issues or matters in the Proceeding as to which it shall be finally determined that the standard of conduct has not been met and which have not been successfully resolved as described in Section 5. For the avoidance of doubt, the Company shall advance Expenses incurred by Indemnatee or on his or her behalf in connection with such a Proceeding pursuant to this Section until it is finally determined that the Indemnatee is not entitled to indemnification under law in respect of such Proceeding. To the extent that Expenses advanced to Indemnatee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 6 shall be an unlimited general obligation by or on behalf of Indemnatee and shall be accepted without reference to Indemnatee's financial ability to repay such advanced Expenses and without any requirement to post security therefor. At Indemnatee's request, advancement of any such Expense shall be made by the Company's direct payment of such Expense instead of reimbursement of Indemnatee's payment of such Expense.

Section 7. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written demand therefor. The Secretary of the Company shall, promptly upon receipt of such a demand for indemnification, provide copies of the demand to the Board.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 7(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred or if, after a Change in Control, Indemnitee shall so request, (A) by the Board (or a duly authorized committee thereof) by a majority vote of a quorum consisting of Disinterested Directors, or (B) if a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (C) if so directed by a majority of the members of the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement.

(c) The Company shall pay the fees and expenses of Independent Counsel, if one is appointed, and shall agree to fully indemnify such Independent Counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or the Independent Counsel's engagement as such pursuant hereto.

Section 8. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the Person or Persons making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(b) It shall be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Without limitation of the foregoing, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge or actions, or failure

to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(c) Neither the failure to make a determination pursuant to Section 7(b) as to whether indemnification is proper in the circumstances because Indemnitee has met any particular standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) pursuant to Section 7(b) that Indemnitee has not met such standard of conduct, shall be a defense to Indemnitee's claim that indemnification is proper in the circumstances or create a presumption that Indemnitee has not met any particular standard of conduct.

(d) The termination of any Proceeding by judgment, order, settlement, conviction, a plea of *nolo contendere* or its equivalent, or an entry of an order of probation prior to judgment, shall not in and of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not meet the standard of conduct required for indemnification. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

Section 9. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 7(b) that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Section 6, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 7(b) within thirty (30) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall (A) unless the Company demands arbitration as provided by Section 17, be entitled to an adjudication in a Chosen Court or (B) be entitled to seek an award in arbitration as provided by Section 17, in each case of his or her entitlement to such indemnification or advance of Expenses.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 9, the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. In the event that a determination shall have been made pursuant to Section 7(b) that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 9 shall be conducted in all respects as a de novo trial on the merits, and the Indemnitee shall not be prejudiced by reason of the adverse determination under Section 7(b).

(c) If a determination shall have been made pursuant to Section 7(b) that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 9, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the demand for indemnification.

(d) In the event that Indemnitee, pursuant to this Section 9, seeks a judicial adjudication of or an award in arbitration as provided by Section 17 to enforce his or her rights under, or to recover damages for breach of, this Agreement by the Company, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall indemnify Indemnitee against any and all Expenses incurred by Indemnitee in such judicial adjudication or arbitration and, if requested by Indemnitee, the Company shall (within ten (10) days after receipt by the Company of a written demand therefore) advance, to the extent not prohibited by law, any and all such Expenses.

(e) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 9 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such judicial proceeding or arbitration that the Company is bound by all the provisions of this Agreement.

(f) To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

Section 10. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly upon being served with or receiving any summons, citation, subpoena, complaint, indictment, information, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder; *provided, however*, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 10(b) and of Section 10(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; *provided, however*, that the Company shall notify Indemnitee of any such decision to defend within fifteen (15) calendar days following receipt of notice of any such Proceeding under Section 10(a) above, and the counsel selected by the Company shall be reasonably satisfactory to Indemnitee. The Company

shall not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee or (iii) has the actual or purported effect of extinguishing, limiting or impairing Indemnitee's rights hereunder. This Section 10(b) shall not apply to a Proceeding brought by Indemnitee under Section 9 above or Section 15.

(c) Notwithstanding the provisions of Section 10(b), if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that he may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which shall not be unreasonably withheld, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other Person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, at the expense of the Company (subject to Section 9(d)), to represent Indemnitee in connection with any such matter.

Section 11. Liability Insurance.

