



THE  
RMR  
GROUP

INVESTOR PRESENTATION  
March 2021

# WARNING REGARDING FORWARD-LOOKING STATEMENTS AND DISCLAIMERS

This presentation 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: a) the duration and severity of the negative economic impact of COVID-19 and the resulting disruptions on us and our client companies; b) substantially all of our revenues are derived from services to a limited number of client companies; c) our revenues are highly variable; d) changing market conditions that may adversely impact our client companies and our business with them; e) potential terminations of our management agreements with our client companies; f) our ability to expand our business depends upon the growth and performance of our client companies and our ability to obtain or create new clients for our business and is often dependent upon circumstances beyond our control; g) the ability of our client companies to operate their businesses profitably and to grow and increase their market capitalizations and total shareholder returns; h) litigation risks; i) risks related to acquisitions, dispositions and other activities by or among our client companies; j) allegations, even if untrue, of any conflicts of interest arising from our management activities; k) our ability to retain the services of our managing directors and other key personnel; and l) 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. 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 RMR's filings with the Securities and Exchange Commission, or the SEC, including RMR's Form 10-K filed on November 20, 2020, especially the sections entitled "Risk Factors" and "Warning Concerning Forward-Looking Statements", for other reasons why our forward-looking statements may not occur. 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. This presentation also includes non-GAAP financial measures. You can find our presentations of the most directly comparable GAAP measures and our reconciliations in the appendix. In addition, this presentation contains certain annualized financial information, which is calculated using certain assumptions and estimates based on currently available information, and is not necessarily representative of what actual results would be for the period.

# RMR IS A DYNAMIC ALTERNATIVE ASSET MANAGER

The RMR Group Inc. (Nasdaq: RMR) is a holding company and substantially all of its business is conducted by its majority owned subsidiary, The RMR Group LLC. RMR is a leading U.S. alternative asset management company, unique for its focus on commercial real estate (CRE) and related businesses. RMR benefits from a scalable platform, a deep and experienced management team and a diversity of direct real estate strategies across its client Companies. RMR is headquartered in Newton, MA, and was founded in 1986.

- Over 30 years of experience with buying, selling, financing and operating CRE.
- Vertically integrated, nationwide operator of CRE across most real estate sectors.
- Scalable platform and a deep bench of experienced management.

Approx.  
**\$32B**  
OF GROSS AUM

Nearly  
**2,100**  
PROPERTIES

Over  
**600**  
PROFESSIONALS

More than  
**30**  
OFFICES

# INVESTMENT HIGHLIGHTS

1

**Stable revenue base** with over 80% of RMR service revenues generated from 20-year evergreen contracts **with fixed base fees of 50 bps of fee paying AUM.**

2

Significant potential **upside to base and incentive fee revenues** assuming certain underlying Client Company share prices improve from current lows and **fee paying AUM recovers.**

3

With approximately \$380 million of cash and no debt, we have substantial capacity to actively **pursue growth opportunities** and/or **return capital to shareholders.**

# CLIENT COMPANIES

440 First Street, NW, Washington, DC

# RMR'S CLIENT COMPANIES SPAN MULTIPLE REAL ESTATE SUBSECTORS

	COMPANY	TICKER	DESCRIPTION <sup>(1)</sup>	GROSS AUM / REVENUES <sup>(2)</sup>
MANAGED PUBLIC REAL ESTATE CAPITAL	 SERVICE PROPERTIES TRUST	Nasdaq: SVC	Owens 310 hotels and 799 NNN service retail properties	\$12.3 billion AUM
	 DIVERSIFIED HEALTHCARE TRUST	Nasdaq: DHC	Owens 397 medical office buildings, life science buildings and senior living residential communities	\$8.4 billion AUM
	 OFFICE PROPERTIES INCOME TRUST	Nasdaq: OPI	Owens 181 multi-tenant and single tenant office properties	\$5.8 billion AUM
	 INDUSTRIAL LOGISTICS PROPERTIES TRUST	Nasdaq: ILPT	Owens 289 industrial properties	\$2.0 billion AUM
	 RMR MORTGAGE TRUST	Nasdaq: RMRM	Invests in first mortgage loans secured by middle market and transitional CRE	\$193 million AUM
	 TREMONT MORTGAGE TRUST	Nasdaq: TRMT	Invests in first mortgage loans secured by middle market and transitional CRE	\$282 million AUM
MANAGED OPERATING COMPANIES	 TA	Nasdaq: TA	Operates or franchises 271 travel centers, standalone truck service facilities and standalone restaurants primarily along the U.S. interstate highway system.	\$4.8 billion annual revenues
	 FIVE STAR SENIOR LIVING	Nasdaq: FVE	Operates more than 250 senior living residential communities throughout the U.S.	\$1.2 billion annual revenues
	 SONESTA	Private	Operates more than 190 hotels	\$38 million annual revenues
MANAGED PRIVATE REAL ESTATE CAPITAL	The Industrial Fund REIT LLC	Private	Owens industrial and logistics properties throughout the United States	\$681 million AUM
	 A B P TRUST	Private	Privately owned real estate portfolio, primarily office properties in the United States	\$464 million AUM

(1) Information as of December 31, 2020.

(2) Information presented represents Gross AUM unless otherwise specified to be annual revenues; Gross AUM information as of December 31, 2020 and annual revenues information as of calendar year ended December 31, 2019.

