

**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 March 31, 2022

OR

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

Commission file number 001-37616

THE RMR GROUP INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State of Organization)

47-4122583
(IRS Employer Identification No.)

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

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

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

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

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

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

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

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

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

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

As of May 3, 2022, there were 15,501,536 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

March 31, 2022

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

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

	<u>March 31,</u> <u>2022</u>	<u>September 30,</u> <u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 181,740	\$ 159,835
Due from related parties	96,212	88,661
Prepaid and other current assets	6,051	6,021
Total current assets	<u>284,003</u>	<u>254,517</u>
Property and equipment, net	2,604	2,218
Due from related parties, net of current portion	25,244	14,331
Equity method investments accounted for under the fair value option	35,904	39,476
Goodwill and intangible assets, net of amortization	2,075	2,094
Operating lease right of use assets	30,752	32,293
Deferred tax asset	18,394	18,671
Other assets, net of amortization	129,603	134,311
Total assets	<u>\$ 528,579</u>	<u>\$ 497,911</u>
Liabilities and Equity		
Current liabilities:		
Reimbursable accounts payable and accrued expenses	\$ 64,897	\$ 55,115
Accounts payable and accrued expenses	22,528	15,027
Operating lease liabilities	5,066	4,922
Employer compensation liability	3,386	6,076
Total current liabilities	<u>95,877</u>	<u>81,140</u>
Operating lease liabilities, net of current portion	27,312	29,148
Amounts due pursuant to tax receivable agreement, net of current portion	25,577	25,577
Employer compensation liability, net of current portion	25,244	14,331
Total liabilities	<u>174,010</u>	<u>150,196</u>
Commitments and contingencies		
Equity:		
Class A common stock, \$0.001 par value; 31,600,000 shares authorized; 15,501,536 and 15,485,236 shares issued and outstanding, respectively	16	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	111,667	109,910
Retained earnings	336,379	321,945
Cumulative common distributions	(249,295)	(236,766)
Total shareholders' equity	<u>198,783</u>	<u>195,120</u>
Noncontrolling interest	155,786	152,595
Total equity	<u>354,569</u>	<u>347,715</u>
Total liabilities and equity	<u>\$ 528,579</u>	<u>\$ 497,911</u>

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2022	2021	2022	2021
Revenues:				
Management services	\$ 48,151	\$ 40,242	\$ 93,048	\$ 80,989
Incentive business management fees	—	620	—	620
Advisory services	1,137	1,129	2,255	1,715
Total management and advisory services revenues	49,288	41,991	95,303	83,324
Reimbursable compensation and benefits	13,506	13,159	27,903	26,384
Reimbursable equity based compensation	1,367	1,206	2,965	4,209
Other reimbursable expenses	133,493	75,208	253,051	174,593
Total reimbursable costs	148,366	89,573	283,919	205,186
Total revenues	197,654	131,564	379,222	288,510
Expenses:				
Compensation and benefits	31,710	30,586	63,501	60,080
Equity based compensation	1,988	1,752	4,207	5,313
Separation costs	217	—	217	4,159
Total compensation and benefits expense	33,915	32,338	67,925	69,552
General and administrative	8,470	7,104	16,141	13,364
Other reimbursable expenses	133,493	75,208	253,051	174,593
Transaction and acquisition related costs	—	296	—	413
Depreciation and amortization	242	251	478	489
Total expenses	176,120	115,197	337,595	258,411
Operating income	21,534	16,367	41,627	30,099
Interest and other income	66	204	123	435
Equity in earnings of investees	—	303	—	727
Unrealized (loss) gain on equity method investments accounted for under the fair value option	(4,560)	(3,402)	(3,364)	4,720
Income before income tax expense	17,040	13,472	38,386	35,981
Income tax expense	(2,451)	(1,992)	(5,505)	(4,748)
Net income	14,589	11,480	32,881	31,233
Net income attributable to noncontrolling interest	(8,197)	(6,539)	(18,447)	(17,395)
Net income attributable to The RMR Group Inc.	\$ 6,392	\$ 4,941	\$ 14,434	\$ 13,838
Weighted average common shares outstanding - basic	16,329	16,256	16,327	16,254
Weighted average common shares outstanding - diluted	31,331	31,280	31,328	31,254
Net income attributable to The RMR Group Inc. per common share - basic	\$ 0.39	\$ 0.30	\$ 0.88	\$ 0.84
Net income attributable to The RMR Group Inc. per common share - diluted	\$ 0.39	\$ 0.30	\$ 0.88	\$ 0.81

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

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

	Class A Common Stock	Class B-1 Common Stock	Class B-2 Common Stock	Additional Paid In Capital	Retained Earnings	Cumulative Common Distributions	Total Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at September 30, 2021	\$ 15	\$ 1	\$ 15	\$ 109,910	\$ 321,945	\$ (236,766)	\$ 195,120	\$ 152,595	\$ 347,715
Share awards, net	—	—	—	613	—	—	613	—	613
Net income	—	—	—	—	8,042	—	8,042	10,250	18,292
Tax distributions to member	—	—	—	—	—	—	—	(1,979)	(1,979)
Common share distributions	—	—	—	—	—	(6,264)	(6,264)	(4,500)	(10,764)
Balance at December 31, 2021	15	1	15	110,523	329,987	(243,030)	197,511	156,366	353,877
Share awards, net	1	—	—	1,144	—	—	1,145	—	1,145
Net income	—	—	—	—	6,392	—	6,392	8,197	14,589
Tax distributions to member	—	—	—	—	—	—	—	(4,277)	(4,277)
Common share distributions	—	—	—	—	—	(6,265)	(6,265)	(4,500)	(10,765)
Balance at March 31, 2022	\$ 16	\$ 1	\$ 15	\$ 111,667	\$ 336,379	\$ (249,295)	\$ 198,783	\$ 155,786	\$ 354,569
Balance at September 30, 2020	\$ 15	\$ 1	\$ 15	\$ 106,622	\$ 286,249	\$ (96,983)	\$ 295,919	\$ 244,983	\$ 540,902
Share awards, net	—	—	—	1,012	—	—	1,012	—	1,012
Net income	—	—	—	—	8,897	—	8,897	10,856	19,753
Tax distributions to member	—	—	—	—	—	—	—	(2,820)	(2,820)
Common share distributions	—	—	—	—	—	(6,230)	(6,230)	(4,500)	(10,730)
Balance at December 31, 2020	15	1	15	107,634	295,146	(103,213)	299,598	248,519	548,117
Share awards, net	—	—	—	1,298	—	—	1,298	—	1,298
Net income	—	—	—	—	4,941	—	4,941	6,539	11,480
Tax distributions to member	—	—	—	—	—	—	—	(4,459)	(4,459)
Common share distributions	—	—	—	—	—	(6,230)	(6,230)	(4,500)	(10,730)
Balance at March 31, 2021	\$ 15	\$ 1	\$ 15	\$ 108,932	\$ 300,087	\$ (109,443)	\$ 299,607	\$ 246,099	\$ 545,706

See accompanying notes.

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

	Six Months Ended March 31,	
	2022	2021
Cash Flows from Operating Activities:		
Net income	\$ 32,881	\$ 31,233
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	478	489
Straight line office rent	(151)	47
Amortization expense related to other assets	4,708	4,708
Deferred income taxes	277	1,434
Operating expenses paid in The RMR Group Inc. common shares	1,789	2,329
Equity in earnings of investees	—	(727)
Distributions from equity method investments	208	864
Unrealized loss (gain) on equity method investments accounted for under the fair value option	3,364	(4,720)
Changes in assets and liabilities:		
Due from related parties	(10,241)	(419)
Prepaid and other current assets	(30)	(4,677)
Reimbursable accounts payable and accrued expenses	9,782	(5,492)
Accounts payable and accrued expenses	7,266	11,036
Net cash from operating activities	<u>50,331</u>	<u>36,105</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(610)	(758)
Net cash used in investing activities	<u>(610)</u>	<u>(758)</u>
Cash Flows from Financing Activities:		
Distributions to noncontrolling interest	(15,256)	(16,279)
Distributions to common shareholders	(12,529)	(12,460)
Repurchase of common shares	(31)	(19)
Net cash used in financing activities	<u>(27,816)</u>	<u>(28,758)</u>
Increase in cash and cash equivalents	21,905	6,589
Cash and cash equivalents at beginning of period	159,835	369,663
Cash and cash equivalents at end of period	<u>\$ 181,740</u>	<u>\$ 376,252</u>
Supplemental Cash Flow Information and Non-Cash Activities:		
Income taxes paid	\$ 4,486	\$ 6,266
Fair value of share based payments recorded	\$ 2,965	\$ 4,209
Recognition of right of use assets and related lease liabilities	\$ 783	\$ 1,669

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 March 31, 2022, RMR Inc. owned 15,501,536 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 52.4% of the economic interest of RMR LLC as of March 31, 2022. 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 47.6% of the economic interest of RMR LLC as of March 31, 2022, which is presented as a noncontrolling interest within the condensed consolidated financial statements. Adam D. Portnoy, Chair of our Board and 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 March 31, 2022, managed a diverse portfolio of real estate and real estate related businesses. RMR LLC provides management services to four publicly traded equity real estate investment trusts, or REITs: Diversified Healthcare Trust, or DHC, which owns medical office and life science properties, senior living communities and wellness centers; Industrial Logistics Properties Trust, or ILPT, which owns and leases industrial and logistics properties; Office Properties Income Trust, or OPI, which owns office properties primarily leased to single tenants and those with high quality credit characteristics, including the government; and Service Properties Trust, or SVC, which owns a diverse portfolio of hotels and net lease service and necessity-based retail properties. DHC, ILPT, OPI and SVC are collectively referred to as the Managed Equity REITs.