(a) To the extent the Company maintains an insurance policy or policies providing liability insurance for any of its directors or officers, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer during the Indemnitee's tenure as a director or officer and, following a termination of Indemnitee's service in connection with a Change in Control, for a period of six (6) years thereafter.

(b) If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment by the Company under this Agreement the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy. Indemnitee shall take all action necessary to

secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Company shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

Section 12. Non-Exclusivity; Survival of Rights.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter or the Bylaws, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the MGCL permits greater indemnification than would be afforded currently under the Charter, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 13. Binding Effect.

(a) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director or executive officer of the Company or a director, officer, partner, member, manager or trustee of another Enterprise which such Person is or was serving at the request of the Company, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(b) Any successor of the Company (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business or assets of the Company shall be automatically deemed to have assumed and agreed to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place, provided that no such assumption shall relieve the Company of its obligations hereunder. To the extent required by applicable law

to give effect to the foregoing sentence and to the extent requested by Indemnitee, the Company shall require and cause any such successor to expressly assume and agree to perform this Agreement by written agreement in form and substance satisfactory to Indemnitee.

Section 14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 15. Limitation and Exception to Right of Indemnification or Advance of Expenses. Notwithstanding any other provision of this Agreement, (a) any indemnification or advance of Expenses to which Indemnitee is otherwise entitled under the terms of this Agreement shall be made only to the extent such indemnification or advance of Expenses does not conflict with applicable Maryland law and (b) Indemnitee shall not be entitled to indemnification or advance of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee, unless (i) the Proceeding is brought to enforce rights under this Agreement, the Charter, the Bylaws, liability insurance policy or policies, if any, or otherwise or (ii) the Charter, the Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board or an agreement approved by the Board to which the Company is a party expressly provides otherwise.

Section 16. Specific Performance, Etc. The parties hereto recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

Section 17. Arbitration.

(a) Any disputes, claims or controversies regarding the Indemnitee's entitlement to indemnification or advance of Expenses hereunder or otherwise arising out of or relating to this Agreement, including any disputes, claims or controversies brought by or on behalf of a party hereto or any holder of equity interests (which, for purposes of this Section 17, 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 a party, either on his, her or its own behalf, on behalf of a party or on behalf of any series or class of equity interests of a party or holders of equity interests of a party against a party or any of their respective trustees, directors, members, officers, managers, 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 a party, (all of which are referred to as “*Disputes*”) or relating in any way to such a Dispute or Disputes shall, on the demand of any party to such Dispute or Disputes, be resolved through binding and final arbitration in accordance with the Commercial Arbitration Rules (the “*Rules*”) of the American Arbitration Association (“*AAA*”) then in effect, except as those Rules may be modified in this Section 17. For the avoidance of doubt, and not as a limitation, Disputes are intended to include derivative actions against the trustees, directors, officers or managers of a party and class actions by a holder of equity interests against those individuals or entities and a party. 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 17, the term “equity interest” shall mean, in respect of the Company, shares of capital stock of the Company.

(b) There shall be three (3) arbitrators. If there are only two (2) parties to the Dispute, each party shall select one (1) arbitrator within fifteen (15) days after receipt by respondent of a copy of the demand for arbitration. The arbitrators may be affiliated or interested persons of the parties. If there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand, shall each select, by the vote of a majority of the claimants or the respondents, as the case may be, one (1) arbitrator within fifteen (15) days after receipt of 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 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) The place of arbitration shall be Boston, Massachusetts unless otherwise agreed by the parties. 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.

(d) In rendering an award or decision (the “*Award*”), the arbitrators shall be required to follow the laws of the State of Maryland. Any arbitration proceedings or award rendered hereunder 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. The 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 Dollars free of any tax, deduction or offset. Subject to Section 17(f), each party against which the Award assesses a monetary obligation shall pay that obligation on or before the thirtieth (30th) day following the date of the Award or such other date as the Award may provide.

(e) Except to the extent expressly provided by this Agreement or as otherwise agreed by the parties thereto, each party and each Person acting or seeking to act in a representative capacity (such Person, a “Named Representative”) involved in a Dispute shall bear its own costs and expenses (including attorneys’ fees), and the arbitrators shall not render an award that would include shifting of any such costs or expenses (including attorneys’ fees) or, in a derivative case or class action, award any portion of a party’s award to its attorneys, a Named Representative or any attorney of a Named Representative. 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.

