



THE  
RMR  
GROUP

# INVESTOR PRESENTATION

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March 2023

# 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 that are subject to risks and uncertainties. These statements may include words such as “anticipate,” “believe,” “could,” “driving,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “will,” “would,” “considering,” and similar expressions.

Forward-looking statements reflect management’s current expectations, are based on judgments, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause RMR’s actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied in those forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to, the following: the dependence of RMR’s revenues on a limited number of clients; the variability of its revenues; risks related to supply chain constraints, commodity pricing and inflation, including inflation impacting wages and employee benefits; changing market conditions, practices and trends, which may adversely impact its clients and the fees RMR receives from them; the long-term impact of the COVID-19 pandemic on its clients’ businesses; potential terminations of the management agreements with its clients; increases in market interest rates, which may significantly reduce RMR’s revenues or impede its growth; RMR’s dependence on the growth and performance of its clients; its ability to obtain or create new clients for its business and other circumstances beyond RMR’s control; the ability of RMR’s 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 its clients; allegations, even if untrue, of any conflicts of interest arising from RMR’s management activities; its ability to retain the services of its managing directors and other key personnel; and RMR and its clients’ risks associated with RMR and its clients’ costs of compliance with laws and regulations, including securities regulations, exchange listing standards and other laws and regulations affecting public companies.

These factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included in RMR’s periodic filings. The information contained in RMR’s filings with the Securities and Exchange Commission (SEC), including under the caption “Risk Factors” in its periodic reports, or incorporated therein, identifies important factors that could cause differences from the forward-looking statements in this presentation. RMR’s filings with the SEC are available on its website and at [www.sec.gov](http://www.sec.gov).

You should not place undue reliance on forward-looking statements. Except as required by law, RMR undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

# RMR IS A DYNAMIC ALTERNATIVE ASSET MANAGER

The RMR Group (Nasdaq: RMR) is a leading U.S. alternative asset management company, unique for its focus on commercial real estate (CRE) and related businesses. RMR is headquartered in Newton, MA and was founded in 1986.

- Over 35 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.

Over

**\$37B**

AUM

Nearly

**2,100**

PROPERTIES

Approximately

**600**

PROFESSIONALS

More than

**30**

REAL ESTATE  
OFFICES

Note: All information throughout this presentation is as of December 31, 2022, except as noted. See Definitions and Additional Notes in appendix for terms used throughout this presentation.

## INVESTMENT HIGHLIGHTS

1

**Stable revenue base** with approximately 75% of RMR service revenues generated from 20-year evergreen contracts **with fixed base management fees**.

2

Significant potential **upside to base and incentive fee revenues** as underlying share prices recover.

3

With more than \$200 million of cash and no debt, we believe we have strong capacity to pursue a range of capital allocation strategies, with a focus on the **growth of our private capital business**.

A wide-angle photograph of a modern office lobby. The floor is made of large, light-colored marble tiles with dark veining. In the foreground, there are several beige leather armchairs and a glass coffee table with a small potted plant. To the right, a reception desk is visible with a man sitting at it. The background features large glass walls and pillars, offering a view of the street outside. The overall atmosphere is clean, bright, and professional.

# ASSETS UNDER MANAGEMENT AND CLIENT INFORMATION

440 First Street, NW, Washington, DC

# ASSETS UNDER MANAGEMENT (AUM) BY SOURCE

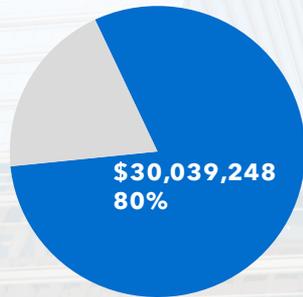
(\$ in thousands)

## AUM

## Fee-Earning AUM

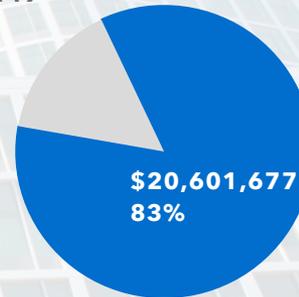
1Q'23

\$7,354,919  
20%



\$37,394,167

\$4,107,449  
17%

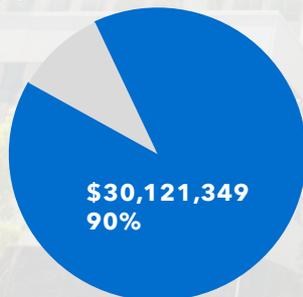


\$24,709,126<sup>(1)</sup>

■ Perpetual Capital  
■ Private Capital

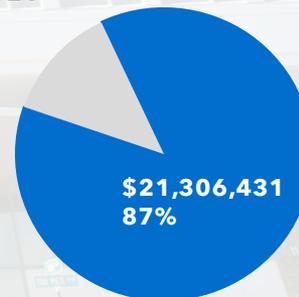
1Q'22

\$3,318,261  
10%



\$33,439,610

\$3,127,521  
13%



\$24,433,952

(1) Fee-earning AUM has been updated to correct a typographical error that was previously presented as of December 31, 2022.

# MANAGEMENT AND ADVISORY SERVICES REVENUES BY SOURCE<sup>(1)</sup>

(\$ in thousands)

## Base Business Management & Advisory Fees

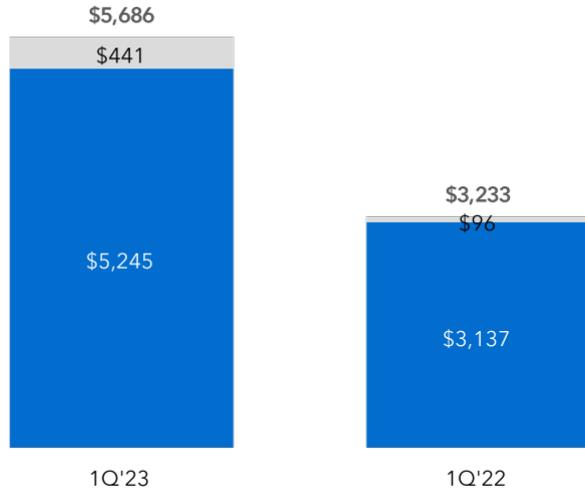


## Base Property Management Fees



■ Perpetual Capital  
■ Private Capital

## Construction Supervision Fees



## Total Management & Advisory Services Revenues



(1) Past fees are not an indication of future fees. 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, 2022. For management and advisory services revenues by client, see Definitions and Additional Notes in the Appendix.

# PERPETUAL CAPITAL AUM

	Commercial Real Estate Sector	AUM (\$ in thousands)	Fee-Earning AUM (\$ in thousands)
 Service Properties Trust (Nasdaq: SVC) <sup>(1)</sup>	Hotels / Retail	\$ 11,273,106	\$ 6,906,152
 Diversified Healthcare Trust (Nasdaq: DHC)	Medical Office & Life Science / Residential	7,364,926	3,235,870
 Office Properties Income Trust (Nasdaq: OPI)	Office	5,903,729	3,105,356
 Industrial Logistics Properties Trust (Nasdaq: ILPT) <sup>(2)</sup>	Industrial	2,647,962	4,504,774
 TravelCenters of America Inc. (Nasdaq: TA)	Retail	1,891,517	1,891,517
 Seven Hills Realty Trust (Nasdaq: SEVN)	Diversified	678,555	678,555
 AlerisLife Inc. (Private) <sup>(3)</sup>	Residential	279,453	279,453
<b>Total Perpetual Capital</b>		<b>\$ 30,039,248</b>	<b>\$ 20,601,677</b>

(1) Fee-earning AUM has been updated to correct a typographical error that was previously presented as of December 31, 2022.