RMR LLC also provides management services to three real estate operating companies: AlerisLife Inc., or ALR, 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, and many of the U.S. hotels that Sonesta operates are owned by SVC; and TravelCenters of America Inc., or TA, an operator and franchisor of travel centers primarily along the U.S. interstate highway system, many of which are owned by SVC, and standalone truck service facilities. ALR, Sonesta and TA are collectively referred to as the Managed Operating Companies.

In addition, RMR LLC provides management services to private capital vehicles, including ABP Trust and its subsidiaries, or collectively ABP Trust, and other private entities that own commercial real estate of which certain of our Managed Equity REITs own minority equity interests. In these financial statements, we refer to these clients as the Managed Private Real Estate Capital clients.

RMR LLC’s wholly owned subsidiary, Tremont Realty Capital LLC, or Tremont Realty Capital, an investment adviser registered with the Securities and Exchange Commission, or SEC, provides advisory services for Seven Hills Realty Trust, or SEVN. SEVN is a publicly traded mortgage REIT that focuses on originating and investing in first mortgage whole loans secured by middle market and transitional commercial real estate. Until September 30, 2021, Tremont Realty Capital also provided advisory services to Tremont Mortgage Trust, or TRMT, a publicly traded mortgage REIT that merged with and into SEVN on September 30, 2021, or the Merger, with SEVN continuing as the surviving company. Tremont Realty Capital has in the past and may in the future manage additional accounts that invest in commercial real estate debt. Employees of Tremont Realty Capital may also act as a transaction broker for non-investment advisory clients for negotiated fees, which we refer to as the Tremont business.

The Managed Equity REITs, SEVN, and, until September 30, 2021, TRMT, are collectively referred to as the Managed REITs or the Managed Public Real Estate Capital clients.

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

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

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, 2021, or our 2021 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. Revenue Recognition

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

Business Management Agreements with Managed Equity REITs

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

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

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

We earned aggregate base business management fees from the Managed Equity REITs of \$23,985 and \$22,573 for the three months ended March 31, 2022 and 2021, respectively, and \$47,639 and \$44,128 for the six months ended March 31, 2022 and 2021, respectively.

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

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

We did not earn incentive business management fees from the Managed Equity REITs for the calendar years 2021 and 2020.

Other Management Agreements

Managed Operating Companies — We earn management fees by providing continuous services pursuant to the management agreements from the Managed Operating Companies equal to 0.6% of: (i) in the case of ALR, ALR's revenues

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

from all sources reportable under GAAP, less any revenues reportable by ALR with respect to properties for which it provides management services, plus the gross revenues at those properties determined in accordance with GAAP; (ii) in the case of Sonesta, Sonesta's revenues from all sources reportable under GAAP, less any revenues reportable by Sonesta with respect to hotels for which it provides management services, plus the gross revenues at those hotels determined in accordance with GAAP; and (iii) in the case of TA, the sum of TA's gross fuel margin, as defined in the applicable agreement, plus TA's total nonfuel revenues. These management fees are estimated and payable in cash monthly in advance.

We earned aggregate fees from the Managed Operating Companies of \$6,460 and \$5,374 for the three months ended March 31, 2022 and 2021, respectively, and \$13,030 and \$11,012 for the six months ended March 31, 2022 and 2021, respectively.

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

We earned aggregate fees from the Managed Private Real Estate Capital clients of \$2,758 and \$1,271 for the three months ended March 31, 2022 and 2021, respectively, and \$4,159 and \$2,187 for the six months ended March 31, 2022 and 2021, respectively.

Property Management Agreements

We earn property management fees by providing continuous services pursuant to property management agreements with our clients. We generally earn fees under these agreements equal to 3.0% of gross collected rents. Also, under the terms of the property management agreements, we receive additional fees for construction supervision services in connection with certain construction activities undertaken at the properties owned by the Managed Equity REITs up to 5.0% of the cost of such construction.

For the three months ended March 31, 2022 and 2021, we earned aggregate property management fees of \$14,948 and \$11,024, respectively, including construction supervision fees of \$3,794 and \$1,327, respectively. For the six months ended March 31, 2022 and 2021, we earned aggregate property management fees of \$28,167 and \$23,403, respectively, including construction supervision fees of \$7,027 and \$3,829, respectively.

Management Agreements with Advisory Clients

Tremont Realty Capital is primarily compensated pursuant to its management agreements with SEVN (beginning January 6, 2021) and TRMT (until September 30, 2021 when it was terminated in connection with the Merger) at an annual rate of 1.5% of equity, as defined in the applicable agreements. Tremont Realty Capital waived any business management fees otherwise due and payable by TRMT pursuant to the management agreement for the period beginning July 1, 2018 until December 31, 2020.

We earned advisory services revenue of \$1,137 and \$1,129 for the three months ended March 31, 2022 and 2021, respectively, and \$2,255 and \$1,715 for the six months ended March 31, 2022 and 2021, respectively.

Tremont Realty Capital may also earn an incentive fee under its management agreements with SEVN (beginning the second calendar quarter of 2021) and TRMT (until September 30, 2021) equal to, with respect to each company, the difference between: (a) the product of (i) 20% and (ii) the difference between (A) core earnings, as defined in the applicable agreements, for the most recent 12 month period (or such lesser number of completed calendar quarters, if applicable), including the calendar quarter (or part thereof) for which the calculation of the incentive fee is being made, and (B) the product of (1) equity in the most recent 12 month period (or such lesser number of completed calendar quarters, if applicable), including the calendar quarter (or part thereof) for which the calculation of the incentive fee is being made, and (2) 7% per year and (b) the sum of any incentive fees paid to Tremont Realty Capital with respect to the first three calendar quarters of the most recent 12 month period (or such lesser number of completed calendar quarters preceding the applicable period, if applicable). No incentive fee shall be payable with respect to any calendar quarter unless core earnings for the 12 most recently completed calendar quarters (or such lesser number of completed calendar quarters from January 5, 2021 for SEVN) in the aggregate is greater than zero. The incentive fee may not be less than zero. Tremont Realty Capital did not earn incentive fees from SEVN for the three and six months ended March 31, 2022 and earned incentive fees from TRMT of \$620 for the three and six months ended March 31, 2021.

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

The Tremont business earns between 0.5% and 1.0% of the aggregate principal amounts of any loans it brokers. The Tremont business did not earn fees for such brokerage services during the three months ended March 31, 2022 and 2021. For the six months ended March 31, 2022 and 2021, the Tremont business earned fees for such brokerage services of \$53 and \$259, respectively, which amounts are included in management services revenue in our condensed consolidated statements of income.

Reimbursable Costs

Reimbursable Compensation and Benefits — Reimbursable compensation and benefits include reimbursements, at cost, that arise primarily from services our employees provide pursuant to our property management agreements at the properties of our clients. A significant portion of these compensation and benefits are charged or passed through to and were paid by tenants of our clients. We recognize the revenue for reimbursements when we incur the related reimbursable compensation and benefits expense on behalf of our clients.

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

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

Note 3. Equity Method Investments

As of March 31, 2022, we had equity method investments in SEVN and TA that were accounted for under the fair value option.

Seven Hills Realty Trust

As of March 31, 2022, Tremont Realty Capital owned 825,651, or approximately 5.7%, of SEVN's outstanding common shares. We account for our investment in SEVN using the equity method of accounting because we are deemed to exert significant influence, but not control, over SEVN's most significant activities. As a result of the Merger, we elected the fair value option to account for our equity method investment in SEVN and determine fair value using the closing price of SEVN's common shares as of the end of the period, which is a Level 1 fair value input. The aggregate market value of our investment in SEVN at March 31, 2022 and September 30, 2021, based on quoted market prices, was \$9,189 and \$8,513, respectively, and is included in equity method investments accounted for under the fair value option in our condensed consolidated balance sheets. The unrealized gain in our condensed consolidated statements of income related to our investment in SEVN was \$826 and \$884 for the three and six months ended March 31, 2022, respectively. During the three and six months ended March 31, 2022, we received distributions from SEVN of \$208.

Immediately prior to the consummation of the Merger, Tremont Realty Capital owned 1,600,100, or approximately 19.3%, of TRMT's then outstanding common shares that were accounted for under the equity method of accounting. Pursuant to the equity method, we recorded our share of earnings from our investment in TRMT in equity in earnings of investees in our condensed consolidated statements of income which totaled \$303 and \$727 for the three and six months ended March 31, 2021, respectively. We received aggregate distributions from TRMT of \$847 and \$864 during the three and six months ended March 31, 2021, respectively. Pursuant to the Merger, each common share of TRMT converted to 0.516 common shares of SEVN.

TravelCenters of America Inc.

As of March 31, 2022, we owned 621,853, or approximately 4.2%, 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 as of the end of the period, which is a Level 1 fair value input. The aggregate market value of our investment in TA at March 31, 2022 and September 30, 2021, based on quoted market prices, was \$26,715 and \$30,963, respectively, and is included in equity method investments accounted for under the

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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fair value option in our condensed consolidated balance sheets. The unrealized (loss) gain in our condensed consolidated statements of income related to our investment in TA was \$(5,386) and \$(3,402) for the three months ended March 31, 2022 and 2021, respectively, and \$(4,248) and \$4,720 for the six months ended March 31, 2022 and 2021, respectively.