(f) Notwithstanding any language to the contrary in this Agreement, the Award, including but not limited to any interim Award, may be appealed pursuant to the AAA’s Optional Appellate Arbitration Rules (“*Appellate Rules*”). The 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 the 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 17(e) shall apply to any appeal pursuant to this Section 17 and the appeal tribunal shall not render an award that would include shifting of any costs or expenses (including attorneys’ fees) of any party or Named Representative or the payment of such costs and expenses, and all costs and expenses of a party or Named Representative shall be its sole responsibility.

(g) Following the expiration of the time for filing the notice of appeal, or the conclusion of the appeal process set forth in Section 17(f), the 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 the Award may be entered in any court having jurisdiction. To the fullest extent permitted by law, no application or appeal to any court of competent jurisdiction may be made in connection with any question of law arising in the course of arbitration or with respect to any award made except for actions relating to enforcement of 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.

(h) This Section 17 is intended to benefit and be enforceable by the parties hereto and their respective holders of equity interests, trustees, directors, officers, managers, members, agents or employees and their respective successors and assigns, shall be binding upon all such parties 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.

Section 18. Venue. Each party hereto agrees that it shall bring any Proceeding in respect of any claim arising out of or related to this Agreement exclusively in the courts of the State of Maryland and the Federal courts of the United States, in each case, located in the City of Baltimore (the “*Chosen Courts*”). Solely in connection with claims arising under this Agreement, each party irrevocably and unconditionally (i) submits to the exclusive jurisdiction of the Chosen Courts, (ii) agrees not to commence any such Proceeding except in such courts, (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such Proceeding in the Chosen Courts, (iv) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding and (v) agrees that service of process upon such party in any such Proceeding shall be effective if notice is given in accordance with Section 17. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by law. A final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. 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 OR THE TRANSACTIONS. Notwithstanding anything herein to the contrary, if a demand for arbitration of a Dispute is made pursuant to Section 17, this Section 18 shall not preempt resolution of the Dispute pursuant to Section 17.

Section 19. Adverse Settlement. The Company shall not seek, nor shall it agree to or support, or agree not to contest any settlement or other resolution of any matter that has the actual or purported effect of extinguishing, limiting or impairing Indemnitee’s rights hereunder, including without limitation the entry of any bar order or other order, decree or stipulation, pursuant to 15 U.S.C. § 78u-4 (the Private Securities Litigation Reform Act), or any similar foreign, federal or state statute, regulation, rule or law.

Section 20. Period of Limitations. To the fullest extent permitted by law, no legal action shall be brought, and no cause of action shall be asserted, by or on behalf of the Company or any controlled affiliate of the Company against Indemnitee, Indemnitee’s spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its controlled affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; *provided, however*, if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

Section 21. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other party (including via facsimile or other electronic transmission), it being understood that each party hereto need not sign the same counterpart.

Section 22. Delivery by Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic transmission, including by a facsimile machine or via email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to the other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic transmission by a facsimile machine or via email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to, or shall, constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 24. Notices. Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is accepted by the party to whom it is given, and shall be given by being delivered at the following addresses to the parties hereto:

(a) If to Indemnitee, to: The address set forth on the signature page hereto.

(b) If to the Company to:

The RMR Group Inc.
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458-1634
Attn: Secretary

or to such other address as may have been furnished to the Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. 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.

Section 26. Interpretation.

(a) *Generally*. Unless the context otherwise requires, as used in this Agreement: (a) words defined in the singular have the parallel meaning in the plural and vice versa; (b) "Articles," "Sections," and "Exhibits" refer to Articles, Sections and Exhibits of this Agreement unless otherwise specified; and (c) "hereto" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) *Additional Interpretive Provisions*. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Any capitalized term used in any Exhibit to this Agreement, but not otherwise defined therein, shall have the meaning as defined in this Agreement. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder and any successor statute or statutory provision. References to any agreement are to that agreement as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person. Reference to any agreement, document or instrument means the agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Agreement as of the date first written above.

THE RMR GROUP INC.