(2) ILPT AUM excludes Mountain JV and ILPT Fee-Earning AUM includes Mountain JV.

(3) In March 2023, the acquisition of AlerisLife Inc. by ABP Acquisition LLC was completed and AlerisLife Inc. became a private company.

# PRIVATE CAPITAL AUM AND INVESTMENT PERFORMANCE

- **Private Capital AUM** increased more than 120% to \$7.4 billion compared to \$3.3 billion last year.

	AUM	Fee-Earning AUM	1Q'23 Net Internal Rate of Return	Inception to Date Net Internal Rate of Return
	<i>(\$ in thousands)</i>	<i>(\$ in thousands)</i>		
Industrial Real Estate Funds ("Core Plus") <sup>(1)</sup>	\$ 3,941,824	\$ 891,595	-%	8%
Medical Office & Life Science Real Estate Funds ("Core Plus")	2,406,626	2,406,626	(2)%	17%
Office Real Estate Funds ("Core Plus")	156,551	156,551	(2)%	4%
Hotel Real Estate (Sonesta)	430,353	430,353	NA	NA
Other Real Estate	419,565	222,324	NA	NA
<b>Total Private Capital</b>	<b>\$ 7,354,919</b>	<b>\$ 4,107,449</b>		

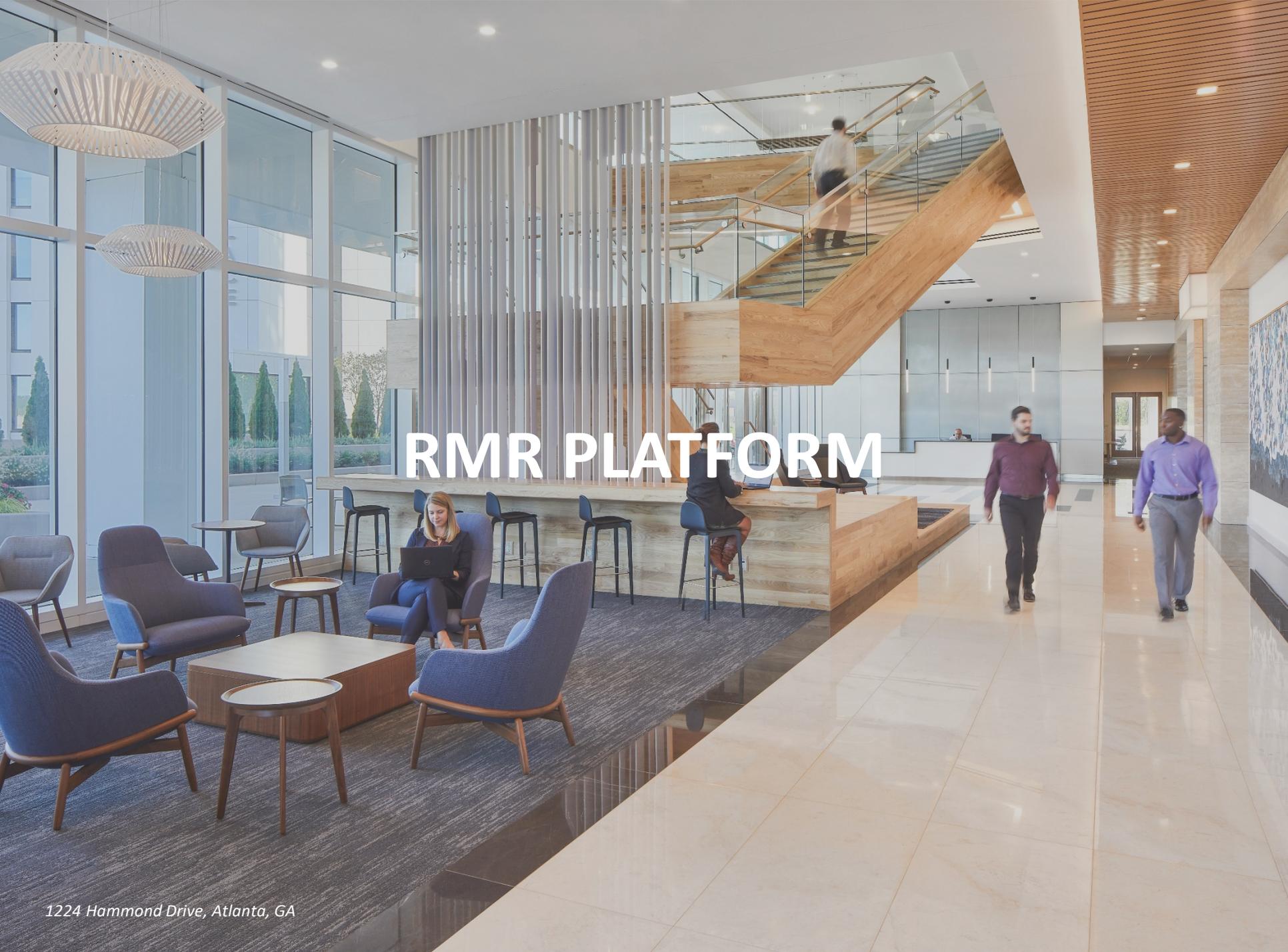
(1) Industrial Real Estate Funds AUM includes Mountain JV and Industrial Real Estate Funds Fee-Earning AUM excludes Mountain JV.

# RMR'S SIGNIFICANT CONTRACTUAL RELATIONSHIPS

	Client	Contractual Relationship <sup>(1)</sup>
MANAGED EQUITY REITS	 <b>SERVICE PROPERTIES TRUST</b>	<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>• Base property management revenues principally consist of monthly fees based on 3.0% of gross rents collected at managed properties.</li> <li>• Construction supervision revenues consist of fees up to 5.0% of the cost of certain construction activities undertaken at the 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>
	 <b>DIVERSIFIED HEALTHCARE TRUST</b>	
	 <b>OFFICE PROPERTIES INCOME TRUST</b>	
	 <b>INDUSTRIAL LOGISTICS PROPERTIES TRUST</b>	
PRIVATE CAPITAL	 <b>SONESTA</b>	Consists of monthly fees based on 60 bps per annum multiplied by revenues (as defined in the agreement).
	<b>Other Private Capital Vehicles</b>	<ul style="list-style-type: none"> <li>• Management fees earned from other Private Capital clients are based on a percentage of average invested capital as defined in the applicable management agreements.</li> <li>• Property management fees from other Private Capital clients consist of monthly fees based on 3.0% of gross rents collected at managed properties.</li> <li>• Construction supervision revenues consist of fees up to 5.0% of the cost of certain construction activities undertaken at the properties.</li> </ul>

If our clients were entitled and elected to terminate our management agreements, gross potential termination fees could represent as much as \$1.7 billion in cash payments.