# RMR'S SIGNIFICANT CONTRACTUAL RELATIONSHIPS

(\$ in 000s)	Company	Quarter Ended December 31, 2020				Contractual Relationship <sup>(2)</sup>
		Base Business Mgmt. Fees	Property Mgmt. Fees	Advisory Fees	Total <sup>(1)</sup>	
MANAGED EQUITY REITS	 SERVICE PROPERTIES TRUST	\$9,396	\$821	\$ --	\$10,217	<p>RMR earns fees pursuant to Business Management and Property Management Agreements that renew each year for successive 20 year terms.</p> <ul style="list-style-type: none"> <li>• Base business management revenues principally consist of monthly fees generally based on 50 bps per annum multiplied by the <u>lower of</u>: (1) the historical cost of real estate; or (2) average market capitalization.</li> <li>• Property management revenues principally consist of monthly fees based on 3.0% of gross rents collected at managed properties.</li> <li>• Incentive fees are equal to 12% of total shareholder returns in excess of benchmark index total returns per share, subject to caps. Total shareholder returns must be positive.</li> </ul>
	 DIVERSIFIED HEALTHCARE TRUST	5,165	3,757	--	8,922	
	 OFFICE PROPERTIES INCOME TRUST	3,895	5,372	--	9,267	
	 INDUSTRIAL LOGISTICS PROPERTIES TRUST	3,099	1,775	--	4,874	
MANAGED OPERATORS	 TRAVELCENTERS OF AMERICA	3,309	--	--	3,309	Revenues consist of monthly fees based on 60 bps per annum multiplied by revenues (as defined in the applicable agreement).
	 FIVE STAR SENIOR LIVING	1,976	--	--	1,976	
	 SONESTA	353	--	--	353	

If our Client Companies were entitled and elected to terminate our management agreements, gross potential termination fees could represent as much as \$2.0 billion in cash payments.<sup>(4)</sup>

(1) Past fees are not an indication of future fees.

(2) For additional information regarding the fee provisions in these management agreements, please see our Annual Report on Form 10-K for the fiscal year ended September 30, 2020

(3) Incentive and Business Management fees waived for TRMT for periods July 2018 to December 2020.

(4) See pages 20 and 23 for additional information on the termination fee calculation. Calculation as of December 31, 2020.

# THE INDUSTRIAL FUND REIT LLC



**\$1.9B of Remaining  
Invested Capital**

**22% INTEREST**

**Private Capital Vehicle  
\$279M Equity Capital**

**78% INTEREST**

**2 Sovereign  
Wealth  
Partners**

## FEES PAID BY ILPT:

- Base Business Management Fee of 0.5% of the lower of Enterprise Value or Historical Cost of Assets.
- Property Management Fee of 3% of gross rents.
- Construction Supervision Fee of 5% of construction costs.

## FEES PAID BY PRIVATE CAPITAL VEHICLE:

- Asset Management Fee of 1% of equity.
- Property Management Fee of 3% of gross rents.
- Construction Supervision Fee of 5% of construction costs.

## INCREMENTAL EQUITY CONTRIBUTION:

- Additional equity capital of \$1B expected over the next 2-3 years.
- Every \$100M of contributed capital is expected to generate approximately \$1.5M in annual fees to RMR.

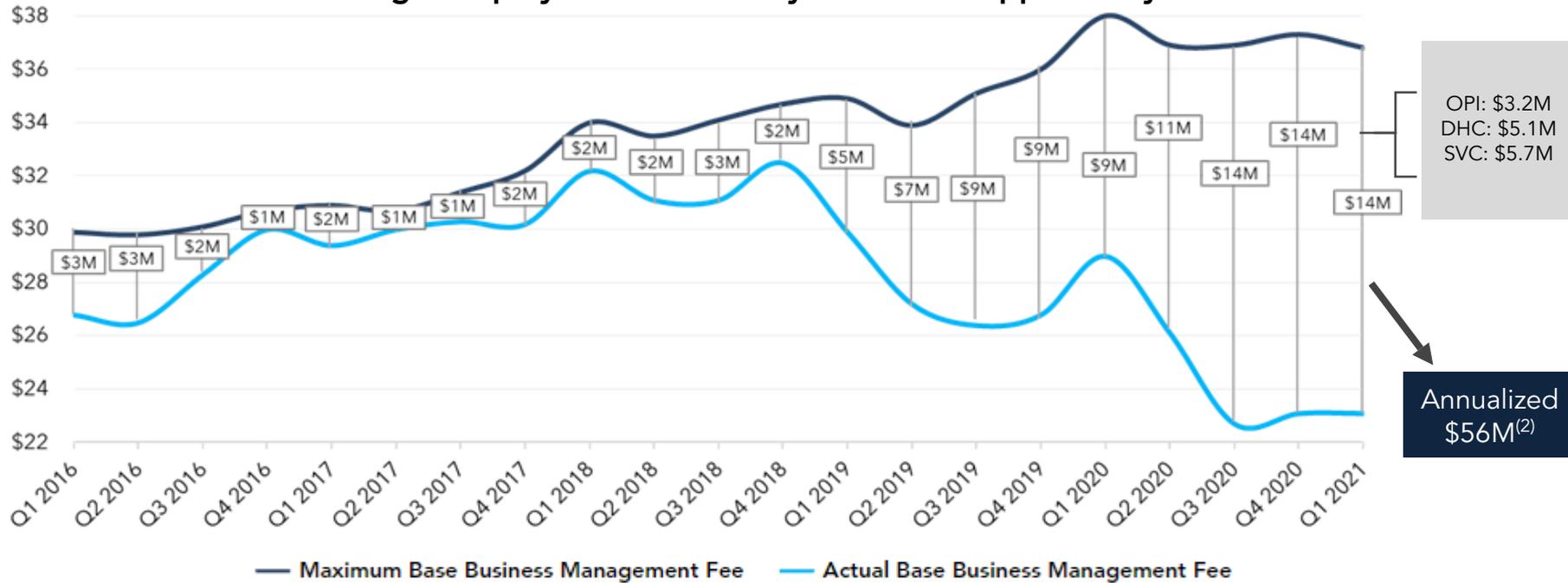


A photograph of an outdoor lounge area at a resort. In the foreground, there is a curved, grey wicker sofa with a round wooden table in the center, surrounded by colorful patterned cushions. To the right, there are more wicker chairs with orange cushions. In the background, there are several orange patio umbrellas, palm trees, and a building with a balcony. The text "VALUE PROPOSITION" is overlaid in the center of the image.

