



The RMR Group Inc. Announces Second Quarter Fiscal 2024 Financial Results

May 7, 2024

THE RMR GROUP INC. ANNOUNCES SECOND QUARTER FISCAL 2024 FINANCIAL RESULTS

Newton, MA (May 7, 2024). The RMR Group Inc. (Nasdaq: RMR) today announced its financial results for the fiscal quarter ended March 31, 2024.

Dividend

RMR has declared a quarterly dividend on its Class A Common Stock and Class B-1 Common Stock of \$0.45 per share, representing a 12.5% increase over last quarter's cash distribution of \$0.40, to shareholders of record as of the close of business on April 22, 2024. This dividend will be paid on or about May 16, 2024.

Conference Call

A conference call to discuss RMR's fiscal second quarter results will be held on Wednesday, May 8, 2024 at 1:00 p.m. Eastern Time. The conference call may be accessed by dialing (844) 481-2945 or (412) 317-1868 (if calling from outside the U.S. and Canada); a pass code is not required. A replay will be available for one week by dialing (877) 344-7529; the replay pass code is 3292097. A live audio webcast of the conference call will also be available in a listen-only mode on RMR's website, at www.rmrgroup.com. The archived webcast will be available for replay on RMR's website after the call. The transcription, recording and retransmission in any way are strictly prohibited without the prior written consent of RMR.

About The RMR Group

The RMR Group is a leading U.S. alternative asset management company, unique for its focus on commercial real estate (CRE) and related businesses. RMR's vertical integration is supported by over 1,100 real estate professionals in more than 35 offices nationwide who manage over \$41 billion in assets under management and leverage more than 35 years of institutional experience in buying, selling, financing and operating CRE. RMR benefits from a scalable platform, a deep and experienced management team and a diversity of direct real estate strategies across its clients. RMR is headquartered in Newton, MA and was founded in 1986. For more information, please visit www.rmrgroup.com.

"This quarter, RMR increased management and advisory services revenue by 7% sequentially and generated net income of \$5.9 million, net income per share of \$0.34, adjusted net income per share of \$0.39, Distributable Earnings per share of \$0.51 and Adjusted EBITDA of \$22.7 million. Our results, which were largely in line with guidance, reflect both a focus on cost management as well as ensuring we are investing in our platform so we can take advantage of attractive market opportunities as they arise.

Our financial position remains strong with nearly \$200 million of cash and no corporate debt. Looking ahead, we remain focused on assisting our clients on the execution of their financial and strategic priorities, driving growth within our residential platform and utilizing our balance sheet to capitalize on opportunities to expand RMR's private capital assets under management."

Adam Portnoy,
President and Chief Executive Officer

WARNING REGARDING FORWARD-LOOKING STATEMENTS

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 “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions. These forward-looking statements include, among others, statements about: executing RMR's Managed Equity REITs' strategic plans and related benefits; commercial real estate market conditions; and RMR's liquidity and its position to capitalize on additional growth opportunities in the current market environment.

Forward-looking statements reflect RMR's current expectations, are based on judgments and assumptions, 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. Some of the risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements 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; potential terminations of the management agreements with its clients; increases in or sustained high 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, optimize their capital structures and to grow and increase their market capitalizations and total shareholder returns; RMR's ability to successfully provide management services to its clients; RMR's ability to maintain or increase the distributions RMR pays to its shareholders; RMR's ability to successfully pursue and execute capital allocation and new business strategies; RMR's ability to prudently invest in its business to enhance its operations, services and competitive positioning; and RMR's ability to successfully integrate acquired businesses and realize the expected returns on its investments; risk that cost savings and synergies anticipated to be realized by the acquisition of MPC Partners Holding LLC may not be fully realized or may take longer to realize than expected; changes to RMR's operating leverage or client diversity; 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; RMR's and its clients' risks associated with RMR's and its clients' costs of compliance with laws and regulations, including securities regulations, exchange listing standards and other laws and regulations affecting public companies; and other matters.

These risks, uncertainties and other factors are not 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 the SEC's website at www.sec.gov.

You should not place undue reliance on forward-looking statements. Except as required by law, RMR does not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Investor Relations Contact
Kevin Barry, Senior Director
(617) 796-8230

Corporate Headquarters
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458



Second Quarter Fiscal 2024 Financial Results

THE RMR GROUP INC.'S SECOND QUARTER FISCAL 2024 HIGHLIGHTS

- Net Income of \$12.7 Million, Net Income Attributable to The RMR Group Inc. of \$5.9 Million, or \$0.34 Per Diluted Share, and Net Income Margin of 25.6%
- Adjusted Net Income Attributable to The RMR Group Inc. of \$6.9 Million, or \$0.39 Per Diluted Share
- Adjusted EBITDA of \$22.7 Million and Adjusted EBITDA Margin of 43.6%

(\$ in thousands, except per share amounts)	2Q'24	Per Share	1Q'24	Per Share	2Q'23	Per Share
GAAP Financial Measures						
Net Income	\$ 12,713		\$ 15,526		\$ 41,302	
Net Income Margin	25.6 %		33.4 %		85.7 %	
Net Income Attributable to The RMR Group Inc.	\$ 5,862	\$ 0.34	\$ 6,997	\$ 0.41	\$ 18,473	\$ 1.11
Non-GAAP Financial Measures						
Adjusted Net Income Attributable to The RMR Group Inc.	\$ 6,854	\$ 0.39	\$ 8,279	\$ 0.49	\$ 8,114	\$ 0.49
Adjusted EBITDA	\$ 22,661		\$ 25,325		\$ 25,296	
Adjusted EBITDA Margin	43.6 %		52.1 %		50.0 %	
Distributable Earnings	\$ 16,100	\$ 0.51	\$ 16,683	\$ 0.53	\$ 15,635	\$ 0.49
Distribution Payout Ratio	64.2 %		61.3 %		65.0 %	
Assets Under Management (AUM)						
AUM	\$ 41,407,545		\$ 41,385,577		\$ 37,269,282	
Perpetual Capital AUM	\$ 28,295,844		\$ 28,226,306		\$ 29,628,801	
Private Capital AUM	\$ 13,111,701		\$ 13,159,271		\$ 7,640,481	
Fee-Earning AUM	\$ 28,193,897		\$ 29,136,580		\$ 25,133,186	

All amounts in this presentation are unaudited. See Non-GAAP Financial Measures beginning on page 14 for disclosures and reconciliations to GAAP financial measures. See Notes & Definitions beginning on page 22 for notes and terms used throughout this presentation.