Note 4. Income Taxes

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

For the three months ended March 31, 2022 and 2021, we recognized estimated income tax expense of \$2,451 and \$1,992, respectively, which includes \$1,799 and \$1,462, respectively, of U.S. federal income tax and \$652 and \$530, respectively, of state income taxes. For the six months ended March 31, 2022 and 2021, we recognized estimated income tax expense of \$5,505 and \$4,748, respectively, which includes \$4,043 and \$3,486, respectively, of U.S. federal income tax and \$1,462 and \$1,262, respectively, of state income taxes.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Income taxes computed at the federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	3.1 %	3.3 %	3.1 %	3.2 %
Permanent items	0.4 %	0.7 %	0.3 %	0.6 %
Net income attributable to noncontrolling interest	(10.1)%	(10.2)%	(10.1)%	(10.1)%
Other ⁽¹⁾	— %	— %	— %	(1.5)%
Total	14.4 %	14.8 %	14.3 %	13.2 %

(1) In December 2020, the Internal Revenue Service and Department of Treasury released final regulations which, among other clarifications, established the effective date as it relates to limitations on the deductibility of certain executive compensation. The final regulations provide that the application of the limit applies to deductions after December 18, 2020. As such, during the three months ended December 31, 2020, we reduced our provision for income taxes for limitations applied prior to the effective date by \$520, or \$0.02 per diluted share.

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 March 31, 2022 and 2021, we had no uncertain tax positions.

Note 5. Fair Value of Financial Instruments

As of March 31, 2022 and September 30, 2021, the fair values of our financial instruments, which include cash and cash equivalents, amounts due from related parties, accounts payable and accrued expenses and reimbursable accounts payable and accrued expenses, were not materially different from their carrying values due to the short term nature of these financial instruments.

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

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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The following are our assets and liabilities that have been measured at fair value using Level 1 inputs in the fair value hierarchy as of March 31, 2022 and September 30, 2021:

	March 31, 2022	September 30, 2021
Money market funds included in cash and cash equivalents	\$ 156,155	\$ 131,065
Current portion of due from related parties related to share based payment awards	3,386	6,076
Long term portion of due from related parties related to share based payment awards	25,244	14,331
Equity method investment in SEVN	9,189	8,513
Equity method investment in TA	26,715	30,963
Current portion of employer compensation liability related to share based payment awards	3,386	6,076
Long term portion of employer compensation liability related to share based payment awards	25,244	14,331

Note 6. Related Person Transactions

Adam D. Portnoy, Chair of our Board and 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 March 31, 2022, Adam D. Portnoy beneficially owned, in aggregate, (i) 173,502 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 the chair of the board of each of the Managed REITs, ALR and TA, a managing trustee or managing director of each of the Managed REITs, ALR and TA, a director of Sonesta (and its parent) and the controlling shareholder of Sonesta (and its parent). Jennifer B. Clark is a managing trustee of OPI, a managing director of ALR and a director of Sonesta (and its parent), and she previously served as a managing trustee of each of DHC and SEVN until June 3, 2021 and January 5, 2021, respectively. Ms. Clark also serves as the secretary of all our publicly traded clients and Sonesta.

As of March 31, 2022, Adam D. Portnoy beneficially owned, in aggregate, 6.2% of ALR'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, 4.4% of TA's outstanding common shares (including through RMR LLC) and 7.4% of SEVN's outstanding common shares (including through Tremont Realty Capital).

The Managed REITs have no employees. RMR LLC provides or arranges for all the personnel, overhead and services required for the operation of the Managed Equity REITs pursuant to management agreements with them. All the officers of the Managed Equity REITs and ABP Trust are officers or employees of RMR LLC. All the officers, overhead and required office space of SEVN are provided or arranged by Tremont Realty Capital, and prior to the Merger, Tremont Realty Capital provided or arranged for the officers, overhead and required office space for TRMT. All of SEVN's officers are officers or employees of Tremont Realty Capital or RMR LLC. Many of the executive officers of the Managed Operating Companies 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 and the Managed Operating Companies.

Additional information about our related person transactions appears in Note 7, *Shareholders' Equity*, below and in our 2021 Annual Report.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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Revenues from Related Parties

For the three months ended March 31, 2022 and 2021, we recognized revenues from related parties as set forth in the following table:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues
Managed Public Real Estate Capital:⁽¹⁾						
DHC	\$ 7,404	\$ 32,720	\$ 40,124	\$ 8,652	\$ 30,901	\$ 39,553
ILPT	7,227	5,581	12,808	4,173	4,476	8,649
OPI	10,518	70,479	80,997	8,628	41,930	50,558
SVC	11,722	22,494	34,216	11,281	3,354	14,635
Total Managed Equity REITs	36,871	131,274	168,145	32,734	80,661	113,395
SEVN	1,137	1,287	2,424	751	941	1,692
TRMT ⁽²⁾	—	—	—	998	672	1,670
	38,008	132,561	170,569	34,483	82,274	116,757
Managed Private Real Estate Capital:⁽¹⁾						
ABP Trust	995	6,525	7,520	1,042	5,348	6,390
Other private entities	3,825	9,020	12,845	1,092	1,626	2,718
	4,820	15,545	20,365	2,134	6,974	9,108
Managed Operating Companies:						
ALR	1,226	61	1,287	1,803	115	1,918
Sonesta	1,787	38	1,825	636	79	715
TA	3,447	161	3,608	2,935	131	3,066
	6,460	260	6,720	5,374	325	5,699
Total revenues from related parties	49,288	148,366	197,654	41,991	89,573	131,564
Revenues from unrelated parties	—	—	—	—	—	—
	\$ 49,288	\$ 148,366	\$ 197,654	\$ 41,991	\$ 89,573	\$ 131,564

(1) On December 23, 2021, DHC sold an incremental 35% equity interest in its existing joint venture with an institutional investor, after which DHC retained a 20% equity interest in this joint venture. As a result, the management fees earned with respect to this joint venture are characterized as Managed Private Real Estate Capital for periods on and after December 23, 2021 and as Managed Public Real Estate Capital for periods prior to December 23, 2021. In addition, on January 31, 2022, DHC sold an 80% equity interest in another joint venture with two global institutional investors, after which DHC retained a 20% equity interest in this joint venture. Similarly, the management fees earned with respect to this joint venture are characterized as Managed Private Real Estate Capital for periods on and after January 31, 2022 and as Managed Public Real Estate Capital for periods prior to January 31, 2022.

(2) As discussed in Note 1, *Basis of Presentation*, TRMT merged with and into SEVN on September 30, 2021, with SEVN continuing as the surviving company. This table presents revenues for the three months ended March 31, 2021, for TRMT separately as they relate to a period prior to the Merger.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
(dollars in thousands, except per share amounts)

For the six months ended March 31, 2022 and 2021, we recognized revenues from related parties as set forth in the following table:

	Six Months Ended March 31, 2022			Six Months Ended March 31, 2021		
	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues	Total Management and Advisory Services Revenues	Total Reimbursable Costs	Total Revenues
Managed Public Real Estate Capital: ⁽¹⁾						
DHC	\$ 16,529	\$ 67,923	\$ 84,452	\$ 17,574	\$ 73,185	\$ 90,759
ILPT	11,742	12,261	24,003	9,047	9,667	18,714
OPI	21,082	141,166	162,248	17,895	97,457	115,352
SVC	23,392	33,229	56,621	21,498	8,366	29,864
Total Managed Equity REITs	72,745	254,579	327,324	66,014	188,675	254,689
SEVN	2,255	3,557	5,812	1,300	941	2,241
TRMT ⁽²⁾	—	—	—	1,035	1,638	2,673
	75,000	258,136	333,136	68,349	191,254	259,603
Managed Private Real Estate Capital: ⁽¹⁾						
ABP Trust	2,091	12,841	14,932	2,098	10,565	12,663
Other private entities	5,129	12,050	17,179	1,606	2,661	4,267
	7,220	24,891	32,111	3,704	13,226	16,930
Managed Operating Companies:						
ALR	2,371	146	2,517	3,779	185	3,964
Sonesta	3,601	38	3,639	989	79	1,068
TA	7,058	708	7,766	6,244	442	6,686
	13,030	892	13,922	11,012	706	11,718
Total revenues from related parties	95,250	283,919	379,169	83,065	205,186	288,251
Revenues from unrelated parties	53	—	53	259	—	259
	\$ 95,303	\$ 283,919	\$ 379,222	\$ 83,324	\$ 205,186	\$ 288,510

(1) On December 23, 2021, DHC sold an incremental 35% equity interest in its existing joint venture with an institutional investor, after which DHC retained a 20% equity interest in this joint venture. As a result, the management fees earned with respect to this joint venture are characterized as Managed Private Real Estate Capital for periods on and after December 23, 2021 and as Managed Public Real Estate Capital for periods prior to December 23, 2021. In addition, on January 31, 2022, DHC sold an 80% equity interest in another joint venture with two global institutional investors, after which DHC retained a 20% equity interest in this joint venture. Similarly, the management fees earned with respect to this joint venture are characterized as Managed Private Real Estate Capital for periods on and after January 31, 2022 and as Managed Public Real Estate Capital for periods prior to January 31, 2022.

(2) As discussed in Note 1, *Basis of Presentation*, TRMT merged with and into SEVN on September 30, 2021, with SEVN continuing as the surviving company. This table presents revenues for the six months ended March 31, 2021, for TRMT separately as they relate to a period prior to the Merger.