By: _____
Name: Matthew P. Jordan
Title: Executive Vice President,
Chief Financial Officer and
Treasurer

JONATHAN VEITCH

Indemnitee's Address:

Jonathan Veitch
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458

[Signature Page to Indemnification Agreement]

EXHIBIT A

**FORM OF AFFIRMATION AND
UNDERTAKING TO REPAY EXPENSES ADVANCED**

To the Board of Directors of The RMR Group Inc.:

This affirmation and undertaking is being provided pursuant to that certain Indemnification Agreement dated _____, 20 (the "Indemnification Agreement"), by and between The RMR Group Inc. (the "**Company**") and the undersigned Indemnitee, pursuant to which I am entitled to advancement of expenses in connection with [**Description of Claims/Proceeding**] (together, the "**Claims**"). Terms used, and not otherwise defined, herein shall have the meanings specified in the Indemnification Agreement.

I am subject to the Claims by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity.

I hereby affirm my good faith belief that the standard of conduct necessary for my indemnification has been met.

In consideration of the advancement of Expenses by the Company for attorneys' fees and related expenses incurred by me in connection with the Claims (the "**Advanced Expenses**"), I hereby agree that if, in connection with a proceeding regarding the Claim, it is ultimately determined that I am not entitled to indemnification under law with respect to an act or omission by me, then I shall promptly reimburse the portion of the Advanced Expenses relating to the Claim(s) as to which the foregoing findings have been established and which have not been successfully resolved as described in Section 5 of the Indemnification Agreement. To the extent that Advanced Expenses do not relate to specific Claims, I agree that such Advanced Expenses may be allocated on a reasonable and proportionate basis.

IN WITNESS WHEREOF, I have executed this affirmation and undertaking on _____, ____.

WITNESS:

Print name of witness

Print name of Indemnitee

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

I, Adam D. Portnoy, certify that:

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

Date: August 7, 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: August 7, 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 June 30, 2020 (the “Report”), each of the undersigned hereby certifies, to the best of his knowledge:

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

/s/ Adam D. Portnoy

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

/s/ Matthew P. Jordan

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

Date: August 7, 2020

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this “Agreement”) made as of June 28, 2020, by and between TravelCenters of America Inc., a Maryland corporation (the “Company”), and The RMR Group LLC, a Maryland limited liability company (the “Purchaser”).

WHEREAS, the Company has filed a registration statement on Form S-3 (File No. 333-223310) under the Securities Act of 1933, as amended (the “Securities Act”), with the Securities and Exchange Commission (the “SEC”), as amended by post-effective amendment no. 1 thereto (the “Amendment”), relating to the shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), to be sold in a proposed underwritten public offering (the “Offering”) of Common Stock;

WHEREAS, the Purchaser desires to purchase in the Offering, upon the terms and conditions set forth in this Agreement, up to that minimum number of shares of Common Stock required for the Purchaser to retain its pro rata ownership of the outstanding shares of the Common Stock of the Company immediately following the closing of the Offering (the “Initial Pro Rata Shares”), based upon the public offering price per share of Common Stock in the Offering and subject to the limitations described herein; and

WHEREAS, to the extent the underwriters of the Offering exercise their option to purchase additional shares of Common Stock in the Offering (the “Over-Allotment Exercise”), the Purchaser desires to purchase, upon the terms and conditions set forth in this Agreement, up to that minimum number of additional shares of Common Stock required for the Purchaser to retain its pro rata ownership of the outstanding shares of the Common Stock of the Company immediately following the closing of the Over-Allotment Exercise (such shares, the “Over-Allotment Pro Rata Shares”, and together with the Initial Pro Rata Shares, the “Pro Rata Shares”), based upon the public offering price per share of Common Stock in the Offering and subject to the limitations described herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

1. Purchase of Shares.

1.1 Initial Closing. On the terms and conditions and subject to the determination by Purchaser that such terms and conditions are fair and reasonable to the Purchaser, upon the closing of the Offering, the Purchaser agrees to purchase, at a purchase price per share equal to the public offering price per share of Common Stock sold in the Offering, the Initial Pro Rata Shares.

1.2 Over-Allotment Closing. Subject to the completion of the purchase by the Purchaser of the Initial Pro Rata Shares, upon the closing of the Over-Allotment Exercise, the Purchaser agrees to purchase, at a purchase price per share equal to the public offering price per share of Common Stock sold in the Offering, the Over-Allotment Pro Rata Shares.