AUM BY SOURCE

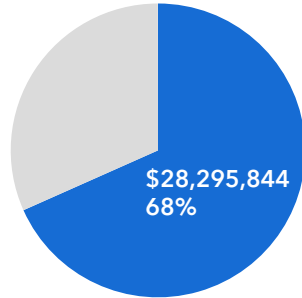
(\$ in thousands)

AUM

Fee-Earning AUM

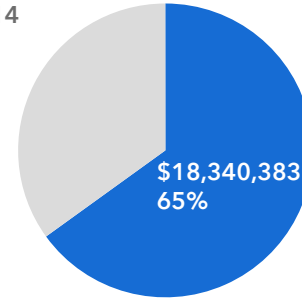
2Q'24

\$13,111,701
32%



\$41,407,545

\$9,853,514
35%

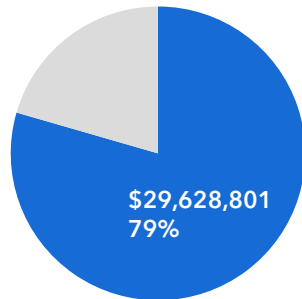


\$28,193,897

■ Perpetual Capital
■ Private Capital

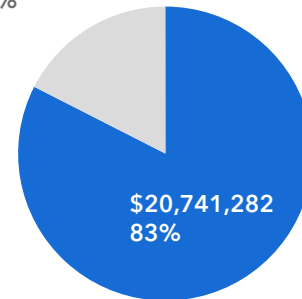
2Q'23

\$7,640,481
21%



\$37,269,282

\$4,391,904
17%



\$25,133,186

PERPETUAL CAPITAL AUM

(\$ in thousands)

	Commercial Real Estate Sector	AUM	Fee-Earning AUM
Service Properties Trust (NASDAQ: SVC)	Hotels / Retail	\$ 11,424,841	\$ 6,756,986
Diversified Healthcare Trust (NASDAQ: DHC)	Medical Office & Life Science / Senior Living	7,719,866	3,644,100
Office Properties Income Trust (NASDAQ: OPI)	Office	5,905,126	2,728,780
Industrial Logistics Properties Trust (NASDAQ: ILPT)*	Industrial	2,639,391	4,603,897
Seven Hills Realty Trust (NASDAQ: SEVN)	Diversified	606,620	606,620
Total Perpetual Capital		\$ 28,295,844	\$ 18,340,383

* ILPT AUM excludes Mountain JV and ILPT Fee-Earning AUM includes Mountain JV.

PRIVATE CAPITAL AUM

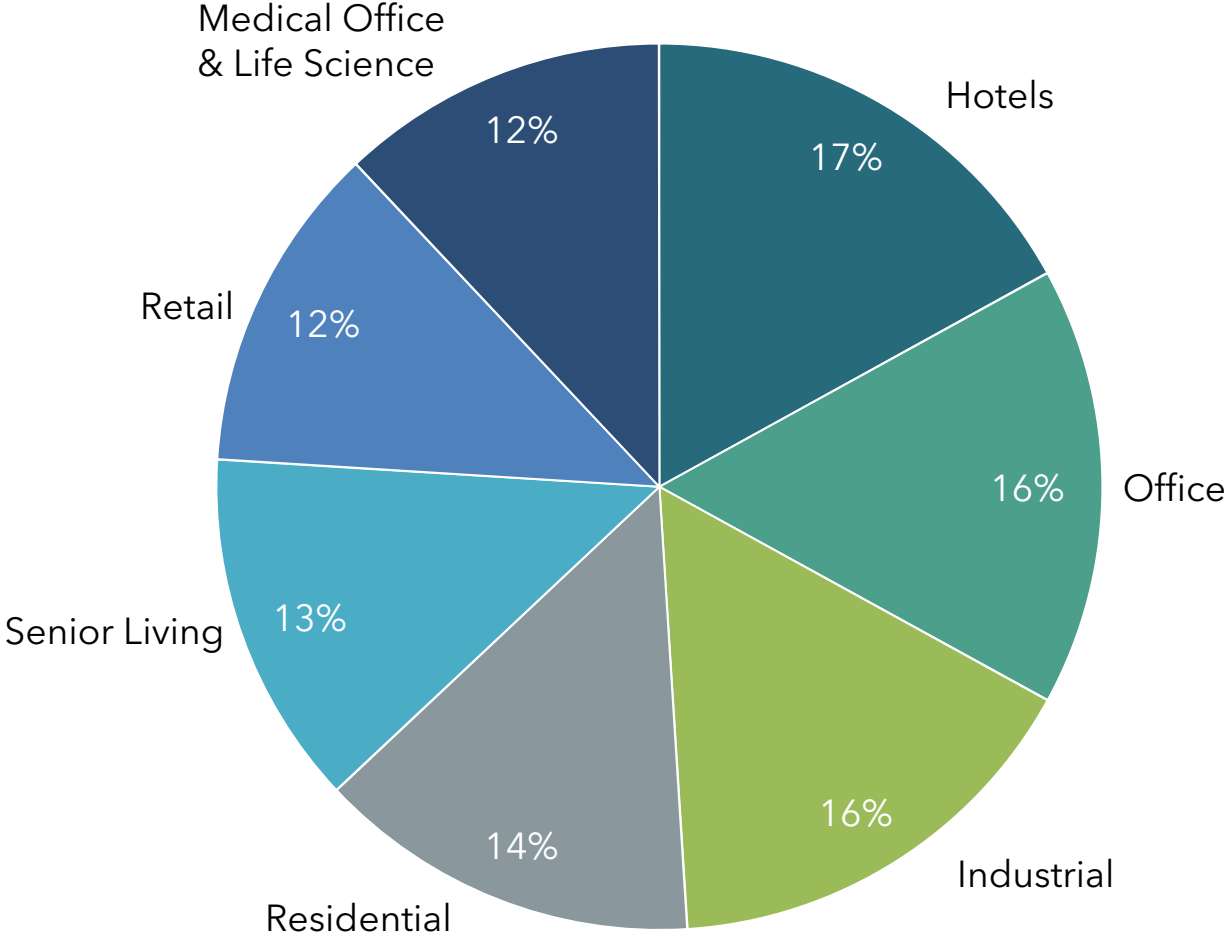
(\$ in thousands)

	Strategy	AUM	Fee-Earning AUM
Residential Real Estate Funds*	Value Add / Core Plus	\$ 5,405,459	\$ 5,405,459
Industrial Real Estate Funds**	Core Plus	3,947,889	893,411
Medical Office & Life Science Real Estate Funds	Core Plus	2,412,284	2,412,284
Hotel Real Estate (Sonesta)	Core	493,556	493,556
Senior Living Real Estate (AlerisLife)	Core	252,603	252,603
Other Real Estate	Core Plus	599,910	396,201
Total Private Capital		\$ 13,111,701	\$ 9,853,514

* Residential Real Estate Funds includes one wholly owned property and 3rd party managed properties.