# VALUE PROPOSITION

# THERE IS SIGNIFICANT POTENTIAL REVENUE UPSIDE IF MANAGED EQUITY REIT SHARE PRICES IMPROVE

Managed Equity REITs Quarterly "Revenue Opportunity"<sup>(1)</sup>



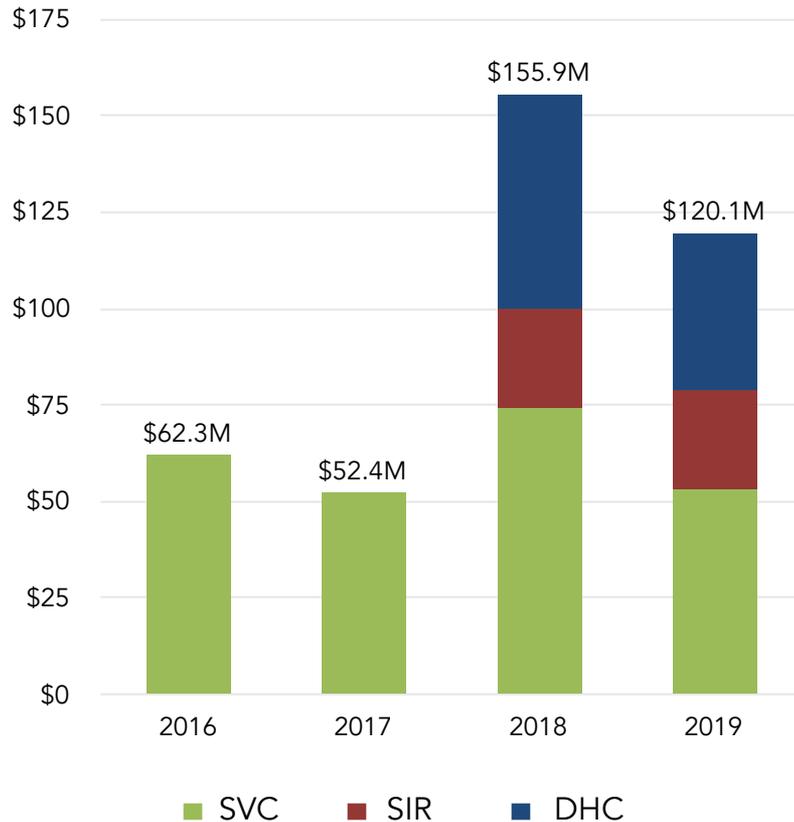
- The share prices of the Managed Equity REITs were negatively impacted by the COVID-19 pandemic in 2020. We believe these REIT share prices would be positively correlated with general economic recovery in the U.S., which would in turn help recapture a portion of the "Revenue Opportunity".
- Actions underway at the Managed Equity REITs to improve share prices include, but are not limited to:
  - OPI is well-positioned to strategically pursue capital recycling opportunities given its present liquidity and leverage position.
  - SVC and DHC poised to weather COVID-19 related challenges by preserving and increasing liquidity with dividend reductions, covenant relief and reduced nonessential capital spending.

(1) Difference between Maximum Base Business Management Fee and Actual Base Business Management Fee for the Managed Equity REITs. See "Definitions and Additional Notes" in Appendix.

(2) Fiscal 1Q21 represents actual results for the quarter ended December 31, 2020 annualized.

# RMR'S EARNED BUSINESS MANAGEMENT INCENTIVE FEES<sup>(1)</sup>

Annual Incentive Fees By Fiscal Year Since Our Public Listing<sup>(2)</sup>



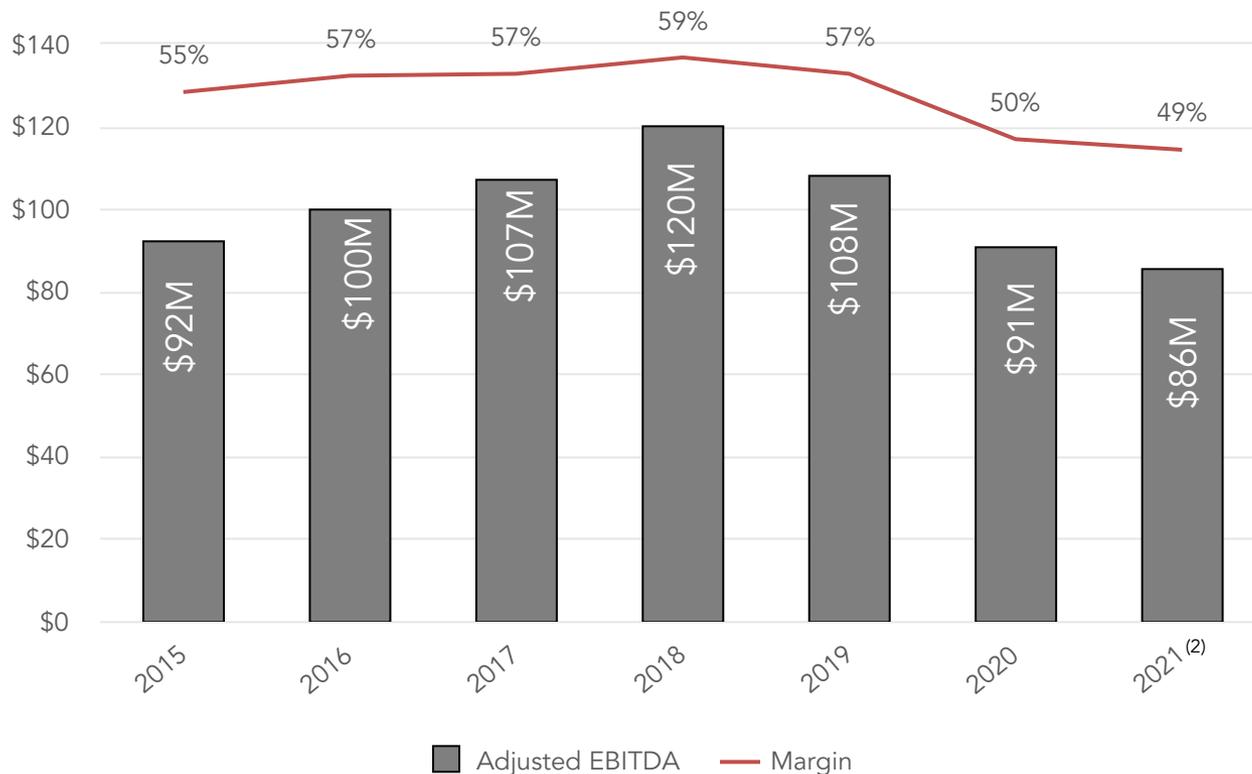
- Annual incentive fees measured for each three year period ending December 31 by comparing:
  - The three year cumulative shareholder return for each Managed Equity REIT (share price increase (decrease) plus dividends).
  - Each REIT's SNL peer group three year cumulative return (peer group defined in each applicable agreement).
- Incentive fees only recorded when earned.
- Incentive fees also eligible from OPI, RMRM and TRMT, but have not been earned historically.
- No incentive fees were payable in FY 2020 or FY 2021 for the calendar years ended December 31, 2019 and 2020.