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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Amounts Due From Related Parties

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

	March 31, 2022			September 30, 2021		
	Accounts Receivable	Reimbursable Costs	Total	Accounts Receivable	Reimbursable Costs	Total
Managed Public Real Estate Capital:						
DHC	\$ 4,815	\$ 20,478	\$ 25,293	\$ 6,005	\$ 17,866	\$ 23,871
ILPT	4,767	7,362	12,129	2,934	6,928	9,862
OPI	7,958	39,539	47,497	8,625	33,693	42,318
SVC	5,068	3,673	8,741	5,841	8,992	14,833
Total Managed Equity REITs	22,608	71,052	93,660	23,405	67,479	90,884
SEVN	1,119	1,098	2,217	1,717	1,180	2,897
	23,727	72,150	95,877	25,122	68,659	93,781
Managed Private Real Estate Capital:						
ABP Trust	1,116	2,081	3,197	1,202	2,678	3,880
Other private entities	2,647	4,696	7,343	869	770	1,639
	3,763	6,777	10,540	2,071	3,448	5,519
Managed Operating Companies:						
ALR	114	1,819	1,933	136	422	558
Sonesta	240	—	240	17	—	17
TA	85	12,781	12,866	124	2,993	3,117
	439	14,600	15,039	277	3,415	3,692
	\$ 27,929	\$ 93,527	\$ 121,456	\$ 27,470	\$ 75,522	\$ 102,992

Leases

As of March 31, 2022, RMR LLC leased from ABP Trust and certain Managed Equity REITs office space for use as our headquarters and local offices. We incurred rental expense under related party leases aggregating \$1,468 and \$1,443 for the three months ended March 31, 2022 and 2021, respectively, and \$2,974 and \$2,826 for the six months ended March 31, 2022 and 2021, 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 March 31, 2022, our condensed consolidated balance sheet reflects a liability related to the tax receivable agreement of \$27,792, including \$2,215 classified as a current liability in accounts payable and accrued expenses that we expect to pay to ABP Trust during the fourth quarter of fiscal year 2022.

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 six months ended March 31, 2022 and 2021, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to holders of its membership units totaling \$13,186 and \$15,426, respectively, of which \$6,930 and \$8,147, respectively, was distributed to us and \$6,256 and \$7,279, respectively, was distributed to ABP Trust, based on each membership unit holder's respective ownership percentage. The amounts distributed to us were eliminated in our condensed consolidated financial statements, and the amounts distributed to ABP Trust were recorded as a reduction of

The RMR Group Inc.
Notes to Unaudited Condensed Consolidated Financial Statements (Continued)
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its noncontrolling interest. We 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 certain of our former executive officers. 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. All costs associated with separation arrangements, for which there remain no substantive performance obligations, are recorded in our condensed consolidated statements of income as separation costs.

In October 2020, we entered into a retirement agreement with David M. Blackman, a former Executive Vice President of RMR LLC. Mr. Blackman, at the time, also served as president, chief executive officer and a director of Tremont Realty Capital, president, chief executive officer and managing trustee of TRMT, president, chief executive officer and managing trustee of OPI, and executive vice president of RMR Advisors. Pursuant to his retirement agreement, Mr. Blackman remained in his officer, director and trustee roles with RMR LLC, Tremont Realty Capital, TRMT, OPI and RMR Advisors through December 31, 2020 and he continued to serve as a managing trustee of OPI until June 17, 2021. In addition, Mr. Blackman continued to serve as an employee of RMR LLC through June 30, 2021. Under Mr. Blackman's retirement agreement, RMR LLC paid Mr. Blackman combined cash payments in the amount of \$2,850. In addition, in October 2020, our Compensation Committee approved the acceleration of all 9,400 unvested shares owned by Mr. Blackman of us as of his retirement date, June 30, 2021.

For the three and six months ended March 31, 2022 and 2021, we recognized cash and equity based separation costs as set forth in the following table:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Former executive officers:				
Cash separation costs	\$ —	\$ —	\$ —	\$ 2,900
Equity based separation costs	—	—	—	295
	—	—	—	3,195
Former nonexecutive officers:				
Cash separation costs ⁽¹⁾	217	—	217	805
Equity based separation costs	—	—	—	159
	217	—	217	964
Total separation costs	\$ 217	\$ —	\$ 217	\$ 4,159

(1) During the six months ended March 31, 2021, we were indemnified for a withdrawal liability of \$515 that we had recorded during the three months ended September 30, 2020 related to a prior client's shared pension plan accounted for as a multiemployer benefit plan.

Note 7. Shareholders' Equity

We award 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 in that capacity vest immediately. Shares issued to employees in that capacity vest in five equal, consecutive, annual installments, with the first installment vesting on the date of award. We recognize forfeitures as they occur. Compensation expense related to share awards is determined based on the market value of our shares on the date of award, with the aggregate value of the awarded shares amortized to expense over the related vesting period. Expense recognized for shares awarded to Directors in that capacity are included in general and administrative expenses and for shares awarded to employees in that capacity are included in equity based compensation in our condensed consolidated statements of income.

On March 10, 2022, we awarded 3,000 of our Class A Common Shares, valued at \$30.36 per share, the closing price of our Class A Common Shares on The Nasdaq Stock Market LLC, or Nasdaq, on that day, to each of our Directors as part of his or her annual compensation for serving as a Director. For the three and six months ended March 31, 2022, we recorded general and administrative expense of \$547 for these awards.

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Equity based compensation expense related to shares awarded to certain officers and employees was \$621 and \$546 for the three months ended March 31, 2022 and 2021, respectively, and \$1,242 and \$1,104 for the six months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, we had 158,730 unvested shares outstanding which are scheduled to vest as follows: 55,750 shares in 2022, 47,980 shares in 2023, 35,940 shares in 2024 and 19,060 in 2025.

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. The aggregate value of 970 Class A Common Shares repurchased during the six months ended March 31, 2022 was \$31, which is recorded as a decrease to additional paid in capital within shareholders' equity in our condensed consolidated balance sheets.

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

Distributions

During the six months ended March 31, 2022 and 2021, 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>Six Months Ended March 31, 2022</i>				
10/14/2021	10/25/2021	11/18/2021	\$ 0.38	\$ 6,264
1/13/2022	1/24/2022	2/17/2022	0.38	6,265
			\$ 0.76	\$ 12,529
<i>Six Months Ended March 31, 2021</i>				
10/15/2020	10/26/2020	11/19/2020	\$ 0.38	\$ 6,230
1/14/2021	1/25/2021	2/18/2021	0.38	6,230
			\$ 0.76	\$ 12,460

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>Six Months Ended March 31, 2022</i>						
10/14/2021	10/25/2021	11/18/2021	\$ 0.30	\$ 9,446	\$ 4,946	\$ 4,500
1/13/2022	1/24/2022	2/17/2022	0.30	9,446	4,946	4,500
			\$ 0.60	\$ 18,892	\$ 9,892	\$ 9,000
<i>Six Months Ended March 31, 2021</i>						
10/15/2020	10/26/2020	11/19/2020	\$ 0.30	\$ 9,419	\$ 4,919	\$ 4,500
1/14/2021	1/25/2021	2/18/2021	0.30	9,419	4,919	4,500
			\$ 0.60	\$ 18,838	\$ 9,838	\$ 9,000

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

On April 14, 2022, we declared a quarterly dividend on our Class A Common Shares and Class B-1 Common Shares to our shareholders of record as of April 25, 2022, in the amount of \$0.40 per Class A Common Share and Class B-1 Common Share, or \$6,601. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the amount of \$0.32 per unit, or \$10,080, of which \$5,280 will be distributed to us based on our aggregate ownership of 16,501,536 membership units of RMR LLC and \$4,800 will be distributed to ABP Trust based on its ownership of 15,000,000 membership units of RMR LLC. The remainder of this dividend will be funded with cash accumulated at RMR Inc. We expect to pay this dividend on or about May 19, 2022.

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Note 8. 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 awarded 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 six months ended March 31, 2022 and 2021, the assumed redemption is dilutive to earnings per share as presented in the table below.

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

The calculation of basic and diluted earnings per share for the three and six months ended March 31, 2022 and 2021, is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Numerators:				
Net income attributable to The RMR Group Inc.	\$ 6,392	\$ 4,941	\$ 14,434	\$ 13,838
Income attributable to unvested participating securities	(62)	(44)	(140)	(121)
Net income attributable to The RMR Group Inc. used in calculating basic EPS	6,330	4,897	14,294	13,717
Effect of dilutive securities:				
Add back: income attributable to unvested participating securities	62	44	140	121
Add back: net income attributable to noncontrolling interest	8,197	6,539	18,447	17,395
Add back: income tax expense	2,451	1,992	5,505	4,748
Income tax expense assuming redemption of noncontrolling interest's Class A Units for Class A Common Shares ⁽¹⁾	(4,894)	(4,113)	(10,909)	(10,547)
Net income used in calculating diluted EPS	\$ 12,146	\$ 9,359	\$ 27,477	\$ 25,434
Denominators:				
Common shares outstanding	16,502	16,413	16,502	16,413
Unvested participating securities	(173)	(157)	(175)	(159)
Weighted average common shares outstanding - basic	16,329	16,256	16,327	16,254
Effect of dilutive securities:				
Assumed redemption of noncontrolling interest's Class A Units for Class A Common Shares	15,000	15,000	15,000	15,000
Add: incremental unvested shares	2	24	1	—
Weighted average common shares outstanding - diluted	31,331	31,280	31,328	31,254
Net income attributable to The RMR Group Inc. per common share - basic	\$ 0.39	\$ 0.30	\$ 0.88	\$ 0.84
Net income attributable to The RMR Group Inc. per common share - diluted	\$ 0.39	\$ 0.30	\$ 0.88	\$ 0.81

- (1) Income tax expense assumes the hypothetical conversion of the noncontrolling interest, which results in estimated tax rates of 28.7% and 30.5% for the three months ended March 31, 2022 and 2021, respectively, and 28.4% and 29.3% for the six months ended March 31, 2022 and 2021, respectively.