** Industrial Real Estate Funds AUM includes Mountain JV and Industrial Real Estate Funds Fee-Earning AUM excludes Mountain JV.

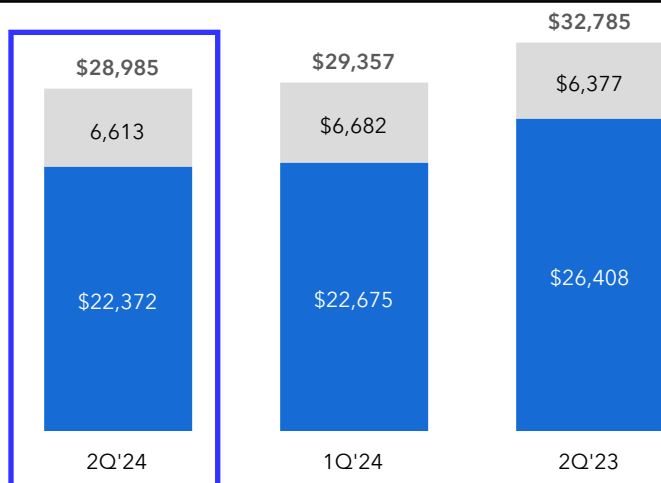
AUM BY COMMERCIAL REAL ESTATE SECTOR



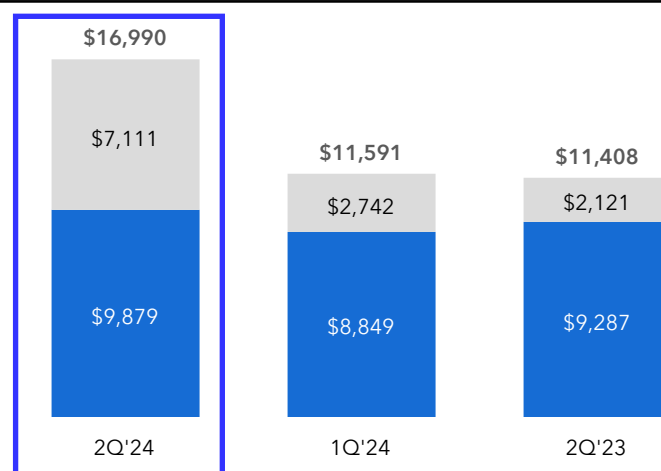
MANAGEMENT AND ADVISORY SERVICES REVENUES BY SOURCE

(\$ in thousands)

Base Business Management & Advisory Revenues

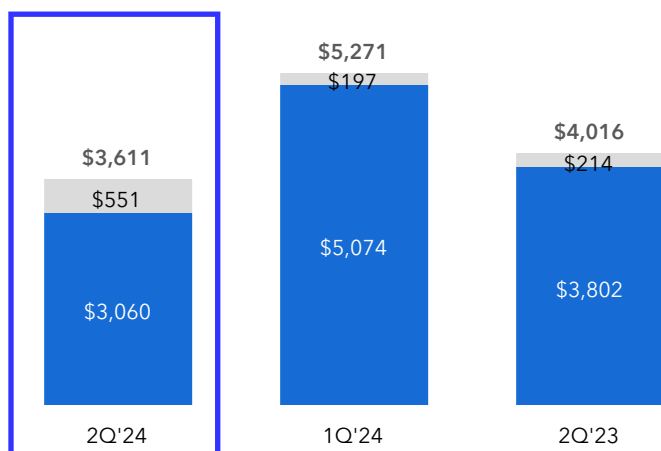


Base Property Management & Other Revenues

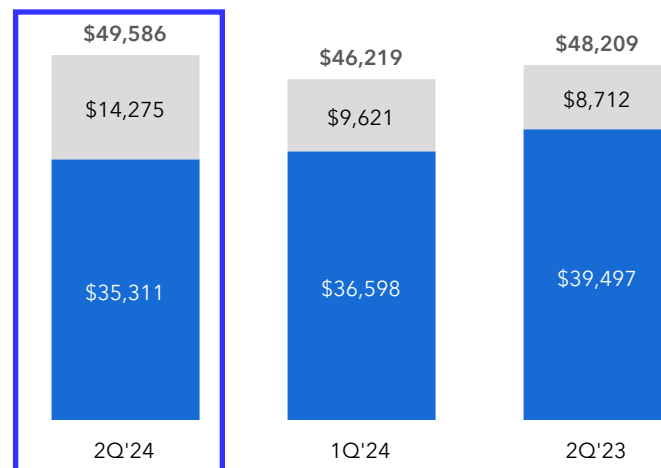


■ Perpetual Capital
■ Private Capital

Construction Supervision Revenues



Total Management & Advisory Services Revenues



GAAP RESULTS: CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(\$ in thousands) (unaudited)	2Q'24	1Q'24	2Q'23
Revenues:			
Management services ⁽¹⁾	\$ 48,460	\$ 45,094	\$ 47,070
Incentive fees	60	299	–
Advisory services	1,126	1,125	1,139
Total management, incentive and advisory services revenues	49,646	46,518	48,209
Reimbursable compensation and benefits	22,629	16,828	14,883
Reimbursable equity based compensation	242	2,327	3,232
Other reimbursable expenses	145,232	195,998	142,095
Total reimbursable costs	168,103	215,153	160,210
Total revenues	217,749	261,671	208,419
Expenses:			
Compensation and benefits	44,168	34,772	34,536
Equity based compensation	700	2,829	3,769
Separation costs	410	3,544	500
Total compensation and benefits expense	45,278	41,145	38,805
General and administrative	11,641	9,511	9,460
Other reimbursable expenses	145,232	195,998	142,095
Transaction and acquisition related costs	2,628	3,987	–
Depreciation and amortization	1,223	423	272
Total expenses	206,002	251,064	190,632
Operating income	11,747	10,607	17,787
Interest income	2,523	3,508	2,234
Gain on equity method investments	563	4,049	28,164
Income before income tax expense	14,833	18,164	48,185
Income tax expense	(2,120)	(2,638)	(6,883)
Net income	12,713	15,526	41,302
Net income attributable to noncontrolling interest in The RMR Group LLC	(6,863)	(8,531)	(22,829)
Net loss attributable to noncontrolling interest in consolidated entity	12	2	–
Net income attributable to The RMR Group Inc.	\$ 5,862	\$ 6,997	\$ 18,473

Substantially all revenues are earned from related parties. See Notes & Definitions beginning on page 22.