(1) Illustrative calculation of the business management incentive fee can be found in the Appendix.

(2) Incentive fees shown in the above chart are paid in respect of fees earned during the previous calendar year (i.e. the fees paid in FY 2019 were earned in calendar year 2018).

# RMR'S OPERATING MARGIN REFLECTS ITS DEMONSTRATED OPERATING LEVERAGE

**Adjusted EBITDA and Adjusted EBITDA Margin<sup>(1)</sup>**  
 (Based on Recurring Revenue Only, Excludes Incentive Fees)



- RMR's Annualized Adjusted EBITDA margins have ranged from 49 – 59% since 2015.
- If revenues from our Managed Equity REITs increase, the majority of any incremental revenue growth should result in increased Adjusted EBITDA.

(1) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. The GAAP financial measure that is most directly comparable to Adjusted EBITDA is net income, while the GAAP financial measure that is most directly comparable to Adjusted EBITDA Margin is Operating Margin, which represents operating income divided by total management and advisory services revenues. See Appendix for a reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated in accordance with GAAP as well as calculations of Operating Margin and Adjusted EBITDA Margin.

(2) Amounts reflect fiscal 1Q21 Adjusted EBITDA, annualized.

# STRONG BALANCE SHEET & WELL COVERED DIVIDEND

## Summary Balance Sheet

(\$ in 000s)	As of December 31, 2020	
Cash and cash equivalents	\$	383,213
Other assets		315,180
<b>Total assets</b>	<b>\$</b>	<b>698,393</b>
Total debt	\$	—
Total liabilities		150,276
Total equity		548,117
<b>Total liabilities and equity</b>	<b>\$</b>	<b>698,393</b>

## Dividend Payout Ratio

(\$ in 000s)	Fiscal Q1 2021	
Adjusted EBITDA <sup>(1)</sup>	\$	21,421
Less: Tax distributions to members <sup>(2)</sup>		(5,855)
<b>Adjusted EBITDA less Cash Tax Obligation</b>	<b>\$</b>	<b>15,566</b>
Common share distributions	\$	10,730
<b>Payout Ratio</b>		<b>68.9 %</b>

- RMR has generated approximately \$19 – 30 million in Adjusted EBITDA per fiscal quarter since its public listing.
- RMR has earned average incentive fees of over \$65M per year between calendar years 2015 and 2020.
- RMR has no debt.
- RMR has flexibility to use debt and/or equity to finance expansion, including possible acquisitions and/or seeding new ventures.

(1) Adjusted EBITDA and Adjusted EBITDA less Cash Tax Obligation are non-GAAP financial measures. See Appendix for a reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated in accordance with GAAP.

(2) Under the RMR LLC operating agreement, RMR LLC is required to make quarterly pro rata cash distributions to The RMR Group Inc. and its noncontrolling interest based on each's estimated tax liabilities. For the three months ended December 31, 2020, RMR LLC made required quarterly tax distributions totaling \$5,855, of which \$3,035 was distributed to The RMR Group Inc. and \$2,820 was distributed to its noncontrolling interest, based on each membership unit holder's respective ownership percentage.

# POTENTIAL FOR ROBUST GROWTH OPPORTUNITIES LEVERAGING THE RMR PLATFORM TO DRIVE SHAREHOLDER VALUE

## GROWTH WITHIN MANAGED REITS

- Diverse client platform allows RMR to benefit from its Managed REITs capitalizing on strategic opportunities and weathering real estate cycles.
- Gross annual acquisition volume of over \$2.5 billion at the Client Companies since our public listing.
- Commercial lending platform building scale (ex. RMRM conversion).
- Increases in Managed Equity REITs' share prices may generate increased base business management and incentive fees (ex. "Revenue Opportunity" of \$56M).

## EXPAND PRIVATE CAPITAL VEHICLES

- Increasing levels of investment allocations to alternatives and real estate.
- Leverage ILPT's joint venture relationships to support future industrial and logistics acquisitions.
- Strategic relationship building with private capital offers cross-selling opportunities and could facilitate new product launches and new real estate sectors.