2. Representations and Warranties of the Company. In connection with the issuance and sale of the Pro Rata Shares, the Company hereby represents and warrants to the Purchaser that:

2.1 The Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Maryland and the Company has all necessary corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.

2.2 All corporate action necessary to be taken by the Company to authorize the execution, delivery and performance of this Agreement and all other agreements and instruments delivered by the Company in connection with the transactions contemplated hereby has been duly and validly taken and this Agreement has been duly executed and delivered by the Company. This Agreement constitutes the valid, binding and enforceable obligation of the Company, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general application now or hereafter in effect affecting the rights and remedies of creditors and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). The issuance and sale by the Company of the Pro Rata Shares does not conflict with its organizational documents or any material contract by which the Company or its property or assets is bound, or any federal or state laws or regulations or decree, ruling or judgment of any United States or state court applicable to the Company or its property or assets.

3. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company that:

3.1 The Purchaser is a duly formed limited liability company, validly existing and in good standing under the laws of the State of Maryland. The Purchaser has all necessary power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.

3.2 All action necessary to be taken by the Purchaser to authorize the execution, delivery and performance of this Agreement and all other agreements and instruments delivered by the Purchaser in connection with the transactions contemplated hereby has been duly and validly taken and this Agreement has been duly executed and delivered by the Purchaser. This Agreement constitutes the valid, binding and enforceable obligation of the Purchaser, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general application now or hereafter in effect affecting the rights and remedies of creditors and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). The purchase by the Purchaser of the Pro Rata Shares does not conflict with its organizational documents or any material contract by which the Purchaser or its property or assets is bound, or any federal or

state laws or regulations or decree, ruling or judgment of any United States or state court applicable to the Purchaser or its property or assets.

4. Amendments. This Agreement may not be amended, modified or waived, in whole or in part, except by an agreement in writing signed by each of the parties hereto.

5. Counterparts; Facsimile. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. This Agreement or any counterpart may be executed via facsimile or other method of electronic transmission, and any such executed copy shall be treated as an original.

6. Governing Law. This Agreement shall for all purposes be deemed to be made under and shall be construed in accordance with the laws of the State of New York. The parties hereby agree that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submit to such jurisdiction, which jurisdiction shall be exclusive. The parties hereby waive any objection to such exclusive jurisdiction and agree not to plead or claim that such courts represent an inconvenient forum.

7. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

8. Severability. In case any provision of this Agreement shall be found by a court of law to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

9. Entire Agreement. This Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof and they supersede, merge, and render void every other prior written and/or oral understanding or agreement among or between the parties hereto.

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

TRAVELCENTERS OF AMERICA
INC.

By: /s/ Mark R. Young

Name: Mark R. Young

Title: Executive Vice President
and General Counsel

THE RMR GROUP LLC

By: /s/ Adam D. Portnoy

Name: Adam D. Portnoy

Title: President and Chief
Executive Officer

[Signature Page to RMR Purchase Agreement]

[TREMONT REALTY ADVISORS]

June 29, 2020

Tremont Mortgage Trust
255 Washington Street
Newton, MA 02458
Attn: President and Chief Executive Officer

Management Agreement
dated as of September 18, 2017

Ladies and Gentlemen:

Reference is made to the captioned management agreement (the "Management Agreement"). Capitalized terms used and not otherwise defined in this letter are used with the meanings ascribed to such terms in the Management Agreement.

The purpose of this letter is to confirm that the Manager agrees to waive payment of the Management Fee for the period beginning July 1, 2020 and ending December 31, 2020. This waiver is conditioned upon the Management Agreement remaining in full force and effect through the Initial Term, no Material Breach occurring and no change in Control of the Company occurring. It is understood and agreed that any calculation of the Termination Fee shall be made without regard to this waiver and as if the Management Fee had been paid in accordance with the applicable terms of the Management Agreement.

In addition, no Incentive Fee will be paid or payable to the Manager through the period ending December 31, 2020.

The Company and the Manager each acknowledges and agrees, by signing this letter, that the Management Agreement is in full force and effect and each party has complied with its obligations thereunder as of the date of this letter.

Sincerely,

TREMONT REALTY ADVISORS LLC

By: /s/ Matthew P. Jordan
Matthew P. Jordan
Executive Vice President, Treasurer and Chief Financial
Officer

TREMONT MORTGAGE TRUST

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