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

Note 9. Net Income Attributable to RMR Inc.

Net income attributable to RMR Inc. for the three and six months ended March 31, 2022 and 2021, is calculated as follows:

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2022	2021	2022	2021
Income before income tax expense	\$ 17,040	\$ 13,472	\$ 38,386	\$ 35,981
RMR Inc. franchise tax expense and interest income	169	217	336	429
Net income before noncontrolling interest	17,209	13,689	38,722	36,410
Net income attributable to noncontrolling interest	(8,197)	(6,539)	(18,447)	(17,395)
Net income attributable to RMR Inc. before income tax expense	9,012	7,150	20,275	19,015
Income tax expense attributable to RMR Inc.	(2,451)	(1,992)	(5,505)	(4,748)
RMR Inc. franchise tax expense and interest income	(169)	(217)	(336)	(429)
Net income attributable to RMR Inc.	\$ 6,392	\$ 4,941	\$ 14,434	\$ 13,838

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

Note 10. 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., Tremont Realty Capital and until January 5, 2021, RMR Advisors LLC.

	Three Months Ended March 31, 2022		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 48,151	\$ —	\$ 48,151
Advisory services	—	1,137	1,137
Total management and advisory services revenues	48,151	1,137	49,288
Reimbursable compensation and benefits	12,917	589	13,506
Reimbursable equity based compensation	1,367	—	1,367
Other reimbursable expenses	133,493	—	133,493
Total reimbursable costs	147,777	589	148,366
Total revenues	195,928	1,726	197,654
Expenses:			
Compensation and benefits	30,507	1,203	31,710
Equity based compensation	1,852	136	1,988
Separation costs	217	—	217
Total compensation and benefits expense	32,576	1,339	33,915
General and administrative	7,396	1,074	8,470
Other reimbursable expenses	133,493	—	133,493
Depreciation and amortization	233	9	242
Total expenses	173,698	2,422	176,120
Operating income (loss)	22,230	(696)	21,534
Interest and other income	59	7	66
Unrealized (loss) gain on equity method investments accounted for under the fair value option	(5,386)	826	(4,560)
Income before income tax expense	16,903	137	17,040
Income tax expense	—	(2,451)	(2,451)
Net income (loss)	\$ 16,903	\$ (2,314)	\$ 14,589
Total assets	\$ 484,347	\$ 44,232	\$ 528,579

(1) Intersegment revenues of \$1,081 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 March 31, 2021		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 40,242	\$ —	\$ 40,242
Incentive business management fees	—	620	620
Advisory services	—	1,129	1,129
Total management and advisory services revenues	40,242	1,749	41,991
Reimbursable compensation and benefits	12,668	491	13,159
Reimbursable equity based compensation	1,206	—	1,206
Other reimbursable expenses	75,208	—	75,208
Total reimbursable costs	89,082	491	89,573
Total revenues	129,324	2,240	131,564
Expenses:			
Compensation and benefits	29,107	1,479	30,586
Equity based compensation	1,721	31	1,752
Total compensation and benefits expense	30,828	1,510	32,338
General and administrative	6,102	1,002	7,104
Other reimbursable expenses	75,208	—	75,208
Transaction and acquisition related costs	296	—	296
Depreciation and amortization	241	10	251
Total expenses	112,675	2,522	115,197
Operating income (loss)	16,649	(282)	16,367
Interest and other income	196	8	204
Equity in earnings of investees	—	303	303
Unrealized loss on equity method investment accounted for under the fair value option	(3,402)	—	(3,402)
Income before income tax expense	13,443	29	13,472
Income tax expense	—	(1,992)	(1,992)
Net income (loss)	\$ 13,443	\$ (1,963)	\$ 11,480
Total assets	\$ 650,539	\$ 51,090	\$ 701,629

(1) Intersegment revenues of \$1,060 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)

	Six Months Ended March 31, 2022		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 92,995	\$ 53	\$ 93,048
Advisory services	—	2,255	2,255
Total management and advisory services revenues	92,995	2,308	95,303
Reimbursable compensation and benefits	26,669	1,234	27,903
Reimbursable equity based compensation	2,965	—	2,965
Other reimbursable expenses	253,051	—	253,051
Total reimbursable costs	282,685	1,234	283,919
Total revenues	375,680	3,542	379,222
Expenses:			
Compensation and benefits	61,163	2,338	63,501
Equity based compensation	3,935	272	4,207
Separation costs	217	—	217
Total compensation and benefits expense	65,315	2,610	67,925
General and administrative	14,070	2,071	16,141
Other reimbursable expenses	253,051	—	253,051
Depreciation and amortization	460	18	478
Total expenses	332,896	4,699	337,595
Operating income (loss)	42,784	(1,157)	41,627
Interest and other income	108	15	123
Unrealized (loss) gain on equity method investments accounted for under the fair value option	(4,248)	884	(3,364)
Income (loss) before income tax expense	38,644	(258)	38,386
Income tax expense	—	(5,505)	(5,505)
Net income (loss)	\$ 38,644	\$ (5,763)	\$ 32,881
Total assets	\$ 484,347	\$ 44,232	\$ 528,579

(1) Intersegment revenues of \$2,082 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)

	Six Months Ended March 31, 2021		
	RMR LLC ⁽¹⁾	All Other Operations	Total
Revenues:			
Management services	\$ 80,730	\$ 259	\$ 80,989
Incentive business management fees	—	620	620
Advisory services	—	1,715	1,715
Total management and advisory services revenues	80,730	2,594	83,324
Reimbursable compensation and benefits	25,457	927	26,384
Reimbursable equity based compensation	4,209	—	4,209
Other reimbursable expenses	174,593	—	174,593
Total reimbursable costs	204,259	927	205,186
Total revenues	284,989	3,521	288,510
Expenses:			
Compensation and benefits	56,976	3,104	60,080
Equity based compensation	5,238	75	5,313
Separation costs	4,159	—	4,159
Total compensation and benefits expense	66,373	3,179	69,552
General and administrative	11,355	2,009	13,364
Other reimbursable expenses	174,593	—	174,593
Transaction and acquisition related costs	364	49	413
Depreciation and amortization	468	21	489
Total expenses	253,153	5,258	258,411
Operating income (loss)	31,836	(1,737)	30,099
Interest and other income	414	21	435
Equity in earnings of investees	—	727	727
Unrealized gain on equity method investment accounted for under the fair value option	4,720	—	4,720
Income (loss) before income tax expense	36,970	(989)	35,981
Income tax expense	—	(4,748)	(4,748)
Net income (loss)	\$ 36,970	\$ (5,737)	\$ 31,233
Total assets	\$ 650,539	\$ 51,090	\$ 701,629

(1) Intersegment revenues of \$2,202 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 2021 Annual Report.

OVERVIEW (dollars in thousands)

RMR Inc. is a holding company and substantially all of its business is conducted by RMR LLC. RMR Inc. has no employees, and the personnel and various services it requires to operate are provided by RMR LLC. RMR LLC manages a diverse portfolio of real estate and real estate related businesses. As of March 31, 2022, RMR LLC managed approximately 2,100 properties in 47 states, Washington, D.C., Puerto Rico and Canada that are principally owned by the Managed Equity REITs.

Business Environment and Outlook

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

We, on behalf of our clients and ourselves, also attempt to take advantage of opportunities in the real estate market when they arise. For example: (i) on March 31, 2020, ILPT completed a \$680 million joint venture with an unrelated third party institutional investor, which was expanded to include a large, top tier global sovereign wealth fund, as a second outside investor to this joint venture on November 18, 2020 and has subsequently grown by acquisitions of additional industrial properties; (ii) SVC transitioned over 200 hotels from other hotel operators to Sonesta, which on March 17, 2021, completed its acquisition of RLH Corporation, establishing it as one of the largest hotel companies in the U.S. and expanding its franchising capabilities; (iii) on September 30, 2021, SEVN and TRMT merged, resulting in a larger, more diversified mortgage REIT with an expanded capital base; (iv) on January 31, 2022, DHC completed a \$703 million joint venture with two global institutional investors; and (v) on February 25, 2022, ILPT completed its acquisition of 126 new, Class A, single tenant, net leased, e-commerce focused industrial properties from Monmouth Real Estate Investment Corporation, or MNR, in an all-cash transaction valued at approximately \$4.0 billion. In addition, we balance our pursuit of growth of our and our clients' businesses by executing, on behalf of our clients, prudent capital recycling or business arrangement restructurings in an attempt to help our clients prudently manage leverage and to reposition their portfolios and businesses when circumstances warrant such changes or when other more desirable opportunities are identified.