(1) 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, 2022.



# RMR PLATFORM

# 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



**Jacquelyn Anderson**  
Senior Vice President



**Christopher Bilotto**  
Senior Vice President



**Timothy Bonang**  
Senior Vice President



**Matthew Brown**  
Senior Vice President



**Dave Campoli**  
Senior Vice President



**Gregory Carey**  
Senior Vice President



**Peter Crage**  
Senior Vice President



**Brian Donley**  
Senior Vice President



**Yael Duffy**  
Senior Vice President



**Todd Hargreaves**  
Senior Vice President



**Jeffrey Leer**  
Senior Vice President



**Thomas Lorenzini**  
Senior Vice President



**Richard Siedel**  
Senior Vice President



**Mark Young**  
Senior Vice President

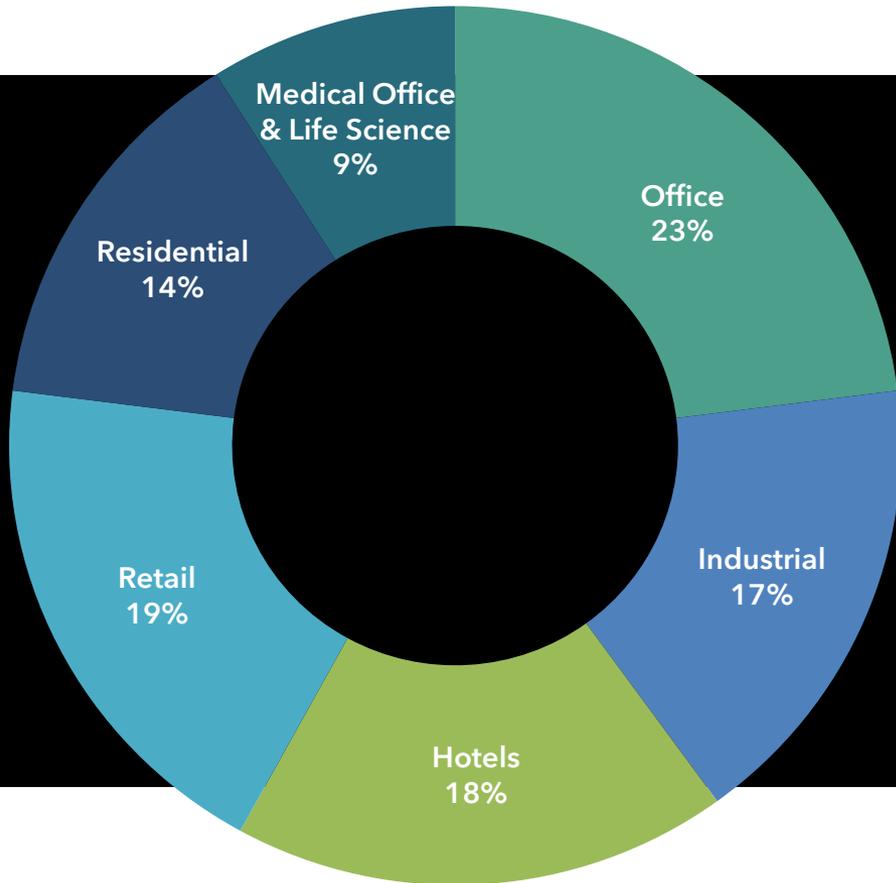
## RMR SHARED SERVICES

- 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 AND COMPETITIVE ADVANTAGE



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



## *Our Diversified Approach Drives Our Performance*

Despite a challenging economic environment, both the durability of RMR's business and diversity of the real estate sectors in which we manage assets contributed to strong first quarter results consistent with our quarterly guidance. Our asset management business brings scale to both our public and private clients, with a history of strong, sustainable growth.

# RMR'S COMPREHENSIVE APPROACH TO REAL ESTATE

## Exceptional Value Creation

### Executing Passionately

- Engrained culture- "Like we own it."
- Sophisticated in-house engineering.
- Best in class responsiveness.
- Agile, accountable, & entrepreneurial.

### Maximizing Results

- Accretive capital deployment.
- Market leading leasing execution.
- Economies of scale optimize performance.
- Comprehensive capex guidance.
- Value additive internal construction & development.

## Industry-Leading Sustainability & Data Analytics Platform

### Focusing on Sustainability

- Zero emissions promise.
- Advanced energy automation & analytics.
- Green building leadership (Green Leasing, Energy Star, LEED, BOMA).
- Proactive environmental risk mitigation programs.

### Data Driven Decision Making

- Proprietary property insights platform.
- Early adopters of property technology.
- Pricing & concessions intelligence.
- Geo1 predictive meteorology & emergency response mobilization.
- Resilient cyber-security platform.

## Vertically Integrated Organization

### Leveraging Depth of Capabilities Across Sectors

- Scale driven human capital efficiencies.
- National network of local market leaders.
- Significant investments in continuing education & apprentice programs.
- Leadership in industry groups and trade associations.

## INNOVATIVE THINKING DRIVING LONG TERM PERFORMANCE



Investments to enhance tenant experience



Sustainability partnership with tenants



Building optimization through proprietary technology

# A WINNING TRADITION

## Domestic Scale Across U.S. Sectors<sup>(1)</sup>



## RMR Recognition



Fortune Magazine's Fastest Growing Companies ranked 75th 2019

Women on Boards; Winning Organization 2020

Ranked Boston Globe's Top Places to Work 2020, 2021, 2022

Boston Business Journal; Middle Market Companies 2020, 2021, 2023

(1) Real estate ownership rankings for Retail, Hotel, Industrial, Office and Travel Centers utilize property count rankings generated from Real Capital Analytics, as of December 31, 2022. Senior Living Real Estate Ownership and Senior Living Operator rankings are sourced from the 2022 ASHA 50 annual publication as of June 1, 2022. Hotel Operator rankings sourced from STR Inc as of February 2023.

# DEMONSTRATED COMMITMENT TO ESG

## ENVIRONMENTAL

### Zero Emissions Promise

by 2050 for all RMR managed properties, committed to aligning with science-based targets.

RMR ENERGY STAR

### Partner of the Year

Sustained Excellence (awarded in 2022)

OPI ENERGY STAR

### Partner of the Year

Sustained Excellence (awarded in 2022)

## GREEN BUILDING CERTIFICATIONS

58

LEED certified properties



55

BOMA 360 designated properties



77

ENERGY STAR certified properties



RMR Ranks 2nd Nationwide for 2022 BOMA 360 Designations

## SOCIAL

### HIRING

#### Diversity, Equity & Inclusion

Introduced and completed three cycles of Accelerated Women in Leadership Program (AWLP).

#### Next Generation Executive Program

Sponsoring three rising leaders participation in NGE, a group preparing promising multi-cultural leaders for leadership.

#### Women in Engineering

Empowering women to join our National and Regional Engineering teams.

### EMPLOYEE GROWTH

Promoting continued education through

#### Tuition Assistance

of \$20,000 per employee annually to expand industry knowledge and skill sets.

#### IREM CPM Credentialing

In 2021 launched a partnership with IREM that enables members of RMR's Real Estate Services staff to obtain CPM designations.