GAAP RESULTS: EARNINGS PER COMMON SHARE

(amounts in thousands, except per share amounts) (unaudited)	2Q'24	1Q'24	2Q'23
Numerators:			
Net income attributable to The RMR Group Inc.	\$ 5,862	\$ 6,997	\$ 18,473
Less: income attributable to unvested participating securities	(78)	(85)	(219)
Net income attributable to The RMR Group Inc. used in calculating basic EPS	5,784	6,912	18,254
Effect of dilutive securities:			
Add back: income attributable to unvested participating securities	78	85	219
Add back: net income attributable to noncontrolling interest in The RMR Group LLC ⁽¹⁾	6,863	8,531	22,829
Add back: income tax expense	2,120	2,638	6,883
Less: income tax expense assuming redemption of noncontrolling interest's Class A Units for Class A Common Shares ⁽²⁾	(4,268)	(5,182)	(13,308)
Net income used in calculating diluted EPS	\$ 10,577	\$ 12,984	\$ 34,877
Denominators:			
Common shares outstanding	16,731	16,711	16,620
Less: unvested participating securities and incremental impact of weighted average	(216)	(203)	(212)
Weighted average common shares outstanding - basic	16,515	16,508	16,408
Effect of dilutive securities:			
Add: assumed redemption of noncontrolling interest's Class A Units for Class A Common Shares	15,000	15,000	15,000
Add: incremental unvested shares	24	4	22
Weighted average common shares outstanding - diluted	31,539	31,512	31,430
Net income attributable to The RMR Group Inc. per common share - basic	\$ 0.35	\$ 0.42	\$ 1.11
Net income attributable to The RMR Group Inc. per common share - diluted	\$ 0.34	\$ 0.41	\$ 1.11

See Notes & Definitions beginning on page 22.

GAAP RESULTS: CONDENSED CONSOLIDATED BALANCE SHEETS

(\$ in thousands) (unaudited)	March 31, 2024	September 30, 2023
Assets		
Cash and cash equivalents held by The RMR Group Inc.	\$ 25,918	\$ 26,802
Cash and cash equivalents held by The RMR Group LLC	166,190	241,187
Due from related parties	87,336	111,323
Prepaid and other current assets	11,562	6,997
Total current assets	291,006	386,309
Property and equipment, net of accumulated depreciation of \$3,328 and \$3,212, respectively	15,210	5,446
Due from related parties, net of current portion	6,236	7,261
Equity method investments	22,068	18,651
Goodwill	71,620	1,859
Intangible assets, net of accumulated amortization of \$1,991 and \$983, respectively	20,477	167
Operating lease right of use assets	29,366	29,032
Deferred tax asset	16,947	18,220
Other assets, net of accumulated amortization of \$83,032 and \$78,324, respectively	110,771	115,479
Total assets	\$ 583,701	\$ 582,424
Liabilities and Equity		
Reimbursable accounts payable and accrued expenses	\$ 51,103	\$ 77,924
Accounts payable and accrued expenses	32,569	22,578
Operating lease liabilities	5,941	5,068
Total current liabilities	89,613	105,570
Operating lease liabilities, net of current portion	24,350	25,044
Amounts due pursuant to tax receivable agreement, net of current portion	20,886	20,886
Other liabilities	19,932	7,261
Mortgage note payable	4,759	–
Total liabilities	159,540	158,761
Total equity	424,161	423,663
Total liabilities and equity	\$ 583,701	\$ 582,424

Non-GAAP Financial Measures

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE

The following table presents the impact of certain individually significant items on the financial results for the three months ended March 31, 2024 assuming the redemption of the noncontrolling interest in The RMR Group LLC's 15,000,000 Class A Units is dilutive to earnings per share as presented on page 12.

Three Months Ended March 31, 2024: (amounts in thousands, except per share amounts) (unaudited)	Net Income Attributable to The RMR Group Inc.	Add: Net Income Attributable to Noncontrolling Interest in The RMR Group LLC ⁽¹⁾	Add: Income Tax Expense	Income Before Income Tax Expense	Less: Estimated Income Tax Expense ⁽²⁾	Net Income Used in Calculating Diluted EPS	Weighted Average Common Shares Outstanding - Diluted	Net Income Attributable to The RMR Group Inc. per Common Share - Diluted
Net income attributable to The RMR Group Inc.	\$ 5,862	\$ 6,863	\$ 2,120	\$ 14,845	\$ (4,268)	\$ 10,577	31,539	\$ 0.34
Incentive business management fees	(23)	(28)	(9)	(60)	17	(43)	31,539	-
Gain on equity method investments	(217)	(266)	(80)	(563)	162	(401)	31,539	(0.01)
Separation costs	157	194	59	410	(118)	292	31,539	0.01
Transaction and acquisition related costs	1,011	1,242	375	2,628	(757)	1,871	31,539	0.05
Technology transformation investments	64	79	24	167	(48)	119	31,539	-
Adjusted net income attributable to The RMR Group Inc.	\$ 6,854	\$ 8,084	\$ 2,489	\$ 17,427	\$ (5,012)	\$ 12,415	31,539	\$ 0.39

(1) Net loss attributable to noncontrolling interest in consolidated entity is not adjusted when calculating diluted earnings per share.

(2) Estimated income tax expense assumes the hypothetical conversion of the noncontrolling interest in The RMR Group LLC and the resulting estimated tax rate of approximately 28.7% for the three months ended March 31, 2024.

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE (CONTINUED)

The following table presents the impact of certain individually significant items on the financial results for the three months ended December 31, 2023 assuming the redemption of the noncontrolling interest in The RMR Group LLC's 15,000,000 Class A Units is dilutive to earnings per share as presented on page 12.