The COVID-19 pandemic and the various governmental and market responses intended to contain and mitigate the spread of the virus and its detrimental public health impact have had a significant impact on the global economy, including the U.S. economy. In addition, the COVID-19 pandemic and related public health restrictions have had a particularly severe impact on certain industries in which our clients operate, including, hospitality, travel, service retail, senior housing and rehabilitation services. Although many of the restrictions that had been imposed in the U.S. during the COVID-19 pandemic have since been lifted and commercial activity in the U.S. has generally increasingly returned to pre-pandemic practices and operations, there remains uncertainty as to the ultimate duration and severity of the COVID-19 pandemic, including risks that may arise from mutations or related strains of the virus, the ability to successfully administer vaccinations to a sufficient number of persons and the efficacy of vaccinations, and the impact on the U.S. economy that may result from the inability of other countries to administer vaccinations to their citizens or their citizens' ability to otherwise achieve immunity to the virus. For further information and risks related to the COVID-19 pandemic on us and our business, see "Risk Factors" included in Part I, Item 1A of our 2021 Annual Report.

Managed Equity REITs

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

The following table presents for each Managed Equity REIT a summary of its primary strategy and the lesser of the historical cost of its assets under management and its market capitalization as of March 31, 2022 and 2021, as applicable:

REIT	Primary Strategy	Lesser of Historical Cost of Assets Under Management or Total Market Capitalization as of March 31,	
		2022	2021
DHC	Medical office and life science properties, senior living communities and wellness centers	\$ 4,383,059	\$ 5,780,436
ILPT	Industrial and logistics properties	5,632,464	1,963,244
OPI	Office properties primarily leased to single tenants, including the government	3,855,970	3,571,910
SVC	Hotels and net lease service and necessity-based retail properties	8,657,762	9,154,813
		<u>\$ 22,529,255</u>	<u>\$ 20,470,403</u>

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

The basis on which our base business management fees are calculated for the three and six months ended March 31, 2022 and 2021 may differ from the basis at the end of the periods presented in the table above. As of March 31, 2022, the market capitalization was lower than the historical cost of assets under management for DHC, OPI and SVC; the historical cost of assets under management for DHC, OPI and SVC as of March 31, 2022, were \$7,120,120, \$6,111,024 and \$12,276,681, respectively. For ILPT, the historical cost of assets under management were lower than its market capitalization of \$5,939,517 as of March 31, 2022.

The fee revenues we earned from the Managed Equity REITs for the three and six months ended March 31, 2022 and 2021 are set forth in the following tables:

REIT	Three Months Ended March 31, 2022				Three Months Ended March 31, 2021			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
DHC	\$ 4,966	\$ 1,389	\$ 1,049	\$ 7,404	\$ 5,467	\$ 2,496	\$ 689	\$ 8,652
ILPT	4,473	2,724	30	7,227	2,579	1,582	12	4,173
OPI	4,487	4,094	1,937	10,518	4,049	3,976	603	8,628
SVC	10,059	1,018	645	11,722	10,478	801	2	11,281
	<u>\$ 23,985</u>	<u>\$ 9,225</u>	<u>\$ 3,661</u>	<u>\$ 36,871</u>	<u>\$ 22,573</u>	<u>\$ 8,855</u>	<u>\$ 1,306</u>	<u>\$ 32,734</u>

REIT	Six Months Ended March 31, 2022				Six Months Ended March 31, 2021			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
DHC	\$ 10,832	\$ 3,734	\$ 1,963	\$ 16,529	\$ 10,632	\$ 5,028	\$ 1,914	\$ 17,574
ILPT	7,241	4,357	144	11,742	5,678	3,302	67	9,047
OPI	9,061	8,206	3,815	21,082	7,944	8,155	1,796	17,895
SVC	20,505	2,011	876	23,392	19,874	1,617	7	21,498
	<u>\$ 47,639</u>	<u>\$ 18,308</u>	<u>\$ 6,798</u>	<u>\$ 72,745</u>	<u>\$ 44,128</u>	<u>\$ 18,102</u>	<u>\$ 3,784</u>	<u>\$ 66,014</u>

Managed Operating Companies and Managed Private Real Estate Capital

We provide business management services to the Managed Operating Companies. ALR operates senior living communities throughout the United States, many of which are owned by and managed for DHC. Sonesta manages and franchises hotels, resorts and cruise ships in the United States, Latin America, the Caribbean and the Middle East; many of the U.S. hotels that Sonesta operates are owned by SVC. TA operates, leases and franchises travel centers along the U.S. interstate highway system, many of which are owned by SVC, and standalone truck service facilities. Generally, our fees earned from business management services to the Managed Operating Companies are based on a percentage of certain revenues.

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

Our fee revenues from services to the Managed Operating Companies and the Managed Private Real Estate Capital clients for the three and six months ended March 31, 2022 and 2021, are set forth in the following tables:

	Three Months Ended March 31, 2022				Three Months Ended March 31, 2021			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
ABP Trust	\$ 508	\$ 374	\$ 113	\$ 995	\$ 574	\$ 447	\$ 21	\$ 1,042
Other private entities	2,250	1,555	20	3,825	697	395	—	1,092
ALR	1,226	—	—	1,226	1,803	—	—	1,803
Sonesta	1,787	—	—	1,787	636	—	—	636
TA	3,447	—	—	3,447	2,935	—	—	2,935
	<u>\$ 9,218</u>	<u>\$ 1,929</u>	<u>\$ 133</u>	<u>\$ 11,280</u>	<u>\$ 6,645</u>	<u>\$ 842</u>	<u>\$ 21</u>	<u>\$ 7,508</u>

	Six Months Ended March 31, 2022				Six Months Ended March 31, 2021			
	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total	Base Business Management Revenues	Base Property Management Revenues	Construction Supervision Revenues	Total
ABP Trust	\$ 1,097	\$ 802	\$ 192	\$ 2,091	\$ 1,157	\$ 896	\$ 45	\$ 2,098
Other private entities	3,062	2,030	37	5,129	1,030	576	—	1,606
ALR	2,371	—	—	2,371	3,779	—	—	3,779
Sonesta	3,601	—	—	3,601	989	—	—	989
TA	7,058	—	—	7,058	6,244	—	—	6,244
	<u>\$ 17,189</u>	<u>\$ 2,832</u>	<u>\$ 229</u>	<u>\$ 20,250</u>	<u>\$ 13,199</u>	<u>\$ 1,472</u>	<u>\$ 45</u>	<u>\$ 14,716</u>

Advisory Business

Tremont Realty Capital provides management services to SEVN, a publicly traded mortgage REIT that focuses on originating and investing in first mortgage whole loans secured by middle market and transitional commercial real estate. Tremont Realty Capital also provided management services to TRMT until September 30, 2021, when it merged with and into SEVN. Tremont Realty Capital is primarily compensated pursuant to its management agreements with SEVN (beginning January 6, 2021) and TRMT (until September 30, 2021) based on a percentage of equity, as defined in the applicable agreements.

We earned management and advisory services revenue of \$1,137 and \$1,129 for the three months ended March 31, 2022 and 2021, respectively, and \$2,255 and \$1,715 for the six months ended March 31, 2022 and 2021, respectively. Tremont Realty Capital did not earn incentive business management fees from SEVN for the three and six months ended March 31, 2022 and earned incentive business management fees from TRMT of \$620 for the three and six months ended March 31, 2021.

The Tremont business acts as a transaction broker for non-investment advisory clients for negotiated fees. The Tremont business did not earn fees for such brokerage services during the three months ended March 31, 2022 and 2021. For the six months ended March 31, 2022 and 2021, the Tremont business earned fees for such brokerage services of \$53 and \$259, 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 March 31, 2022, Compared to the Three Months Ended March 31, 2021

The following table presents the changes in our operating results for the three months ended March 31, 2022 compared to the three months ended March 31, 2021:

	Three Months Ended March 31,			
	2022	2021	\$ Change	% Change
Revenues:				
Management services	\$ 48,151	\$ 40,242	\$ 7,909	19.7%
Incentive business management fees	—	620	(620)	n/m
Advisory services	1,137	1,129	8	0.7%
Total management and advisory services revenues	49,288	41,991	7,297	17.4%
Reimbursable compensation and benefits	13,506	13,159	347	2.6%
Reimbursable equity based compensation	1,367	1,206	161	13.3%
Other reimbursable expenses	133,493	75,208	58,285	77.5%
Total reimbursable costs	148,366	89,573	58,793	65.6%
Total revenues	197,654	131,564	66,090	50.2%
Expenses:				
Compensation and benefits	31,710	30,586	1,124	3.7%
Equity based compensation	1,988	1,752	236	13.5%
Separation costs	217	—	217	n/m
Total compensation and benefits expense	33,915	32,338	1,577	4.9%
General and administrative	8,470	7,104	1,366	19.2%
Other reimbursable expenses	133,493	75,208	58,285	77.5%
Transaction and acquisition related costs	—	296	(296)	n/m
Depreciation and amortization	242	251	(9)	(3.6)%
Total expenses	176,120	115,197	60,923	52.9%
Operating income	21,534	16,367	5,167	31.6%
Interest and other income	66	204	(138)	(67.6)%
Equity in earnings of investees	—	303	(303)	n/m
Unrealized loss on equity method investments accounted for under the fair value option	(4,560)	(3,402)	(1,158)	(34.0)%
Income before income tax expense	17,040	13,472	3,568	26.5%
Income tax expense	(2,451)	(1,992)	(459)	(23.0)%
Net income	14,589	11,480	3,109	27.1%
Net income attributable to noncontrolling interest	(8,197)	(6,539)	(1,658)	(25.4)%
Net income attributable to The RMR Group Inc.	\$ 6,392	\$ 4,941	\$ 1,451	29.4%

n/m - not meaningful

Management services revenue. Management services revenue increased \$7,909 primarily due to (i) growth in base business management fees of \$1,894 and property management fees of \$1,160 earned from ILPT, primarily due to its recent acquisition of MNR, (ii) increases in construction supervision fees earned from OPI, SVC and DHC aggregating \$2,337 due to increased development activity, and (iii) an increase in management fees earned from Sonesta of \$1,151 primarily resulting from an increase in the number of hotels that it manages and franchises during the current period.