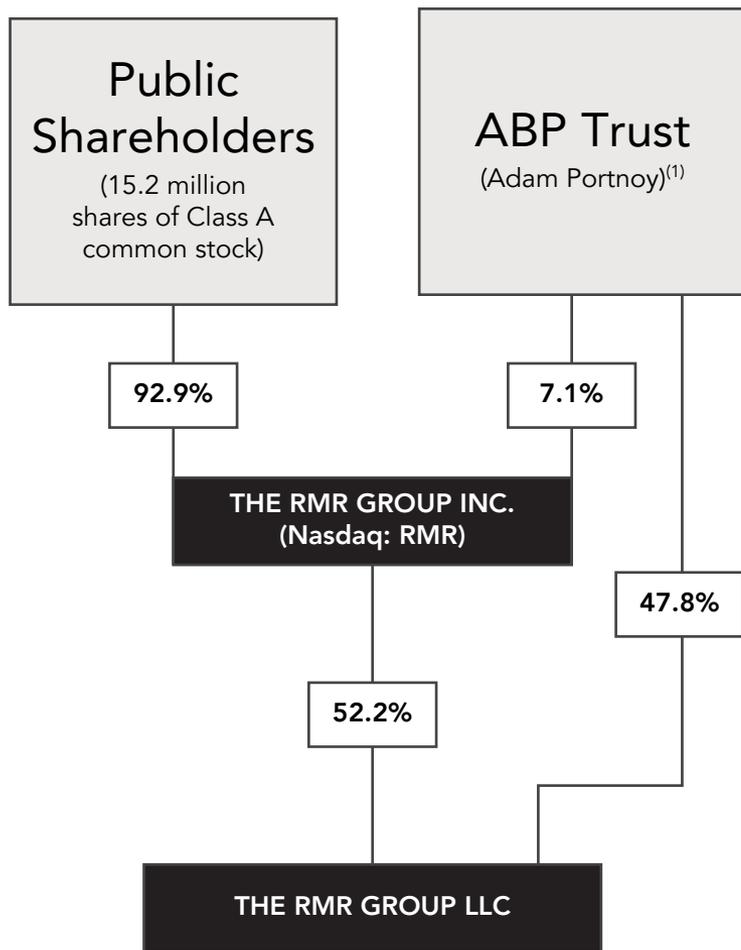
## UTILIZE RMR'S BALANCE SHEET

- Deploy balance sheet to seed new ventures, which could expand the number of Client Companies.
- Identify possible strategic acquisition targets in real estate private equity.
- Possible strategic partnerships and team lift-outs.

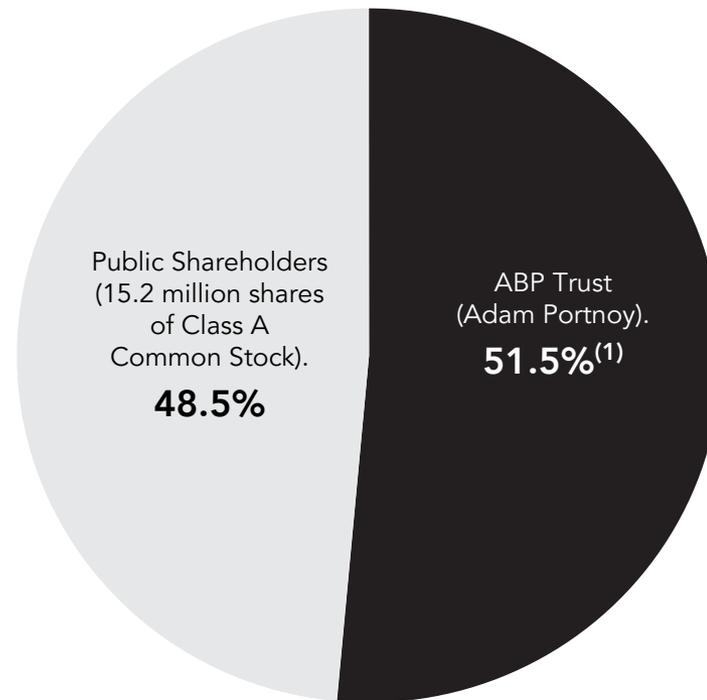
# APPENDIX

4000 Principio Pkwy, North East, MD

# CURRENT CORPORATE STRUCTURE OVERVIEW



## The RMR Group LLC Economic Interest<sup>(2)</sup>



Note: All ownership percentages represent economic interest, and not voting interest, as of December 31, 2020.

(1) Adam Portnoy is the sole trustee and an owner of ABP Trust. In addition to ownership of 1,000,000 shares of Class B-1 Common Stock, ABP Trust and Adam Portnoy collectively own 157,502 shares of Class A Common Stock of The RMR Group Inc. and 15,000,000 shares of Class B-2 Common Stock, which collectively provide them with 91.3% of the aggregate voting power of The RMR Group Inc.

(2) The indirect economic interest in The RMR Group LLC is held through The RMR Group Inc.

# RMR BENEFITS FROM BOTH A DEEP BENCH OF EXPERIENCED SENIOR MANAGEMENT AND A SCALABLE PLATFORM

## EXECUTIVE OPERATING COMMITTEE



**Adam Portnoy**  
President &  
Chief Executive Officer



**Matt Jordan**  
Executive Vice President,  
Chief Financial Officer  
& Treasurer



**Jennifer Clark**  
Executive Vice President,  
General Counsel  
& Secretary



**Jennifer Francis**  
Executive  
Vice President



**John Murray**  
Executive  
Vice President



**Jonathan Pertchik**  
Executive  
Vice President

## SENIOR VICE PRESIDENTS

Christopher Bilotto	Carlos Flores
Timothy Bonang	Douglas Lanois
Matthew Brown	Jeffrey Leer
Dave Campoli	Katherine Potter
Gregory Carey	Richard Siedel
Peter Crage	Mark Young