#### Live Well

Supporting employees in improving their health and well-being by hosting monthly webinars and bi-monthly competitions.

## INDUSTRY RECOGNITION

OPI and ILPT named "Fastest Growing Middle Market Company in Massachusetts"

by Boston Business Journal in 2021.

OPI and DHC awarded Gold-level Green Lease Leader

recognition for environmentally-friendly lease form.

RMR and OPI named ENERGY STAR Partner of the Year

by U.S. EPA and U.S. Department of Energy.

RMR named "2022 Top Places to Work" for the

third year in a row by The Boston Globe.

RMR named "Best Place to Work" in 2022

by Globe St. Real Estate Forum.

RMR's second IREM Award for

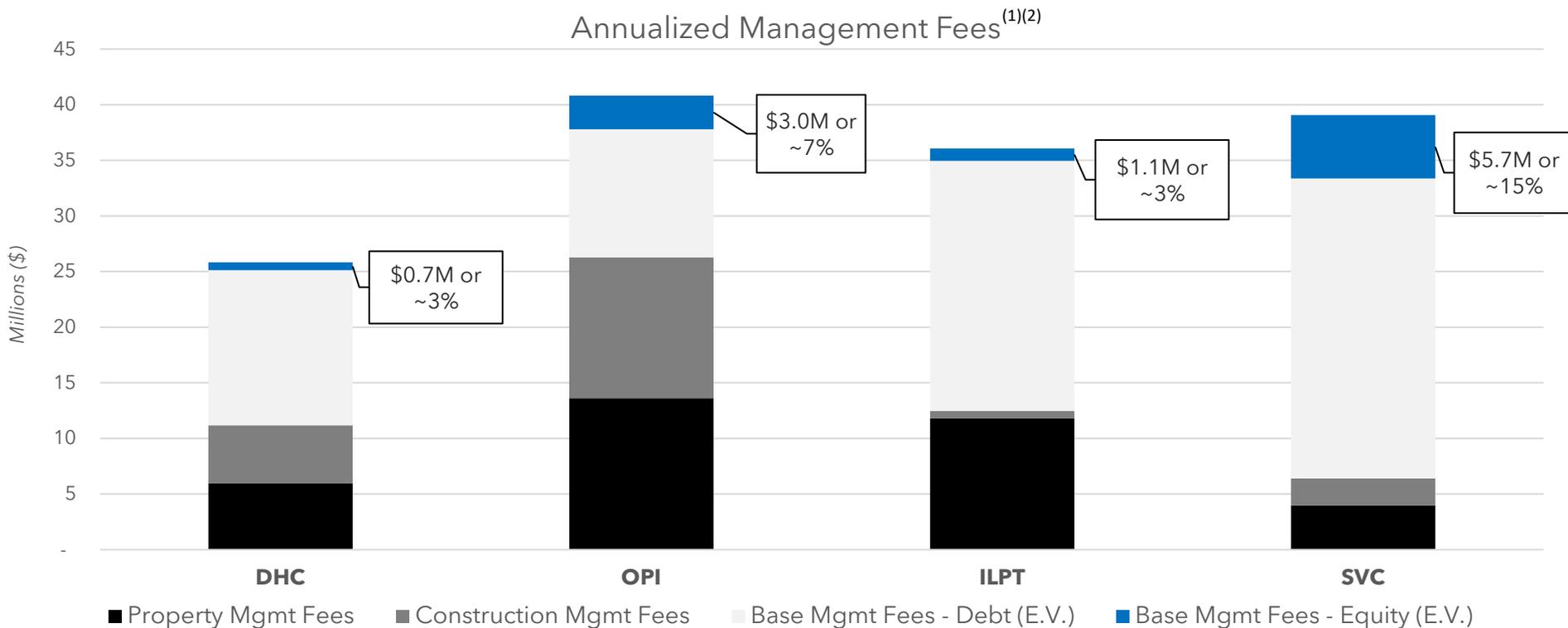
Corporate Excellence award for the company's commitment to the profession, extraordinary achievements and community impact.

A photograph of an outdoor lounge area at the Sonesta Resort Hilton Head Island. The scene features a curved, grey wicker sofa with colorful patterned cushions and a round wooden table. In the background, there are several orange patio umbrellas, white wicker chairs, and a dining table. The area is surrounded by palm trees and a modern building with a glass railing. The text "VALUE PROPOSITION" is overlaid in the center of the image.

# VALUE PROPOSITION

# LIMITED MANAGEMENT FEE DOWNSIDE FROM CURRENT REIT STOCK PRICE LEVELS

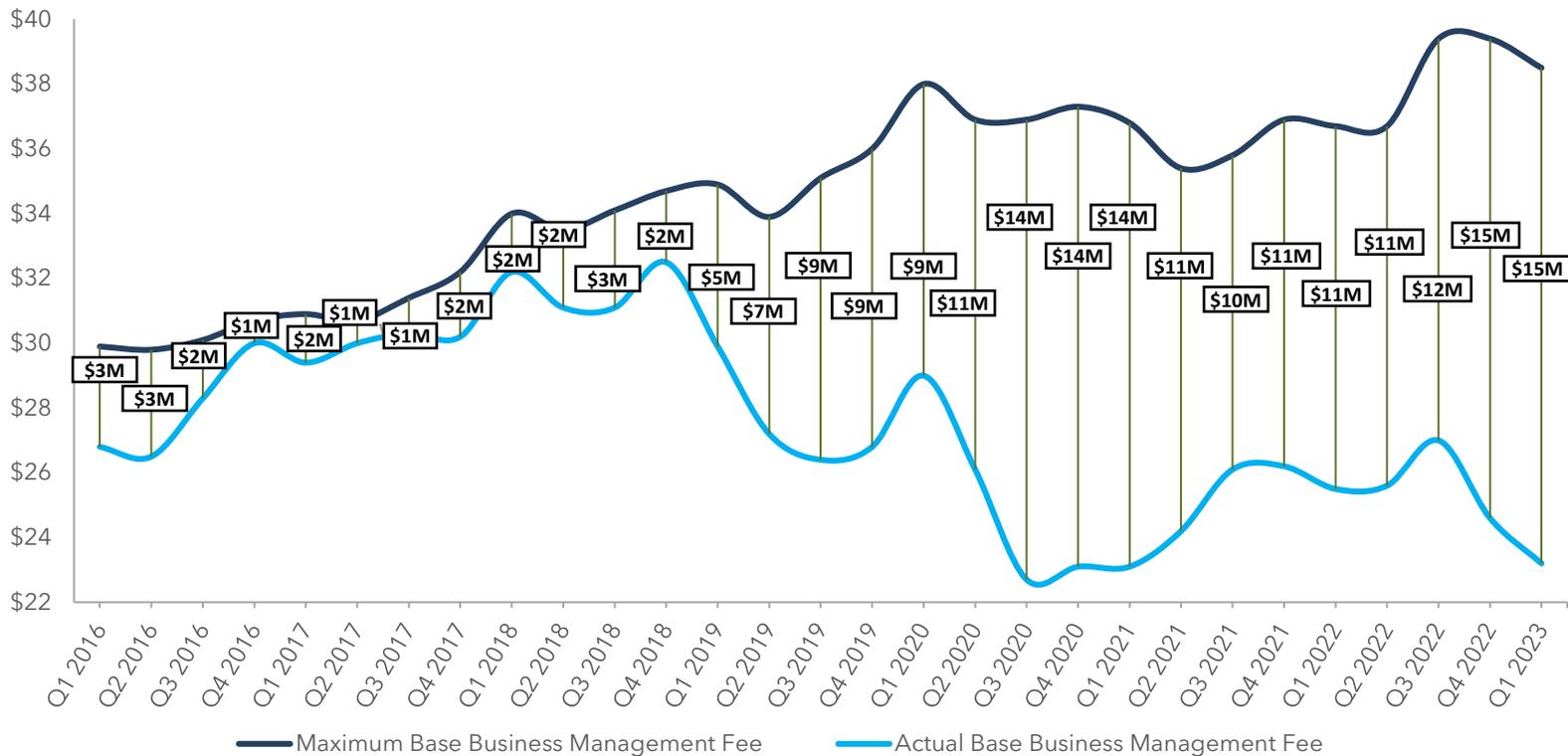
- All Managed Equity REITs currently pay base business management fees on an enterprise value, or E.V., basis.
- Base business management fees derived from the equity component of the E.V. for the Managed Equity REITs currently total approximately \$11M, or just 5.3% of RMR's total annualized revenues.<sup>(1)(2)</sup>
- At current REIT share price levels, we believe there is limited fee downside to RMR as illustrated below.
- As REIT share price improvements occur, any revenue growth seen primarily in base management fees is largely accretive to EBITDA.