Incentive business management fees. Incentive business management fees for the prior period represent fees earned by Tremont Realty Capital from TRMT. For further information about incentive fees, see Note 2, *Revenue Recognition*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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

clients. A significant portion of these compensation and benefits are charged or passed through to and were paid by tenants of our clients. Reimbursable compensation and benefits increased \$347 primarily due to increases in employee compensation and benefits for which we receive reimbursement.

Reimbursable equity based compensation. Reimbursable equity based compensation includes awards of common shares by our clients directly to certain of our officers and employees in connection with the provision of management services to those clients. We record an equal, offsetting amount as equity based compensation expense for the value of these awards. Reimbursable equity based compensation increased \$161 primarily as a result of increases in the number of share awards granted to our employees by our clients, partially offset by a decline in our clients' respective share prices.

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

Compensation and benefits. Compensation and benefits consist of employee salaries and other employment related costs, including health insurance expenses and contributions related to our employee retirement plan. Compensation and benefits expense increased \$1,124 primarily due to wage and bonus inflation for the current fiscal year.

Equity based compensation. Equity based compensation consists of the value of vested shares awarded to certain of our employees under our equity compensation plan and by our clients. Equity based compensation increased \$236 primarily as a result of increases in the number of share awards granted to our employees by us and our clients, partially offset by a decline in our clients' respective share prices.

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

General and administrative. General and administrative expenses consist of office related expenses, information technology related expenses, employee training, travel, professional services expenses, director compensation and other administrative expenses. General and administrative costs increased \$1,366 primarily due to increases in technology infrastructure costs, third-party costs related to our expanded role in construction oversight and increases in recruiting and professional fees.

Transaction and acquisition related costs. Transaction and acquisition related costs decreased \$296 due to costs incurred in the prior period in connection with RMR Mortgage Trust's conversion from a registered investment company to a commercial mortgage REIT and other strategic initiatives.

Interest and other income. Interest and other income decreased \$138 primarily due to lower interest earned during the current period as a result of lower interest rates and average cash balances invested, compared to the prior period.

Equity in earnings of investees. Equity in earnings of investees represents our proportionate share of earnings from our former equity interest in TRMT. For further information, see Note 3, *Equity Method Investments*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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

Income tax expense. The increase in income tax expense of \$459 is primarily attributable to higher taxable income for the three months ended March 31, 2022, compared to the same period in the prior year.

Six Months Ended March 31, 2022, Compared to the Six Months Ended March 31, 2021

The following table presents the changes in our operating results for the six months ended March 31, 2022 compared to the six months ended March 31, 2021:

	Six Months Ended March 31,			
	2022	2021	\$ Change	% Change
Revenues:				
Management services	\$ 93,048	\$ 80,989	\$ 12,059	14.9%
Incentive business management fees	—	620	(620)	n/m
Advisory services	2,255	1,715	540	31.5%
Total management and advisory services revenues	95,303	83,324	11,979	14.4%
Reimbursable compensation and benefits	27,903	26,384	1,519	5.8%
Reimbursable equity based compensation	2,965	4,209	(1,244)	(29.6)%
Other reimbursable expenses	253,051	174,593	78,458	44.9%
Total reimbursable costs	283,919	205,186	78,733	38.4%
Total revenues	379,222	288,510	90,712	31.4%
Expenses:				
Compensation and benefits	63,501	60,080	3,421	5.7%
Equity based compensation	4,207	5,313	(1,106)	(20.8)%
Separation costs	217	4,159	(3,942)	(94.8)%
Total compensation and benefits expense	67,925	69,552	(1,627)	(2.3)%
General and administrative	16,141	13,364	2,777	20.8%
Other reimbursable expenses	253,051	174,593	78,458	44.9%
Transaction and acquisition related costs	—	413	(413)	n/m
Depreciation and amortization	478	489	(11)	(2.2)%
Total expenses	337,595	258,411	79,184	30.6%
Operating income	41,627	30,099	11,528	38.3%
Interest and other income	123	435	(312)	(71.7)%
Equity in earnings of investees	—	727	(727)	n/m
Unrealized (loss) gain on equity method investments accounted for under the fair value option	(3,364)	4,720	(8,084)	(171.3)%
Income before income tax expense	38,386	35,981	2,405	6.7%
Income tax expense	(5,505)	(4,748)	(757)	(15.9)%
Net income	32,881	31,233	1,648	5.3%
Net income attributable to noncontrolling interest	(18,447)	(17,395)	(1,052)	(6.0)%
Net income attributable to The RMR Group Inc.	\$ 14,434	\$ 13,838	\$ 596	4.3%

n/m - not meaningful

Management services revenue. Management services revenue increased \$12,059 primarily due to (i) growth in base business management fees of \$1,563 and property management fees of \$1,132 earned from ILPT, primarily due to its recent acquisition of MNR, (ii) increases in the average enterprise value of OPI and SVC resulting in increases to base business management fees of \$1,117 and \$631, respectively, (iii) increases in construction supervision fees earned from OPI and SVC aggregating \$2,888 due to increased development activity, and (iv) an increase in management fees earned from Sonesta of \$2,612 primarily resulting from an increase in the number of hotels that it manages and franchises during the current period. These increases were partially offset by a decline in management fees earned from ALR of \$1,408 driven by COVID-19 pandemic related adverse impacts to its business and its transition of senior living communities to other operators during the second half of calendar 2021.

Incentive business management fees. Incentive business management fees represent fees earned by Tremont Realty Capital from TRMT. For further information about incentive fees, see Note 2, *Revenue Recognition*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Advisory services revenue. Advisory services revenue increased \$540 primarily due to the expiration of the fee waiver that was previously provided to TRMT in effect until December 31, 2020.

Reimbursable compensation and benefits. Reimbursable compensation and benefits increased \$1,519 primarily due to annual increases in employee compensation and benefits for which we receive reimbursement.

Reimbursable equity based compensation. Reimbursable equity based compensation decreased \$1,244 as a result of decreases in our clients' respective share prices.

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

Compensation and benefits. Compensation and benefits expense increased \$3,421 primarily due to merit increases effective October 1, 2021 and estimated bonus cost increases for the current fiscal year.

Equity based compensation. Equity based compensation decreased \$1,106 primarily due to decreases in our clients' respective share prices.

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

General and administrative. General and administrative costs increased \$2,777 primarily due to increased third-party costs related to our expanded role in construction oversight and increases in recruiting and other professional services fees.

Transaction and acquisition related costs. Transaction and acquisition related costs decreased \$413 due to costs incurred in the prior period in connection with RMR Mortgage Trust's conversion from a registered investment company to a commercial mortgage REIT and other strategic initiatives.

Interest and other income. Interest and other income decreased \$312 primarily due to lower interest earned during the current period as a result of lower interest rates and average cash balances invested, compared to the prior period.

Equity in earnings of investees. Equity in earnings of investees represents our proportionate share of earnings from our former equity interest in TRMT. For further information, see Note 3, *Equity Method Investments*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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

Income tax expense. The increase in income tax expense of \$757 is primarily attributable to a one-time reduction in our income tax provision recorded during the prior period of \$520 related to final tax regulations released in December 2020, as well as an increase in taxable income. For further information, see Note 4, *Income Taxes*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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

Our current assets have historically been comprised predominantly of cash, cash equivalents and receivables for business management, property management and advisory services fees. As of March 31, 2022 and September 30, 2021, we had cash and cash equivalents of \$181,740 and \$159,835, respectively, of which \$22,693 and \$23,338, respectively, was held by RMR Inc., with the remainder being held at RMR LLC. Cash and cash equivalents include all short term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase. As of March 31, 2022 and September 30, 2021, \$156,155 and \$131,065, respectively, of our cash and cash equivalents were invested in money market funds. We believe that cash and cash equivalents leave us well positioned to pursue a range of capital allocation strategies, with a focus on the growth of our private capital business, and to fund our operations and obligations, in the next twelve months.

Our liquidity is highly dependent upon our receipt of fees from the businesses that we manage. Historically, we have funded our working capital needs with cash generated from our operating activities and we currently do not maintain any credit facilities. We expect that our future working capital needs will relate largely to our operating expenses, primarily consisting of employee compensation and benefits costs, our obligation to make quarterly tax distributions to the members of RMR LLC, our

plan to make quarterly distributions on our Class A Common Shares and Class B-1 Common Shares and our plan to pay quarterly distributions to the members of RMR LLC in connection with the quarterly dividends to RMR Inc. shareholders. Our management fees are typically payable to us within 30 days of the end of each month or, in the case of annual incentive business management fees earned from the Managed Equity REITs, if any, within 30 days following each calendar year end. Quarterly incentive fees earned from SEVN, if any, are payable generally within 30 days following the end of the applicable quarter. Historically, we have not experienced losses on collection of our fees and have not recorded any allowances for bad debts.