## RMR SHARED SERVICES

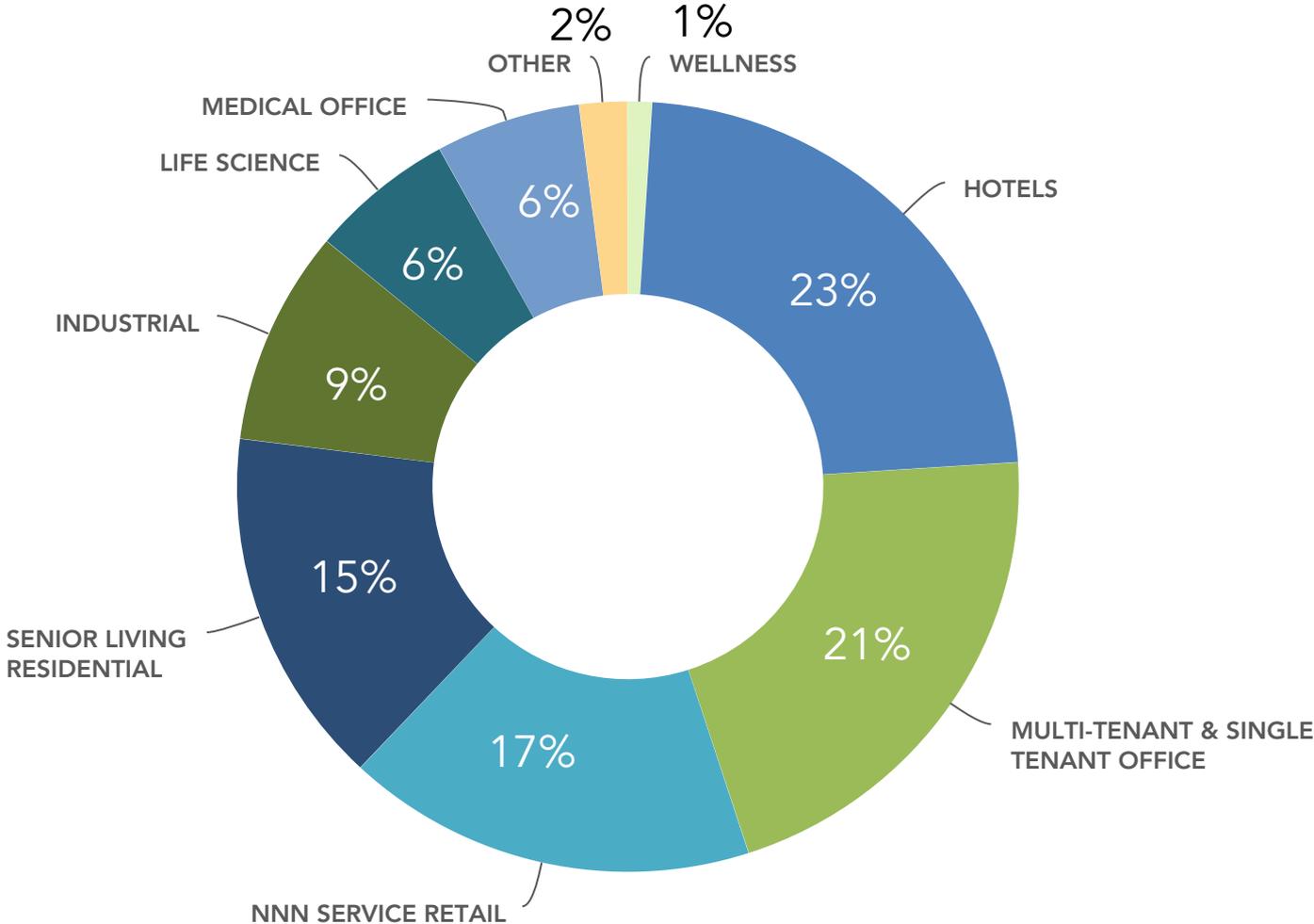
- Accounting
- Acquisitions/Dispositions
- Administration
- Asset Management
- Building Operations
- Compliance/Internal Audit
- Credit Analysis
- Development
- Engineering
- Finance
- Financial Planning
- Human Resources
- Information Services
- Investor Relations
- Leasing
- Legal
- Marketing
- Market Research
- Risk Management
- Tax

# NATIONAL VERTICALLY INTEGRATED OPERATING PLATFORM IS A DIFFERENTIATOR & COMPETITIVE ADVANTAGE



- ★ RMR corporate headquarters
- RMR offices
- RMR managed property or real estate business location

# DIVERSITY OF DIRECT REAL ESTATE STRATEGIES HELPS WEATHER DIFFERENT REAL ESTATE CYCLES



Note: Based on Gross AUM as of December 31, 2020, as defined on page 22.

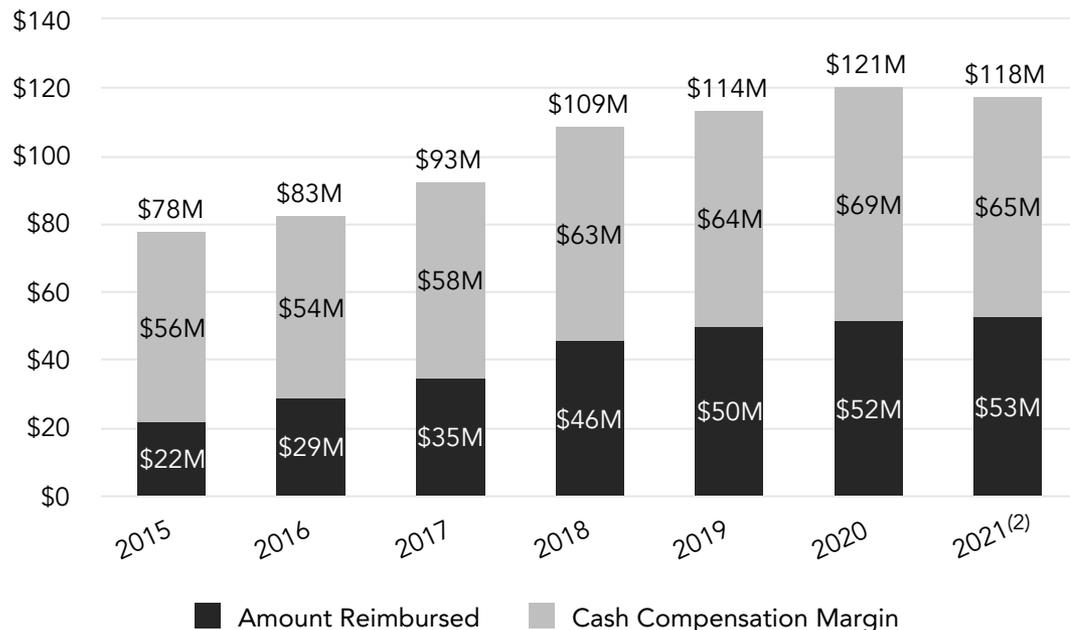
# RMR'S CLIENT COMPANY CONTRACTUAL TERMINATION PROVISIONS

	COMPANY	TERMINATION FEE CALCULATION
MANAGED EQUITY REITS	 <b>SERVICE PROPERTIES TRUST</b>	<p>If a management agreement is terminated by a Managed Equity REIT for convenience or by RMR LLC for good reason, the REIT is obligated to pay a termination fee equal to the sum of the present values of the monthly future fees, as defined in the agreement, payable for the remaining contractual term. Monthly future fees are determined based on the base management fees payable during the twelve months prior to termination, plus internal audit cost reimbursements.</p> <p>If a management agreement is terminated by a Managed Equity REIT for a performance reason, as defined in the agreement, the REIT is obligated to pay the termination fee calculated as described above, but assuming a remaining term of ten years.</p>
	 <b>DIVERSIFIED HEALTHCARE TRUST</b>	
	 <b>OFFICE PROPERTIES INCOME TRUST</b>	
	 <b>INDUSTRIAL LOGISTICS PROPERTIES TRUST</b>	
MANAGED OPERATORS		<p>If a Managed Operator terminates or does not renew its management agreement other than for cause, as defined, it is obligated to pay a termination fee equal to 2.875 times the sum of the annual base business management fees, including internal audit cost reimbursements. Annual base business management fees are determined based on average fees payable during the 24 months prior to termination.</p>
		