(1) Amounts represent actual results for the three months ended December 31, 2022 annualized.

(2) Calculations assume that consolidated indebtedness of the clients remains unchanged.

# STRONG ALIGNMENT OF INTEREST BETWEEN RMR AND THE MANAGED EQUITY REITS<sup>(1)</sup>



Annualized Revenue Opportunity \$60M<sup>(2)</sup>

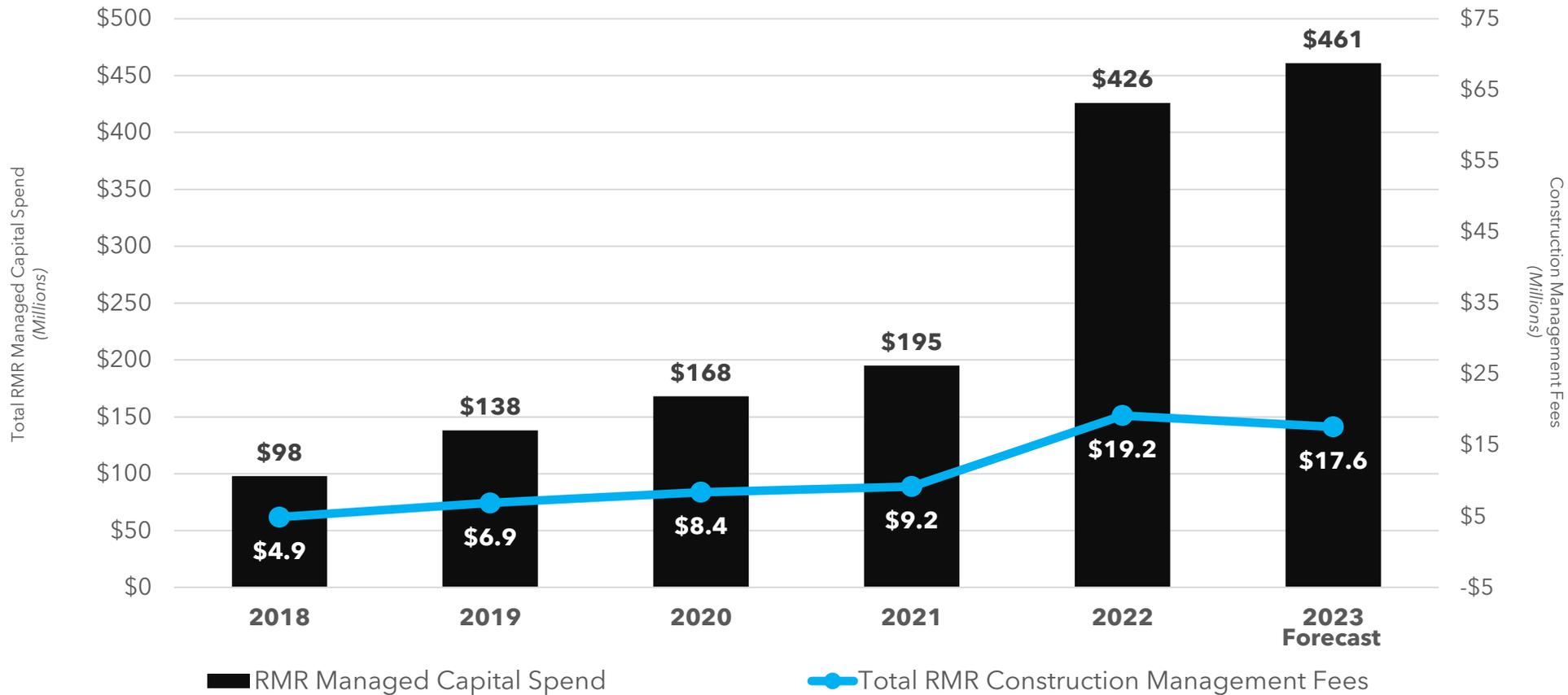
Actions underway at the Managed Equity REITs to improve share prices include, but are not limited to:

- Improving the balance sheets at SVC, DHC and ILPT.
- SVC has executed on \$560 million of dispositions while enhancing its balance sheet.
- Maintaining Office REIT industry outperformance by continued delivery of strong leasing results and strategically pursuing capital recycling opportunities at OPI.
- Capture the upside driven by the ongoing recovery of senior living fundamentals through significant investment within DHC's senior living portfolio.

(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) Annualized revenue opportunity represents actual results for the quarter ended December 31, 2022 annualized.