During the six months ended March 31, 2022, 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 \$21,529. On April 14, 2022, we declared a quarterly dividend on our Class A Common Shares and Class B-1 Common Shares to our shareholders of record as of April 25, 2022 in the amount of \$0.40 per Class A Common Share and Class B-1 Common Share, or \$6,601. This dividend will be partially funded by a distribution from RMR LLC to holders of its membership units in the amount of \$0.32 per unit, or \$10,080, of which \$5,280 will be distributed to us based on our aggregate ownership of 16,501,536 membership units of RMR LLC and \$4,800 will be distributed to ABP Trust based on its ownership of 15,000,000 membership units of RMR LLC. The remainder of this dividend will be funded with cash accumulated at RMR Inc. We expect the total dividend will amount to approximately \$11,401 and we expect to pay this dividend on or about May 19, 2022. See Note 7, *Shareholders' Equity*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding these distributions.

For the six months ended March 31, 2022, pursuant to the RMR LLC operating agreement, RMR LLC made required quarterly tax distributions to its holders of its membership units totaling \$13,186, of which \$6,930 was distributed to us and \$6,256 was distributed to ABP Trust, based on each membership unit holder's then respective ownership percentage in RMR LLC. The \$6,930 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 \$6,256 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 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. We expect to use the remaining funds distributed to us to fund our long-term tax liabilities and pay dividends.

Cash Flows

Our changes in cash flows for the six months ended March 31, 2022 compared to the six months ended March 31, 2021 were as follows: (i) net cash from operating activities increased \$14,226 from \$36,105 in the prior period to \$50,331 in the current period; (ii) net cash used in investing activities decreased \$148 from \$758 in the prior period to \$610 in the current period; and (iii) net cash used in financing activities decreased \$942 from \$28,758 in the prior period to \$27,816 in the current period.

The increase in cash from operating activities for the six months ended March 31, 2022, compared to the prior year period primarily reflects increases in net income, excluding the impacts of non-cash gains and losses, and changes in working capital. The decrease in cash used in investing activities for the six months ended March 31, 2022 compared to the prior year period was due to a decrease in purchases of property and equipment. Cash used in financing activities for the six months ended March 31, 2022 decreased from the prior year period primarily due to lower tax distributions based on current estimates for taxable income in this fiscal year.

As of March 31, 2022, we had no off-balance sheet arrangements that have had or that we expect would be reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Tax Receivable Agreement

We are party to a tax receivable agreement which provides for the payment by RMR Inc. to ABP Trust of 85.0% of the amount of savings, if any, in U.S. federal, state and local income tax or franchise tax that RMR Inc. realizes as a result of (a) the increases in tax basis attributable to RMR Inc.'s dealings with ABP Trust and (b) tax benefits related to imputed interest deemed to be paid by it as a result of the tax receivable agreement. See Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and "Business—Our Organizational Structure—tax receivable agreement" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019. As of March 31, 2022, our condensed consolidated balance sheet reflects a liability related to the tax receivable agreement of \$27,792, of which we expect to pay \$2,215 to ABP Trust during the fourth quarter of fiscal year 2022.

Market Risk and Credit Risk

We have not invested in derivative instruments, borrowed through issuing debt securities or transacted in foreign currencies. As a result, we are not subject to significant direct market risk related to interest rate changes, changes to the market standard for determining interest rates, commodity price changes or credit risks; however, if any of these risks were to negatively impact our clients' businesses or market capitalization, our revenues would likely decline. To the extent we change our approach on the foregoing activities, or engage in other activities, our market and credit risks could change. See Part I, Item 1A "Risk Factors" of our 2021 Annual Report for the risks to us and our clients 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 Federal Deposit Insurance Corporation insurance limit. We believe our cash and short term investments are not subject to any material interest rate risk, equity price risk, credit risk or other market risk.

Related Person Transactions

We have relationships and historical and continuing transactions with Adam D. Portnoy, Chair of our Board and one of our Managing Directors, as well as our clients. For further information about these and other such relationships and related person transactions, please see Note 6, *Related Person Transactions*, to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, our 2021 Annual Report, our definitive Proxy Statement for our 2022 Annual Meeting of Shareholders and our other filings with the SEC. In addition, see the section captioned "Risk Factors" in our 2021 Annual Report for a description of risks that may arise as a result of these and other related person transactions and relationships. We may engage in additional transactions with related persons, including businesses to which RMR LLC or its subsidiaries provide management services.

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 March 31, 2022 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 duration and severity of the negative economic impact of COVID-19 and the resulting disruptions on us and our clients;
- substantially all of our revenues are derived from services to a limited number of clients;
- our revenues may be highly variable;

- changing market conditions, practices and trends may adversely impact our clients and the fees we receive from them;
- potential terminations of our management agreements with our clients;
- our ability to expand our business depends upon the growth and performance of our clients 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 clients 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 clients;
- 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;
- risks related to supply chain constraints, commodity pricing and other inflation, including inflation impacting wages and employee benefits; 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 clients. 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 and our other contracts with other clients 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 Operating Companies 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 clients decline;
- The fact that we earned significant incentive business management fees from certain of our Managed Equity REITs in previous years may imply that we will earn incentive business management fees in future years. The incentive business management fees that 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 the 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 from our Managed Equity REITs in the future;
- The fact that we earned a \$0.6 million incentive business management fee from one of our mortgage REITs during the three and six months ended March 31, 2021 may imply that we will earn incentive business management fees from our mortgage REITs in future periods. However, there can be no assurance that we will earn any incentive business management fees from our mortgage REITs in the future;
- We currently intend to pay a regular quarterly dividend of \$0.40 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 cash flows and alternative uses for any available cash. Our board may decide to lower or even eliminate our dividends. There can be no assurance that we will continue to pay any regular dividends or with regard to the amount of dividends we may pay;
- We balance our pursuit of growth of our and our clients' businesses by executing, on behalf of our clients, prudent capital recycling or business arrangement restructurings in an attempt to help our clients prudently manage leverage and 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 clients from experiencing increases in leverage, to adequately reposition our clients' portfolios and businesses, or to enable our clients to execute successfully on desirable opportunities;

- Our attempts to take into account industry and economic factors as well as specific property and regional geographic considerations when providing services to our clients may not be successful;
- 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 clients 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 clients;
- We state that our cash and cash equivalents balance leaves us well positioned to pursue a range of capital allocation strategies, with a focus on the growth of our private capital business, and to fund our operations and obligations, in the next 12 months. This statement may imply that we will successfully identify and execute one or more capital allocation strategies in the next 12 months and that any capital allocation strategy we may pursue will be successful and benefit us and our shareholders. However, identifying and executing on capital allocation strategies are subject to various uncertainties and risks and may take an extended period to realize any resulting benefit to our business. In addition, we may elect to not pursue a capital allocation strategy or abandon any such strategy we may pursue; and
- The COVID-19 pandemic may have lasting effects on our business and the businesses of our clients. 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 COVID-19 pandemic and its aftermath may reduce or limit any growth in the market value of our Managed Equity REITs or cause their rent receipts or construction activities to decline or cause the revenues of our Managed Operating Companies to significantly decline and, as a result, our revenues and cash flows may 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 2021 Annual Report, including the "Risk Factors" section of our 2021 Annual Report. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

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

There have been no material changes to the risk factors from those we previously provided in our 2021 Annual Report.

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

Issuer purchases of equity securities.

The following table provides information about our purchases of our equity securities during the quarter ended March 31, 2022:

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
March 2022	745	\$ 30.65	N/A	N/A
Total	745	\$ 30.65	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 (formerly known as Reit Management and Research Trust). ⁽¹⁾
10.1	The RMR Group Inc. Amended and Restated 2016 Omnibus Equity Plan. ⁽⁵⁾
10.2	Summary of Director Compensation. ⁽⁵⁾
99.1	Letter, dated February 25, 2022, between Industrial Logistics Properties Trust and The RMR Group LLC regarding Business Management Agreement between Industrial Logistics Properties Trust and The RMR Group LLC. (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.)
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.
(5)	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, 2022.

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: May 4, 2022

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: May 4, 2022

/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: May 4, 2022

/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 March 31, 2022 (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: May 4, 2022



617-219-1460
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458
ilptreit.com

February 25, 2022

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

Ladies and Gentlemen:

Reference is made to the Business Management Agreement, dated as of January 17, 2018 (as amended, restated or supplemented from time to time, the “ILPT Business Management Agreement”), by and between Industrial Logistics Properties Trust, a Maryland real estate investment trust (together with its subsidiaries, “ILPT”), and The RMR Group LLC, a Maryland limited liability company (the “Manager”).

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

1. Notwithstanding anything to the contrary in the Asset Management Agreement dated as of February 25, 2022 (the “JV Asset Management Agreement”) by and between the Manager and Mountain Industrial REIT LLC, a Delaware limited liability company (the “JV”), the terms and conditions of the ILPT Business Management Agreement will control the rights and obligations of ILPT and the Manager, as between themselves, including, without limitation, the fees payable, the term of the business or asset management arrangement, the conditions for (and amounts payable upon) termination, and the resolution of disputes.
2. For so long as the JV is a consolidated subsidiary of ILPT, any fees paid under the JV Asset Management Agreement will be credited against amounts due from ILPT under the ILPT Business Management Agreement.
3. If ILPT contributes any real properties to the JV, there will be no adjustment to ILPT’s historical cost in such real properties for the purposes of determining “Average Invested Capital” under the ILPT Business Management Agreement; however, “Invested Capital” under the JV Asset Management Agreement will be adjusted.

[Signature Page Follows]

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

Very truly yours,

/s/ Richard W. Siedel, Jr.

Richard W. Siedel, Jr.

Chief Financial Officer and Treasurer

Acknowledged and agreed:

The RMR Group LLC

/s/ Matthew P. Jordan

Matthew P. Jordan

Executive VP, Chief Financial Officer and Treasurer