Three Months Ended December 31, 2023: (amounts in thousands, except per share amounts) (unaudited)	Net Income Attributable to The RMR Group Inc.	Add: Net Income Attributable to Noncontrolling Interest in The RMR Group LLC ⁽¹⁾	Add: Income Tax Expense	Income Before Income Tax Expense	Less: Estimated Income Tax Expense ⁽²⁾	Net Income Used in Calculating Diluted EPS	Weighted Average Common Shares Outstanding - Diluted	Net Income Attributable to The RMR Group Inc. per Common Share - Diluted
Net income attributable to The RMR Group Inc.	\$ 6,997	\$ 8,531	\$ 2,638	\$ 18,164	\$ (5,182)	\$ 12,982	31,512	\$ 0.41
Incentive business management fees	(115)	(141)	(43)	(299)	85	(214)	31,512	(0.01)
Gain on equity method investments	(1,546)	(1,915)	(588)	(4,049)	1,155	(2,894)	31,512	(0.09)
Separation costs	1,353	1,676	515	3,544	(1,011)	2,533	31,512	0.08
Transaction and acquisition related costs	1,522	1,886	579	3,987	(1,137)	2,850	31,512	0.09
Technology transformation investments	68	85	26	179	(51)	128	31,512	0.01
Adjusted net income attributable to The RMR Group Inc.	<u>\$ 8,279</u>	<u>\$ 10,122</u>	<u>\$ 3,127</u>	<u>\$ 21,526</u>	<u>\$ (6,141)</u>	<u>\$ 15,385</u>	31,512	<u>\$ 0.49</u>

(1) Net loss attributable to noncontrolling interest in consolidated entity is not adjusted when calculating diluted earnings per share.

(2) Estimated income tax expense assumes the hypothetical conversion of the noncontrolling interest in The RMR Group LLC and the resulting estimated tax rate of approximately 28.5% for the three months ended December 31, 2023.

RECONCILIATION OF ADJUSTED NET INCOME AND ADJUSTED NET INCOME PER DILUTED SHARE (CONTINUED)

The following table presents the impact of certain individually significant items on the financial results for the three months ended March 31, 2023 assuming the redemption of the noncontrolling interest in The RMR Group LLC's 15,000,000 Class A Units is dilutive to earnings per share as presented on page 12.

Three Months Ended March 31, 2023: (amounts in thousands, except per share amounts) (unaudited)	Net Income Attributable to The RMR Group Inc.	Add: Net Income Attributable to Noncontrolling Interest	Add: Income Tax Expense	Income Before Income Tax Expense	Less: Estimated Income Tax Expense ⁽¹⁾	Net Income Used in Calculating Diluted EPS	Weighted Average Common Shares Outstanding - Diluted	Net Income Attributable to The RMR Group Inc. per Common Share - Diluted
Net income attributable to The RMR Group Inc.	\$ 18,473	\$ 22,829	\$ 6,883	\$ 48,185	\$ (13,308)	\$ 34,877	31,430	\$ 1.11
Unrealized gain on equity method investments accounted for under the fair value option	(10,780)	(13,361)	(4,023)	(28,164)	7,779	(20,385)	31,430	(0.64)
Separation costs	192	237	71	500	(138)	362	31,430	0.01
Technology transformation investments	229	283	85	597	(165)	432	31,430	0.01
Adjusted net income attributable to The RMR Group Inc.	<u>\$ 8,114</u>	<u>\$ 9,988</u>	<u>\$ 3,016</u>	<u>\$ 21,118</u>	<u>\$ (5,832)</u>	<u>\$ 15,286</u>	31,430	<u>\$ 0.49</u>

(1) Estimated income tax expense assumes the hypothetical conversion of the noncontrolling interest in The RMR Group LLC and the resulting estimated tax rate of approximately 27.6% for the three months ended March 31, 2023.

RECONCILIATION OF EBITDA AND ADJUSTED EBITDA FROM NET INCOME

(\$ in thousands) (unaudited)	2Q'24	1Q'24	2Q'23
Net income	\$ 12,713	\$ 15,526	\$ 41,302
Income tax expense	2,120	2,638	6,883
Depreciation and amortization	1,223	423	272
Interest expense	80	11	—
EBITDA	16,136	18,598	48,457
Other asset amortization	2,354	2,354	2,354
Operating expenses paid in the form of The RMR Group Inc.'s common shares	1,058	502	1,001
Separation costs	410	3,544	500
Transaction and acquisition related costs	2,628	3,987	—
Straight line office rent	(66)	(89)	(47)
Gain on equity method investments	(563)	(4,049)	(28,164)
Distributions from investments	597	598	598
Technology transformation investments	167	179	597
Incentive business management fees	(60)	(299)	—
Adjusted EBITDA	\$ 22,661	\$25,325	\$ 25,296

CALCULATION OF NET INCOME MARGIN, ADJUSTED EBITDA MARGIN, DISTRIBUTABLE EARNINGS AND DISTRIBUTABLE EARNINGS PER SHARE

(amounts in thousands, except per share amounts) (unaudited)

	2Q'24	1Q'24	2Q'23
Calculation of Net Income Margin:			
Total management and advisory services revenues	\$ 49,646	\$ 46,518	\$ 48,209
Net income	\$ 12,713	\$ 15,526	\$ 41,302
Net Income Margin	25.6%	33.4%	85.7%

Calculation of Adjusted EBITDA Margin:

Contractual management and advisory fees (excluding incentive business management fees, if any) ⁽¹⁾	\$ 51,940	\$ 48,573	\$ 50,563
Adjusted EBITDA	\$ 22,661	\$ 25,325	\$ 25,296
Adjusted EBITDA Margin	43.6%	52.1%	50.0%

Calculation of Distributable Earnings:

Adjusted EBITDA	\$ 22,661	\$ 25,325	\$ 25,296
Less: Tax distributions to members ⁽²⁾	(6,561)	(8,642)	(9,661)
Distributable Earnings	\$ 16,100	\$ 16,683	\$ 15,635
Class A and Class B-1 Common Share Distributions	\$ 6,684	\$ 6,684	\$ 6,641
Class A Units Distributions	4,800	4,800	4,800
Total Distributions	\$ 11,484	\$ 11,484	\$ 11,441

Calculation of Distributable Earnings per Share:

Distributable Earnings	\$ 16,100	\$ 16,683	\$ 15,635
Distributable Earnings Shares Outstanding	31,731	31,711	31,620
Distributable Earnings per Share	\$ 0.51	\$ 0.53	\$ 0.49