OTHER	 <b>RMR MORTGAGE TRUST</b>	<p>If the management agreement is terminated by TRMT or RMRM without cause or by Tremont Realty Advisors LLC for a material breach, TRMT and/or RMRM is obligated to pay a termination fee equal to three times the sum of (i) the average annual base management fee and (ii) the average annual incentive fee, in each case paid or payable during the 24 month period immediately preceding the most recently completed calendar quarter prior to the date of termination.</p>
	 <b>TREMONT MORTGAGE TRUST</b>	

Note: Sonesta International Hotels Corporation does not have a termination fee provision.

# EMPLOYMENT COSTS AND CLIENT COMPANY REIMBURSEMENT

## Cash Compensation & Recoverable Costs



- Compensation and benefits of property management personnel are reimbursable from our Client Companies.
  - For fiscal Q1 2021, RMR was reimbursed for 45% of cash compensation costs.
- Headcount increases over time, the costs for the majority of which were reimbursable, were the result of portfolio acquisitions at certain of our Managed Equity REITs.

Headcount <sup>(1)</sup>	2015	2016	2017	2018	2019	2020	2021 FQ1
Reimbursable (Field)	232	278	292	367	380	378	378
Non-Reimbursable (Corporate)	174	198	202	218	225	240	242
<b>Total</b>	<b>406</b>	<b>476</b>	<b>494</b>	<b>585</b>	<b>605</b>	<b>618</b>	<b>620</b>

(1) Information as of December 31, 2020 unless otherwise noted.

(2) Amounts reflect Fiscal 1Q21 data, annualized.

# DEFINITIONS AND ADDITIONAL NOTES

**Actual Base Business Management Fee:** Actual base business management fees paid, which was based on the average market capitalization for each Managed Equity REIT when the average market capitalization was lower than the historical cost of real estate assets for the applicable month.

**Fee Paying AUM:** The calculation of Fee Paying AUM for the Managed Equity REITs is calculated monthly based upon the lower of the average historical cost of each entity's real estate assets and its average market capitalization. For all of the other Client Companies, Fee Paying AUM equals Gross AUM and includes amounts that may differ from the measures used for purposes of calculating fees under the terms of the management agreements.

**Gross AUM:** The calculation of gross assets under management primarily includes: (i) the gross book value of real estate and related assets, excluding depreciation, amortization, impairment charges or other non-cash reserves, of the Managed Equity REITs, the Industrial Fund and ABP Trust, plus (ii) the gross book value of real estate assets, property and equipment of the Managed Operators, excluding depreciation, amortization, impairment charges or other non-cash reserves, plus (iii) the fair value of investments of Affiliates Insurance Company (until its dissolution on February 13, 2020) and the RMR Office Property Fund LP (until its dissolution on July 28, 2020) and the managed assets of RMRM and TRMT. This calculation of gross assets under management may include amounts that are higher than the calculations of assets under management used for purposes of calculating fees under the terms of the business management agreements.

**Maximum Base Business Management Fee:** The base business management fee calculated on the basis of historical cost of real estate assets.

Continued on next page.

# DEFINITIONS AND ADDITIONAL NOTES CONT.

**Non-GAAP Measures:** Several non-GAAP measures are referenced in this presentation, including EBITDA, Adjusted EBITDA, Adjusted EBITDA less Cash Tax Obligation and Adjusted EBITDA Margin. The RMR Group Inc. considers EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to be appropriate supplemental measures of its operating performance, along with net income, net income attributable to The RMR Group Inc, operating income and operating margin. These measures should be considered in conjunction with net income, net income attributable to The RMR Group Inc. and operating income as presented in The RMR Group Inc.'s condensed consolidated statements of income.

- EBITDA is defined as net income, plus income tax expense, depreciation and amortization.
- Adjusted EBITDA is calculated as EBITDA, adjusted for other asset amortization, operating expenses paid in the form of The RMR Group Inc.'s common shares, separation costs, transaction and acquisition related costs, straight-line office rent, the unrealized gain/loss on equity method investment accounted for under the fair value option, equity in earnings of investees and distributions from equity method investment.
- Adjusted EBITDA margin is the ratio of Adjusted EBITDA to our contractual management and advisory fees, excluding any incentive business management fees.

**Termination Fee Calculation:** The \$2.0 billion total estimated termination fee is the sum of the termination fees calculated under each of the applicable business and property management agreements based on the following assumptions: (a) assumed termination date of December 31, 2020; (b) for the Managed Equity REITs, monthly future fees were based on actual fees earned by RMR over the 12 months preceding the assumed termination date divided by twelve and, for purposes of determining present value, the monthly future fees were discounted using a rate equal to 1/12th of the sum of the applicable Treasury Rate for that future month plus 300bps; and (c) for TA, Five Star, TRMT and RMRM average annual fees are generally based on actual fees earned over the 24 months preceding the assumed termination date divided by two. Additionally, TRMT's termination fee includes an amount equal to their initial organizational costs that were previously paid by a subsidiary of RMR.

The estimated termination fee is presented for illustrative purposes only based on the assumptions described. Any actual termination fee may be higher or lower than the estimate depending on the actual calculation at the time, including then applicable fees, the then applicable discount rate and other factors.