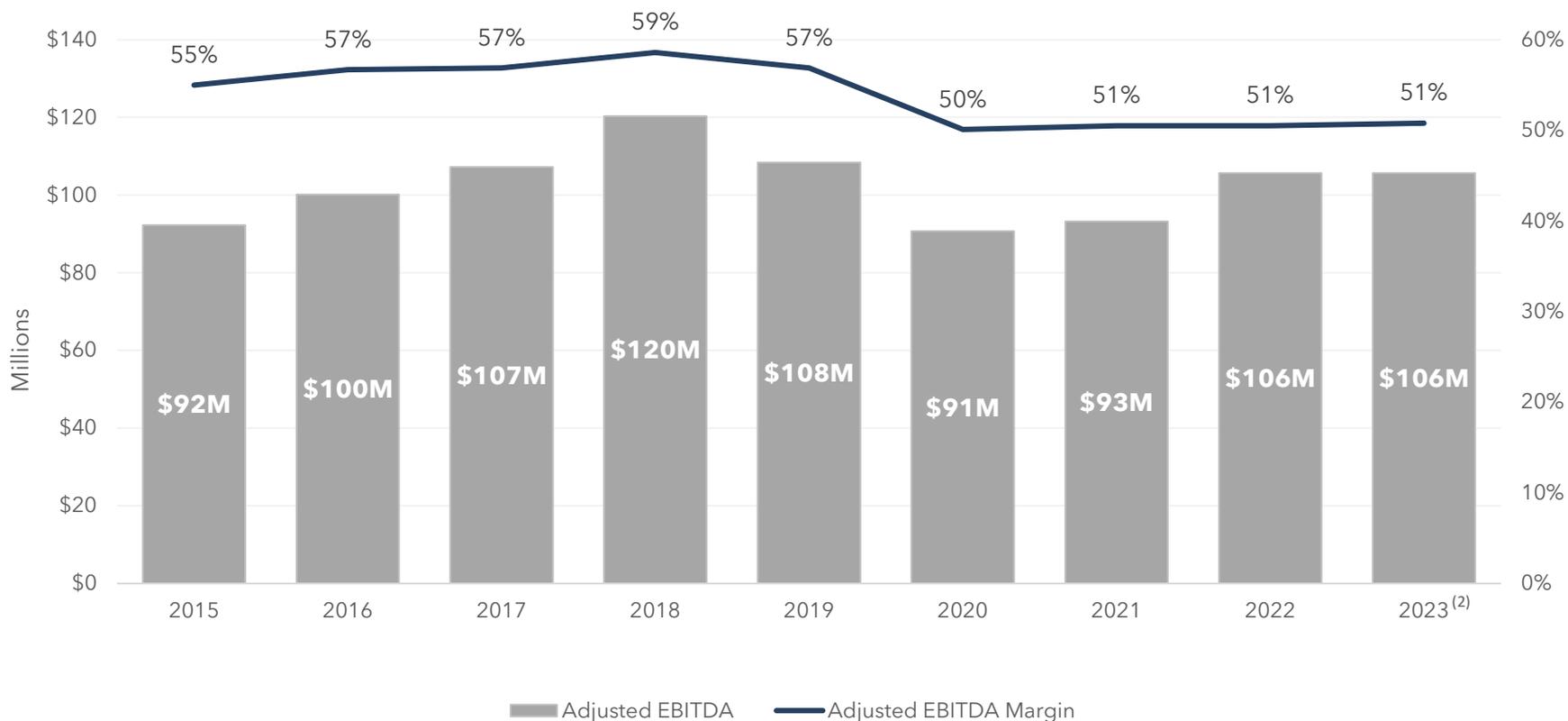
# GROWTH IN RMR'S CONSTRUCTION MANAGEMENT FEES



- In recent quarters, RMR has made significant investments in its in-house construction management capabilities.
- We are projecting an 8% increase in RMR managed capital spend in calendar year 2023 compared to the prior year as development expands into hotel and senior living assets.
- Construction management revenues are expected to decrease 8% year-over-year, as hotel and senior living development fees are slightly lower than fees for office, industrial and retail assets.

# RMR'S ADJUSTED EBITDA MARGIN REFLECTS ITS DEMONSTRATED OPERATING LEVERAGE

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



(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 Net Income Margin, which represents Net 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 Net Income Margin and Adjusted EBITDA Margin.

(2) Amount reflects fiscal Q1 2023 annualized.

# STRONG BALANCE SHEET & WELL COVERED DIVIDEND

## Summary Balance Sheet

(\$ in thousands)	As of December 31, 2022	
Cash and cash equivalents	\$	200,965
Other assets		363,572
Total assets	\$	<u>564,537</u>
Total debt	\$	--
Total liabilities		195,245
Total equity		369,292
Total liabilities and equity	\$	<u>564,537</u>

## Dividend Payout

(\$ in thousands)	Fiscal Q1 2023	
Adjusted EBITDA <sup>(1)</sup>	\$	26,421
Less: Tax distributions to members <sup>(2)</sup>		(8,094)
Distributable Earnings <sup>(1)</sup>	\$	<u>18,327</u>
Common share distributions	\$	<u>11,442</u>
Payout Ratio		<u>62.4%</u>

- Adjusted EBITDA for fiscal Q1 2023 was in excess of \$26M and a resulting Adjusted EBITDA Margin of over 50%.
- RMR can potentially earn incentive fees from the Managed Equity REITs, which garner approximately 100% margin flow through. Between calendar 2015 and 2022, RMR averaged over \$48 million per year in incentive fees.
- 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 Distributable Earnings are non-GAAP financial measures. See Appendix for a reconciliation of these financial measures to the most directly comparable financial measures 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 and respective ownership percentages. For the three months ended December 31, 2022, RMR LLC made required quarterly tax distributions totaling \$8.1M, of which \$4.3M was distributed to The RMR Group Inc. and \$3.8M 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 acquisition volume of approximately \$12 billion for our clients since our public listing.
- Building scale at SEVN, our commercial lending platform.
- Increases in Managed Equity REITs' share prices may generate increased base business management and incentive fees (ex. "Lost Revenue Opportunity" of \$60M).

## EXPAND PRIVATE CAPITAL VEHICLES

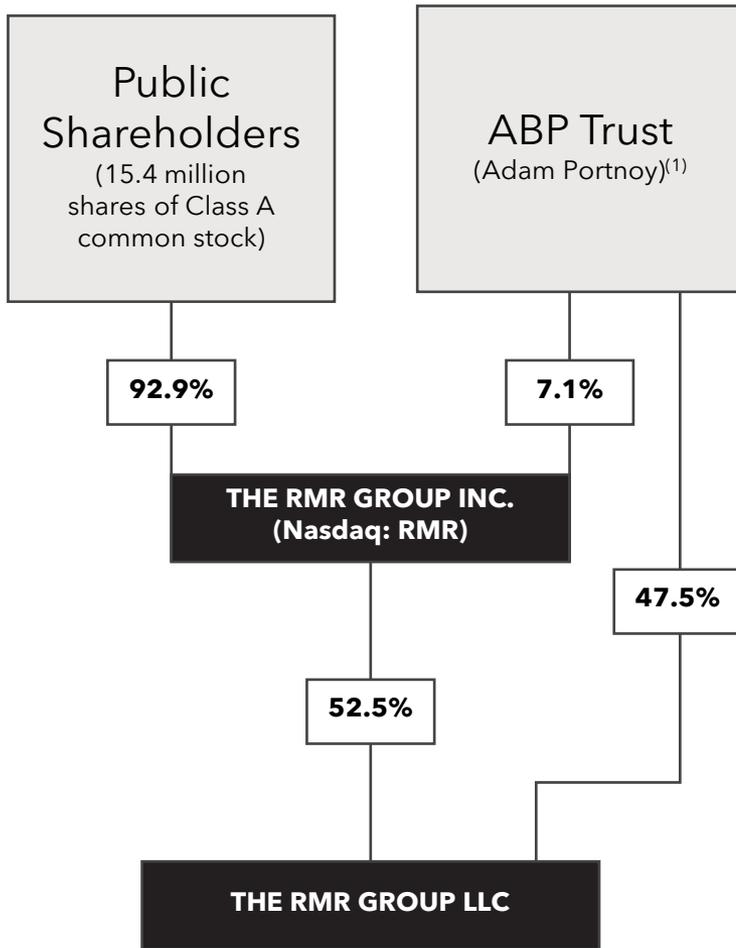
- Increasing levels of investment allocations to alternatives, including real estate.
- Leverage joint venture relationships to support future acquisitions.
- Strategic relationship building with private capital offers cross-selling opportunities and could facilitate future allocations to new product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