DISTRIBUTION PAYOUT RATIO FOR THE RMR GROUP LLC

(amounts in thousands, except per share amounts) (unaudited)	2Q'24	1Q'24	2Q'23
The RMR Group LLC Shareholders (ownership percentage):			
The RMR Group Inc.	52.7 %	52.7 %	52.6 %
ABP Trust	47.3 %	47.3 %	47.4 %
Total	100.0 %	100.0 %	100.0 %
Calculation of Distribution Payout Ratio for The RMR Group LLC:			
Adjusted EBITDA	\$ 22,661	\$ 25,325	\$ 25,296
Adjustments to reconcile Adjusted EBITDA to Adjusted EBITDA attributable to The RMR Group LLC:			
The RMR Group Inc. franchise tax expense and interest income	(297)	(132)	(71)
Adjusted EBITDA attributable to The RMR Group LLC	22,364	25,193	25,225
Less: Tax distributions to members	(6,561)	(8,642)	(9,661)
Distributable Earnings attributable to The RMR Group LLC	\$ 15,803	\$ 16,551	\$ 15,564
Distributions Per Common Share to The RMR Group LLC Shareholders	\$ 0.32	\$ 0.32	\$ 0.32
Shares outstanding on Record Date	31,709	31,711	31,603
Distributions from The RMR Group LLC	\$ 10,147	\$ 10,148	\$ 10,113
Distribution Payout Ratio for The RMR Group LLC	64.2 %	61.3 %	65.0 %

See Notes & Definitions beginning on page 22.

NON-GAAP FINANCIAL MEASURES

RMR presents certain “non-GAAP financial measures” within the meaning of the applicable rules of the SEC, including Adjusted Net Income Attributable to The RMR Group Inc., Adjusted Net Income Attributable to The RMR Group Inc. per diluted share, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Distributable Earnings. The GAAP financial measure that is most directly comparable to Adjusted Net Income Attributable to The RMR Group Inc. is net income attributable to The RMR Group Inc. The GAAP financial measure that is most directly comparable to Adjusted Net Income Attributable to The RMR Group Inc. per diluted share is net income attributable to The RMR Group Inc. per diluted share. The GAAP financial measure that is most directly comparable to EBITDA, Adjusted EBITDA and Distributable Earnings is net income and 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.

These non-GAAP financial measures do not represent net income, net income attributable to The RMR Group Inc., net income attributable to The RMR Group Inc. per diluted share or cash generated by operating activities determined in accordance with GAAP, and should not be considered alternatives to net income, net income attributable to The RMR Group Inc., net income attributable to The RMR Group Inc. per diluted share or net income margin determined in accordance with GAAP, as indicators of RMR’s financial performance or as measures of its liquidity. Other asset management businesses may calculate these non-GAAP measures differently than RMR does.

- **Adjusted Net Income Attributable to The RMR Group Inc.** RMR calculates Adjusted Net Income Attributable to The RMR Group Inc. and Adjusted Net Income Attributable to The RMR Group Inc. per diluted share as net income attributable to The RMR Group Inc. and net income attributable to The RMR Group Inc. per diluted share, respectively, excluding the effects of certain individually significant items occurring or impacting its financial results during the quarter that are not expected to be regularly occurring, relate to a special project or initiatives or relate to gains or losses. RMR provides Adjusted Net Income Attributable to The RMR Group Inc. and Adjusted Net Income Attributable to The RMR Group Inc. per diluted share for supplemental informational purposes in order to enhance the understanding of RMR’s condensed consolidated statements of income and to facilitate a comparison of RMR’s current operating performance with its historical operating performance.
- **Distributable Earnings** is calculated as Adjusted EBITDA less tax distributions to members and is considered to be an appropriate measure of RMR’s operating performance, along with net income attributable to The RMR Group Inc. RMR 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 RMR’s Board of Directors considers when determining shareholder dividends.
 - **Distributable Earnings Per Share** calculations are based on end of period shares outstanding and includes 15,000,000 Redeemable Class A Units of RMR LLC which are paired with RMR Inc.’s Class B-2 common shares outstanding; actual dividends are paid to shareholders as of the applicable record date.
- **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. RMR believes that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because by excluding the effects of certain amounts, such as non-cash items or non-recurring gains and losses, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin may facilitate a comparison of current operating performance with RMR’s historical operating performance and with the performance of other asset management businesses. RMR also believes that providing Adjusted EBITDA Margin may help investors assess RMR’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).

Notes & Definitions

NOTES

Notes to page 10 - MANAGEMENT AND ADVISORY SERVICES REVENUES BY SOURCE

The following tables present revenues by client and exclude incentive business management fees earned from SEVN of \$60 and \$299 during the three months ended March 31, 2024 and December 31, 2023, respectively:

(\$ in thousands)	2Q'24	1Q'24	2Q'23
BASE BUSINESS MANAGEMENT & ADVISORY REVENUES			
DHC	\$ 4,154	\$ 3,807	\$ 3,415
ILPT	5,875	5,878	5,791
OPI	3,307	3,320	3,720
SVC	7,910	8,545	8,558
SEVN	1,126	1,125	1,139
TA	–	–	3,785
Total Perpetual Capital	22,372	22,675	26,408
AlerisLife	1,451	1,382	1,369
Sonesta	2,000	2,223	2,032
RMR Residential	154	21	–
Other private entities	3,008	3,056	2,976
Total Private Capital	6,613	6,682	6,377
Total Base Business Management & Advisory Revenues	\$ 28,985	\$ 29,357	\$ 32,785
BASE PROPERTY MANAGEMENT & OTHER REVENUES			
DHC	\$ 1,415	\$ 1,458	\$ 1,490
ILPT	3,341	3,039	3,315
OPI	3,630	3,447	3,537
SVC	1,484	896	945
SEVN	9	9	–
Total Perpetual Capital	9,879	8,849	9,287
RMR Residential	4,902	626	–
Other private entities	2,209	2,116	2,121
Total Private Capital	7,111	2,742	2,121
Total Base Property Management & Other Revenues	\$ 16,990	\$ 11,591	\$ 11,408

NOTES (CONTINUED)