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollars in 000s)

	<b>For the Three Months Ended December 31,</b>	
	<b>2021</b>	
<b>Reconciliation of EBITDA and Adjusted EBITDA from Net Income:<sup>(1)</sup></b>		
Net income	\$	19,753
Plus: income tax expense		2,756
Plus: depreciation and amortization		238
EBITDA		<u>22,747</u>
Plus: other asset amortization		2,354
Plus: operating expenses paid in the form of The RMR Group Inc.'s common shares		558
Plus: separation costs		4,159
Plus: transaction and acquisition related costs		117
Plus: straight line office rent		15
Less: unrealized gain on equity method investment accounted for under the fair value option		(8,122)
Less: equity in earnings of investees		(424)
Plus: distributions from equity method investment	\$	17
Adjusted EBITDA	\$	<u>21,421</u>
<b>Calculation of Operating Margin<sup>(1)</sup>:</b>		
Total management and advisory services revenues	\$	41,333
Operating Income	\$	13,732
Operating Margin		33.2 %
<b>Calculation of Adjusted EBITDA Margin:<sup>(1)</sup></b>		
Contractual management and advisory fees (excluding incentive business management fees, if any) <sup>(2)</sup>	\$	43,687
Adjusted EBITDA	\$	21,421
Adjusted EBITDA Margin		49.0 %

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES CONT.

- (1) EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures calculated as presented in the table above. The RMR Group Inc. considers EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin to be appropriate supplemental measures of its operating performance, along with net income, net income attributable to The RMR Group Inc., operating income and operating margin. The RMR Group Inc. believes that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because by excluding the effects of certain amounts, such as those outlined in the tables above, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin may facilitate a comparison of current operating performance with The RMR Group Inc.'s historical operating performance and with the performance of other asset management businesses. In addition, The RMR Group Inc. believes that providing Adjusted EBITDA Margin may help investors assess The RMR Group Inc.'s performance of its business by providing the margin that Adjusted EBITDA represents to its contractual management and advisory fees (excluding incentive business management fees, if any). EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net income, net income attributable to The RMR Group Inc., operating income or operating margin as an indicator of The RMR Group Inc.'s financial performance or as a measure of The RMR Group Inc.'s liquidity. Other asset management businesses may calculate EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin differently than The RMR Group Inc. does.
- (2) Contractual management and advisory fees are the base business management fees, property management fees and advisory fees The RMR Group Inc. or its subsidiaries earns pursuant to its management and investment advisory agreements with its client companies. These amounts are calculated pursuant to the contractual formulas and do not deduct other asset amortization required to be recognized as a reduction to management services revenues in accordance with GAAP and do not include the incentive business management fees that are recognized under GAAP.

# ILLUSTRATIVE CALCULATION OF INCENTIVE FEES

The incentive fee is equal to twelve percent (12%) of the product of the Equity Market Capitalization (as defined in the applicable agreement) and the amount by which the Total Return per share exceeds the Benchmark Return per share for each Managed Equity REIT, and the return of the Managed Equity REIT must be positive. This incentive fee is subject to a cap. For example, the calculation of the 2018 annual incentive fee earned from SVC in fiscal Q1 2019 was calculated as follows (amounts in 000s, except share and per share data):

## Measurement Period:

Begin Date	1/1/2016
End Date	12/31/2018

## Incentive fee calculation:

Weighted shares outstanding <sup>(1)</sup>		161,611,989
Weighted share price at beginning of measurement period <sup>(1)</sup>	\$	26.44
Equity Market Capitalization	\$	4,273,021
Total return % in excess of benchmark return % or adjusted benchmark return %		10.46 %
Product	\$	446,958
Contractual percentage		12.00 %
Incentive fee calculation	\$	53,635

## Total return in excess of benchmark return calculation:

Weighted share price at beginning of measurement period <sup>(1)</sup>	\$	26.44
Final share price at end of measurement period <sup>(2)</sup>		26.49
Change		0.05
Weighted dividends declared during the measurement period <sup>(1)</sup>		6.11
Total return per share	\$	6.16
Weighted total return % <sup>(1)</sup>		23.58%
Weighted SNL U.S. REIT Hotel Index total return % (benchmark) <sup>(1)</sup>		13.12%
Total return % in excess of benchmark return %		10.46%

## Maximum incentive fee calculation:

Total shares at end of measurement period		164,441,709
Percentage		1.50 %
Subtotal	\$	2,466,626
Final share price at end of measurement period <sup>(2)</sup>	\$	26.49
Incentive Fee cap	\$	65,341
<b>Incentive fee payable (lessor of calculated amount or maximum fee)</b>	<b>\$</b>	<b>53,635</b>

(1) Weighted amounts are adjusted for net additional common shares issued during the Measurement Period.

(2) The average closing price for the 10 consecutive trading days having the highest average closing prices during the final 30 trading days of the Measurement Period.

# EXPLANATION OF RMR INC.'S GAAP EFFECTIVE TAX RATE

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. RMR Inc. is a corporation subject to U.S. federal and state income tax with respect to our allocatable share of any taxable income of RMR LLC.

The following is an illustration calculating RMR Inc.'s effective tax rate as of December 31, 2020:

Federal Statutory Rate	21.0 %
Blended State Statutory Rate	5.6 %
Effective Tax Rate	26.6 %
RMR Inc. Ownership Percentage in RMR LLC	52.2 %
RMR Inc.'s Effective Tax Rate, on Consolidated Taxable Income	13.9 %
Permanent difference related to executive compensation limits	0.6 %
Other <sup>(1)</sup>	(2.3)%
Total	12.2 %

(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, which reduced the effective income tax rate for the quarter by 2.3%.

# ILLUSTRATIVE CALCULATION OF NONCONTROLLING INTEREST

ABP Trust owns 15,000,000 redeemable Class A Units of RMR LLC, representing 47.8% of the economic interest of RMR LLC as of December 31, 2020, which is presented as a noncontrolling interest in RMR Inc.'s consolidated financial statements.

	<b>Three Months Ended December 31, 2020</b>
Income before income tax expense	\$ 22,509
Add: RMR Inc. franchise tax expense and interest income	212
Net income before noncontrolling interest	22,721
Less: noncontrolling interest	(10,856)
Net income attributable to RMR Inc. before income tax expense	11,865
Less: income tax expense attributed to RMR Inc.	(2,756)
Less: RMR Inc. franchise tax expense and interest income	(212)
Net income attributable to RMR Inc.	<u>\$ 8,897</u>





THE  
RMR  
GROUP

# INVESTOR PRESENTATION

March 2021