## UTILIZE RMR'S BALANCE SHEET

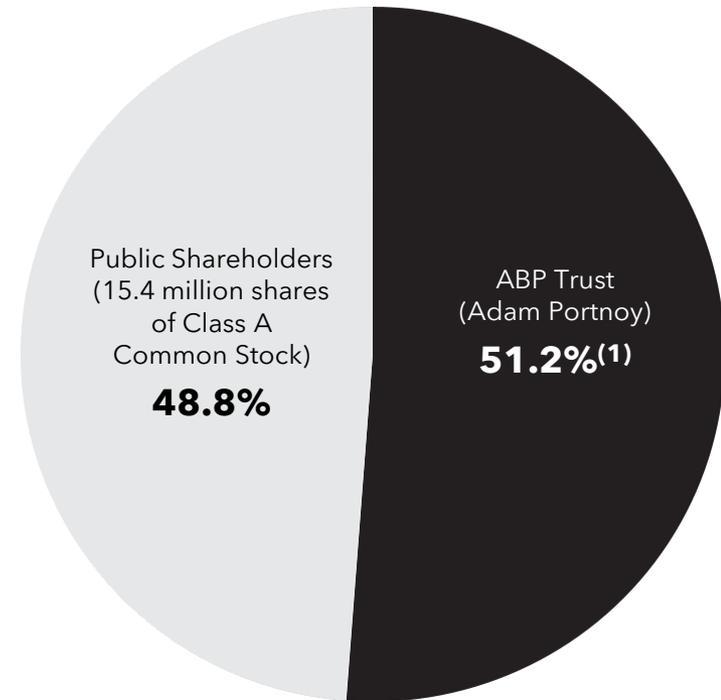
- Deploy balance sheet to seed and/or coinvest in new ventures, which could expand our number of clients.
- Possible strategic partnerships and team lift-outs.
- Identify possible strategic acquisition targets in real estate private equity.

# APPENDIX

# 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, 2022.

(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 185,502 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 91.2% 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.

# 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.

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

- **Assets Under Management (AUM)** All references in this presentation to AUM on, or as of, a date are calculated at a point in time.
  - **AUM** primarily includes: (i) the historical cost of real estate and related assets, excluding depreciation, amortization, impairment charges or other non-cash reserves, of the Managed Equity REITs and the Private Capital clients (excluding Sonesta), plus (ii) the gross book value of real estate assets, property and equipment of ALR, TA and Sonesta, excluding depreciation, amortization, impairment charges or other non-cash reserves, plus (iii) the carrying value of loans held for investment at SEVN. Upon deconsolidation from a Managed Equity REIT, the respective real estate and related assets are characterized as Private Capital and their historical cost represents the fair value of the real estate at the time of deconsolidation.
  - **Fee-Earning AUM** is calculated (i) monthly for the Managed Equity REITs, based upon the lower of the average historical cost of each REIT's properties and its average market capitalization, plus (ii) for all other clients, Fee-Earning AUM equals AUM and includes amounts that may differ from the measures used for purposes of calculating fees under the terms of the respective management agreements.

For additional information on the calculation of AUM for purposes of the fee provisions of the business management agreements, see RMR's Annual Report on Form 10-K for the fiscal year ended September 30, 2022, filed with the SEC. RMR's SEC filings are available at the SEC website: [www.sec.gov](http://www.sec.gov).

- **Managed Equity REITs** includes Diversified Healthcare Trust (DHC), Industrial Logistics Properties Trust (ILPT), Office Properties Income Trust (OPI) and Service Properties Trust (SVC).
- **Mountain JV** refers to Mountain Industrial REIT LLC, a joint venture in which ILPT owns a majority interest (and accordingly is presented in ILPT's consolidated results).
- **Net Internal Rate of Return (Net IRR)**, for the quarter represents a time-weighted return, which is calculated by determining the percentage change in net asset value based on contributions, distributions and unrealized fair value as of the reporting date, after the impact of all management fees and joint venture and fund level expenses. Inception to date Net IRR represents a dollar-weighted return, which is calculated based on the timing of cash flows of the joint venture and fund. Partial year Net IRR is not annualized. Due to the nature of its calculation, the timing of investment cash flows reflected in Net IRR may differ from the timing of actual investment cash flows for the joint venture and fund. In addition, Net IRR may differ from an individual investor's Net IRR due to the timing of that investor's contributions to the joint venture or fund.
- **Perpetual Capital** includes the Managed Equity REITs, Seven Hills Realty Trust (SEVN), AlerisLife Inc. (ALR) and TravelCenters of America Inc. (TA).
- **Private Capital** primarily consists of private entities that own commercial real estate and Sonesta International Hotels Corporation (Sonesta). Some of the Managed Equity REITs own minority interests in certain of these entities.

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# DEFINITIONS AND ADDITIONAL NOTES CONT.

**Non-GAAP Measures:** Several non-GAAP measures are referenced in this presentation, including EBITDA, Adjusted EBITDA, Distributable Earnings and Adjusted EBITDA Margin. The RMR Group Inc. considers EBITDA, Adjusted EBITDA, Distributable Earnings 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. and net income margin. These measures should be considered in conjunction with net income and net income attributable to The RMR Group Inc. as presented in The RMR Group Inc.'s 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, straight-line office rent, the unrealized gain/loss on equity method investments accounted for under the fair value option, separation costs, technology transformation investments, distributions from equity method investments and incentive business management fees earned, if any.
- Adjusted EBITDA margin is the ratio of Adjusted EBITDA to our contractual management and advisory fees, excluding any incentive business management fees.
- Distributable Earnings is calculated as Adjusted EBITDA less amounts payable for tax obligations.

**Termination Fee Calculation:** The \$1.7 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, 2022; (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 and ALR average annual fees are generally based on actual fees earned over the 24 months preceding the assumed termination date divided by two. Additionally, in the event the management agreement is terminated by SEVN without a cause event or by Tremont Realty Capital LLC for a material breach, SEVN will be required to pay Tremont Realty Capital LLC a termination fee equal to (a) 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 to Tremont Realty Capital LLC during the 24 month period immediately preceding the most recently completed calendar quarter prior to the date of termination or, if such termination occurs within 24 months of its initial commencement, the base management fee and the incentive fee will be annualized for such two year period based on such fees earned by Tremont Realty Capital LLC during such period, plus (b) \$1.6 million. In addition, the initial organizational costs related to Tremont Mortgage Trust's formation and the costs of its initial public offering and the concurrent private placement that Tremont Mortgage Trust had paid pursuant to its management agreement with Tremont Realty Capital LLC will be included in the "Termination Fee" under and as defined in SEVN's management agreement with Tremont Realty Capital LLC. No termination fee will be payable if the management agreement is terminated by SEVN for a cause event or by Tremont Realty Capital LLC without SEVN's material breach.

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.