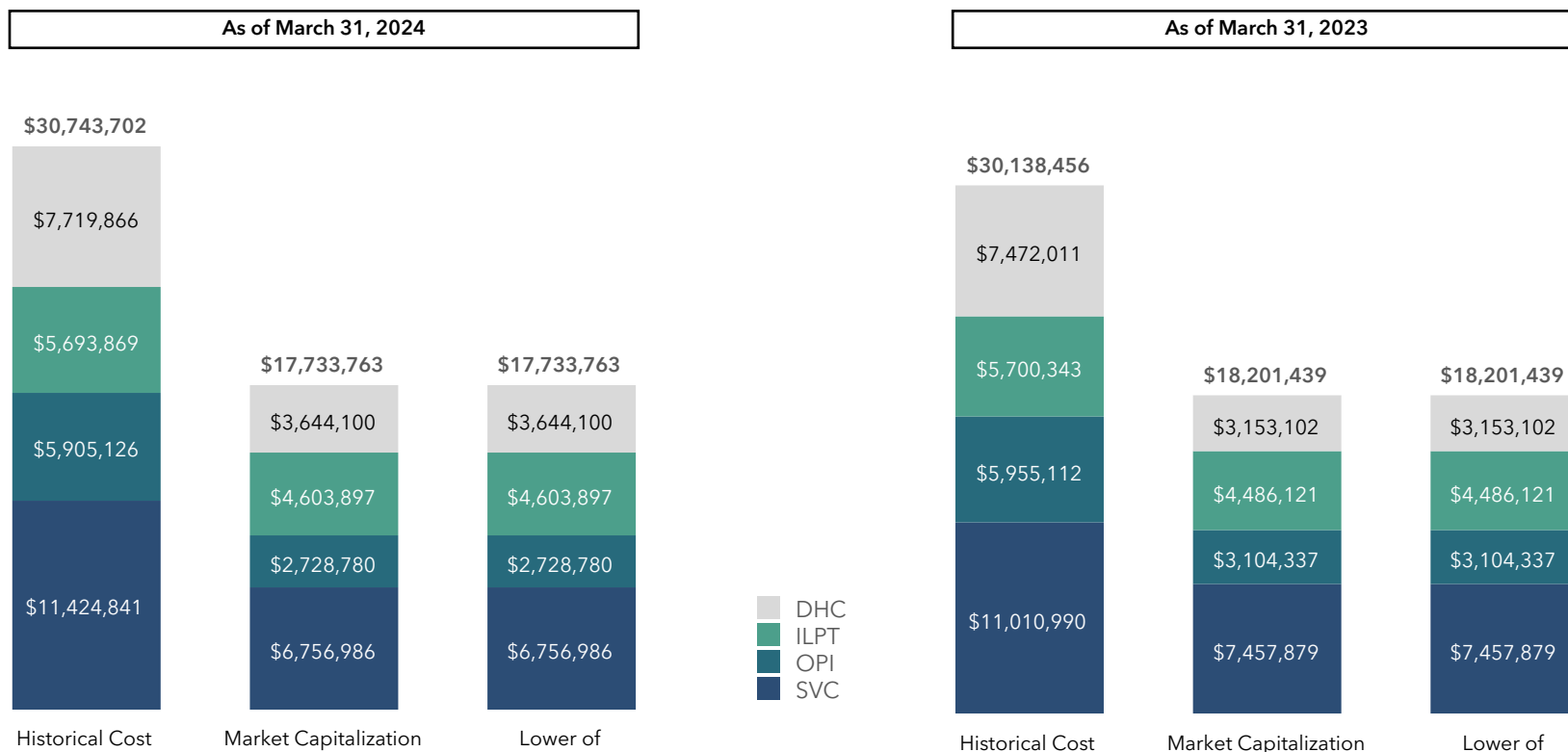
Notes to page 10 - MANAGEMENT AND ADVISORY SERVICES REVENUES BY SOURCE (CONTINUED)

(\$ in thousands)	2Q'24	1Q'24	2Q'23
CONSTRUCTION SUPERVISION REVENUES			
DHC	\$ 520	\$ 1,056	\$ 577
ILPT	73	124	138
OPI	771	1,712	2,620
SVC	1,696	2,182	467
Total Perpetual Capital	3,060	5,074	3,802
RMR Residential	406	67	-
Other private entities	145	130	214
Total Private Capital	551	197	214
Total Construction Supervision Fees	<u>\$ 3,611</u>	<u>\$ 5,271</u>	<u>\$ 4,016</u>
TOTAL MANAGEMENT & ADVISORY SERVICES REVENUES			
DHC	\$ 6,089	\$ 6,321	\$ 5,482
ILPT	9,289	9,041	9,244
OPI	7,708	8,479	9,877
SVC	11,090	11,623	9,970
SEVN	1,135	1,134	1,139
TA	-	-	3,785
Total Perpetual Capital	35,311	36,598	39,497
AlerisLife	1,451	1,382	1,369
Sonesta	2,000	2,223	2,032
RMR Residential	5,462	714	-
Other private entities	5,362	5,302	5,311
Total Private Capital	14,275	9,621	8,712
Total Management & Advisory Services Revenues	<u>\$ 49,586</u>	<u>\$ 46,219</u>	<u>\$ 48,209</u>

NOTES (CONTINUED)

Notes to page 11 - GAAP RESULTS: CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(1) Management services revenues include base business management fees earned from the Managed Equity REITs that are calculated monthly based upon the lower of (i) the average historical cost of each REIT's properties, and (ii) each REIT's average market capitalization. The information presented in the charts below is as of March 31, 2024 and 2023 and may differ from the basis on which base business management fees are calculated (\$ in thousands):



NOTES (CONTINUED)

Notes to page 12 - GAAP RESULTS: EARNINGS PER COMMON SHARE

RMR calculates earnings per share (EPS) using the two-class method. As such, earnings attributable to unvested participating shares are excluded from earnings before calculating per share amounts. In addition, diluted EPS includes the assumed issuance of Class A Common Shares pursuant to RMR's equity compensation plan using the treasury stock method and the issuance of Class A Common Shares related to the assumed redemption of the noncontrolling interest in The RMR Group LLC's 15,000,000 Class A Units using the if-converted method. In computing the dilutive effect, if any, that the assumed redemption would have on EPS, RMR considered net income available to holders of 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 months ended March 31, 2024, December 31, 2023 and March 31, 2023, the assumed redemption of the 15,000,000 Class A Units is dilutive to earnings per share.

- (1) Net loss attributable to noncontrolling interest in consolidated entity is not adjusted when calculating diluted earnings per share.
- (2) Income tax expense assumes the hypothetical conversion of the noncontrolling interest's Class A Units, which results in estimated tax rates of 28.7%, 28.5% and 27.6% for the three months ended March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

Notes to page 19 - CALCULATION OF NET INCOME MARGIN, ADJUSTED EBITDA MARGIN, DISTRIBUTABLE EARNINGS AND DISTRIBUTABLE EARNINGS PER SHARE

- (1) Contractual management and advisory fees are the base business management fees, property management fees and advisory fees RMR 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 each of the three month periods presented, required to be recognized as a reduction to management services revenues in accordance with GAAP.
- (2) Under the RMR LLC operating agreement, RMR LLC is required to make quarterly pro rata cash distributions to RMR 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 each of the three month periods presented, RMR LLC made required quarterly tax distributions as follows:

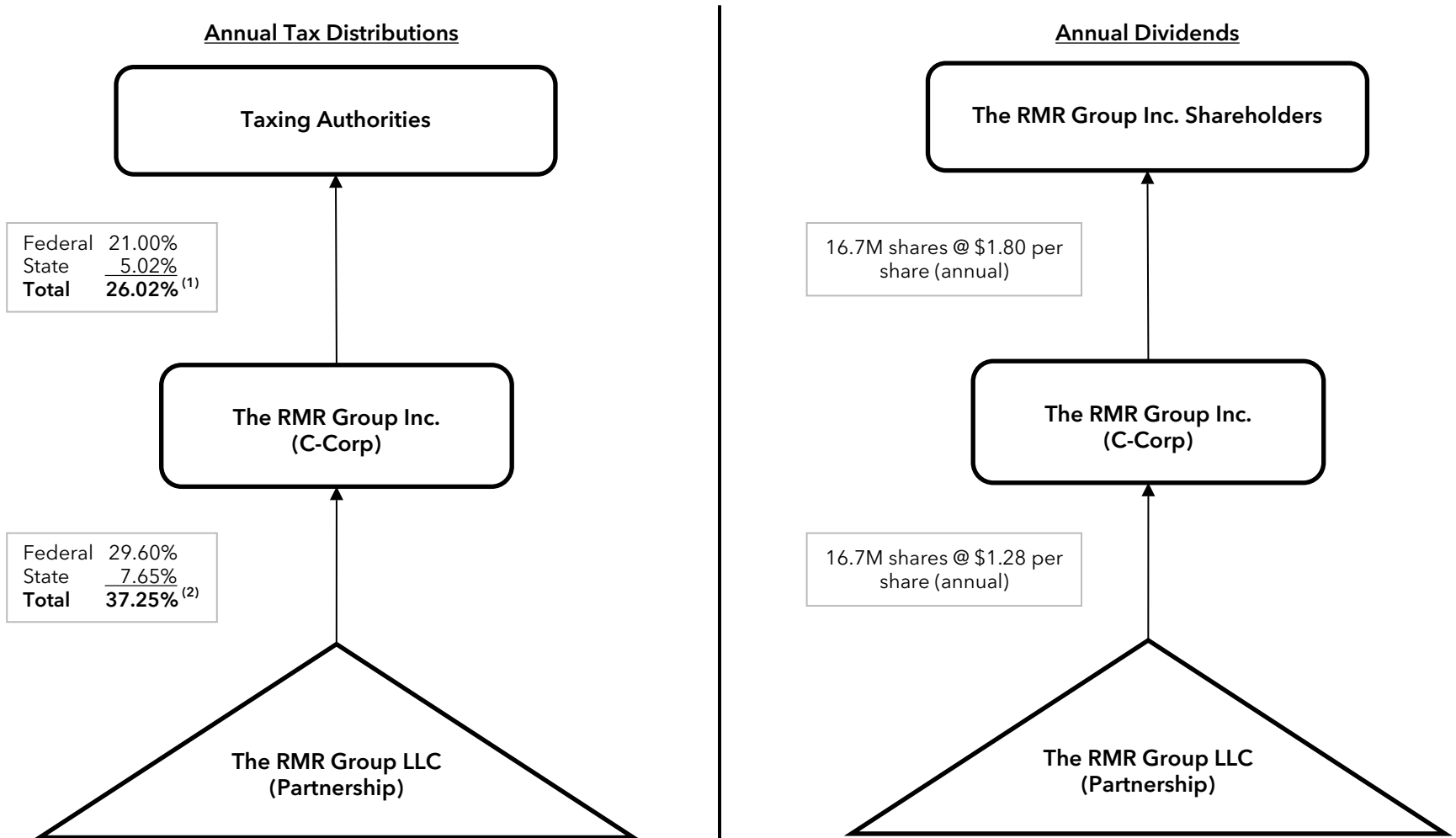
(\$ in thousands)	2Q'24 ^(a)	1Q'24 ^(a)	2Q'23
RMR LLC tax distributions to The RMR Group Inc.	\$ 3,512	\$ 4,550	\$ 5,116
RMR LLC tax distributions to noncontrolling interest	3,049	4,092	4,545
Total RMR LLC tax distributions to members	\$ 6,561	\$ 8,642	\$ 9,661

(a) Tax distributions for the three months ended March 31, 2024 and December 31, 2023 exclude \$20 and \$10 to The RMR Group Inc., respectively, and \$10 and \$10 to the noncontrolling interest, respectively, related to incentive business management fees earned from SEVN which are considered non-recurring transactions.

NOTES (CONTINUED)

Notes to page 20 - DISTRIBUTION PAYOUT RATIO FOR THE RMR GROUP LLC

The following illustrative diagram presents certain tax and distribution information pertaining to The RMR Group LLC and The RMR Group Inc.



Note: Cash and cash equivalents held by The RMR Group Inc. is \$25.9 million at March 31, 2024.

(1) Represents RMR Inc.'s current federal and state income tax rate.

(2) Represents the current maximum federal and state tax rate applicable to RMR LLC's members.

DEFINITIONS

- **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** is calculated as: (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 certain Private Capital clients, plus (ii) the gross book value of real estate assets, property and equipment of AlerisLife, Sonesta and until May 15, 2023, TA, excluding depreciation, amortization, impairment charges or other non-cash reserves, plus (iii) the carrying value of loans held for investment and real estate owned by SEVN, plus (iv) the fair value of RMR Residential, both owned and third-party managed assets. 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, 2023, filed with the SEC. RMR's SEC filings are available at the SEC website: www.sec.gov.

- **GAAP** refers to U.S. Generally Accepted Accounting Principles.
- **Managed Equity REITs** refers to 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).
- **Perpetual Capital** refers to capital with an indefinite duration, which may be terminated under certain conditions, and includes the Managed Equity REITs, Seven Hills Realty Trust (SEVN), and until it was acquired by BP Products North America Inc. on May 15, 2023, TravelCenters of America Inc. (TA).
- **Private Capital** consists of AlerisLife Inc. (AlerisLife), Sonesta International Hotels Corporation (Sonesta), residential real estate we manage from our acquisition of MPC Partnership Holdings LLC (RMR Residential) and other private capital vehicles including ABP Trust and other private entities that own commercial real estate. Some of the Managed Equity REITs own minority interests in certain of these entities. AlerisLife was a publicly traded company until March 20, 2023 when it was acquired by a subsidiary of ABP Trust. As a result, amounts for AlerisLife are characterized as Private Capital for all periods presented.