# DEFINITIONS AND ADDITIONAL NOTES CONT.

## MANAGEMENT AND ADVISORY SERVICES REVENUES BY CLIENT

BASE BUSINESS MANAGEMENT & ADVISORY FEES	
(\$ in thousands)	1Q'23
DHC	\$ 3,664
ILPT	5,902
OPI	3,639
SVC	8,168
SEVN	1,091
ALR	1,264
TA	4,191
Total Perpetual Capital	27,919
Sonesta	2,111
Other private entities	3,012
Total Private Capital	5,123
Total Base Business Management & Advisory Fees	\$ 33,042

BASE PROPERTY MANAGEMENT FEES	
(\$ in thousands)	1Q'23
DHC	\$ 1,492
ILPT	2,948
OPI	3,404
SVC	990
Total Perpetual Capital	8,834
Sonesta	–
Other private entities	2,077
Total Private Capital	2,077
Total Base Property Management Fees	\$ 10,911

# DEFINITIONS AND ADDITIONAL NOTES CONT.

## MANAGEMENT AND ADVISORY SERVICES REVENUES BY CLIENT CONT.

<b>CONSTRUCTION SUPERVISION FEES</b>	
<i>(\$ in thousands)</i>	<b>1Q'23</b>
DHC	\$ 1,300
ILPT	170
OPI	3,165
SVC	610
Total Perpetual Capital	5,245
Sonesta	15
Other private entities	426
Total Private Capital	441
Total Construction Supervision Fees	\$ 5,686

<b>TOTAL MANAGEMENT &amp; ADVISORY SERVICES REVENUE</b>	
<i>(\$ in thousands)</i>	<b>1Q'23</b>
DHC	\$ 6,456
ILPT	9,020
OPI	10,208
SVC	9,768
SEVN	1,091
ALR	1,264
TA	4,191
Total Perpetual Capital	41,998
Sonesta	2,126
Other private entities	5,515
Total Private Capital	7,641
Total Management & Advisory Services Revenues	\$ 49,639

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## RECONCILIATION OF EBITDA AND ADJUSTED EBITDA FROM NET INCOME<sup>(1)</sup>

(\$ in thousands)	1Q'23
Net income	\$ 14,240
Income tax expense	2,484
Depreciation and amortization	268
<b>EBITDA</b>	<b>16,992</b>
Other asset amortization	2,354
Operating expenses paid in the form of The RMR Group Inc.'s common shares	561
Separation costs	438
Straight line office rent	(100)
Unrealized loss on equity method investments accounted for under the fair value option	5,314
Distributions from equity method investments	427
Technology transformation investments	435
<b>Adjusted EBITDA</b>	<b>\$ 26,421</b>

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES CONT. CALCULATION OF NET INCOME MARGIN, ADJUSTED EBITDA MARGIN AND DISTRIBUTABLE EARNINGS

(\$ in thousands)	1Q'23
<b>Calculation of Net Income Margin:</b>	
Total management and advisory services revenues	\$ 49,639
Net income	\$ 14,240
<b>Net Income Margin</b>	<b>28.7%</b>
<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>	\$ 51,993
Adjusted EBITDA	\$ 26,421
<b>Adjusted EBITDA Margin</b>	<b>50.8%</b>
<b>Calculation of Distributable Earnings<sup>(3)</sup>:</b>	
Adjusted EBITDA	\$ 26,421
Less: Tax distributions to members <sup>(4)</sup>	(8,094)
<b>Distributable Earnings</b>	<b>\$ 18,327</b>
Class A and Class B-1 Common Share Distributions	\$ 6,642
Class A Units Distributions	4,800
<b>Total Distributions</b>	<b>\$ 11,442</b>

# 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 tables above. EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are supplemental measures used to assess operating performance, along with net income, net income attributable to The RMR Group Inc. and net income 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. The RMR Group Inc. also 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 net income or cash generated by operating activities determined in accordance with GAAP, and should not be considered as alternatives to net income, or net income margin determined in accordance with GAAP, as indicators of The RMR Group Inc.'s financial performance or as measures 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 agreements. These amounts are calculated pursuant to the contractual formulas and do not deduct other asset amortization of \$2,354 for the three months ended December 31, 2022, required to be recognized as a reduction to management services revenues in accordance with GAAP.

Continued on next page.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES CONT.

3. Distributable Earnings is a non-GAAP financial measure calculated as presented in the table above. The RMR Group Inc. considers Distributable Earnings to be an appropriate measure of its operating performance, along with net income attributable to The RMR Group Inc. The RMR Group Inc. believes that Distributable Earnings provides useful information to investors because by excluding amounts payable for tax obligations, it increases comparability between periods and more accurately reflects earnings that may be available for distribution to shareholders. Distributable Earnings is among the factors The RMR Group Inc.'s Board of Directors considers when determining shareholder dividends. Other asset management businesses may calculate Distributable Earnings differently than The RMR Group Inc. does.
  
4. 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 and respective ownership percentages. Estimated tax liabilities are determined quarterly on a cumulative basis. As such, there may be fluctuations from quarter to quarter to account for prior periods where pro rata cash distributions were more or less than amounts determined cumulatively through a particular quarter. For the three months ended December 31, 2022, RMR LLC made required quarterly tax distributions as follows:

	<b>Three Months Ended December 31, 2022</b>	
RMR LLC tax distributions to The RMR Group Inc.	\$	4,255
RMR LLC tax distributions to non-controlling interest		3,839
Total RMR LLC tax distributions to members	\$	<u>8,094</u>

# ILLUSTRATIVE CALCULATION OF INCENTIVE FEES FROM MANAGED EQUITY REITS

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 thousands, except share and per share data):

<b>Measurement Period:</b>	
Begin Date	1/1/2016
End Date	12/31/2018
<b>Incentive fee calculation:</b>	
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
<b>Total return in excess of benchmark return calculation:</b>	
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%
Benchmark total return % <sup>(1)</sup>	13.12%
Total return % in excess of benchmark return %	10.46%
<b>Maximum incentive fee calculation:</b>	
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>\$ 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, 2022:

Federal Statutory Rate	21.0 %
Blended State Statutory Rate	5.6 %
Effective Tax Rate	26.6 %
RMR Inc. Ownership Percentage in RMR LLC	52.5 %
RMR Inc.'s Effective Tax Rate, on Consolidated Taxable Income	14.0 %
Permanent difference related to executive compensation limits	0.9 %
Total	14.9 %



# ILLUSTRATIVE CALCULATION OF NONCONTROLLING INTEREST

ABP Trust owns 15,000,000 redeemable Class A Units of RMR LLC, representing 47.5% of the economic interest of RMR LLC as of December 31, 2022, which is presented as a noncontrolling interest in RMR Inc.'s consolidated financial statements.

	<b>Three Months Ended December 31, 2022</b>	
Income before income tax expense	\$	16,724
Less: RMR Inc. franchise tax expense and interest income		(74)
Net income before noncontrolling interest		16,650
Less: noncontrolling interest		(7,903)
Net income attributable to RMR Inc. before income tax expense		8,747
Less: income tax expense attributed to RMR Inc.		(2,484)
Plus: RMR Inc. franchise tax expense and interest income		74
Net income attributable to RMR Inc.	\$	6,337





THE  
RMR  
GROUP

# INVESTOR PRESENTATION

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March 2023