

RMR REAL ESTATE FUND  
Form N-Q  
November 16, 2006

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number

811-21241

**RMR REAL ESTATE FUND**  
(Exact name of registrant as specified in charter)

400 CENTRE STREET NEWTON, MASSACHUSETTS  
(Address of principal executive offices)

02458  
(Zip code)

Thomas M. O'Brien, President  
RMR Real Estate Fund  
400 Centre Street  
Newton, Massachusetts 02458  
(Name and address of agent for service)

Copy to:

Hugh Carter  
State Street Bank and Trust Company  
2 Avenue De Lafayette, 6<sup>th</sup> Floor  
Boston, Massachusetts 02111

Thomas Reyes, Esq.  
State Street Bank and Trust Company  
2 Avenue De Lafayette, 6<sup>th</sup> Floor  
Boston, Massachusetts 02111

Registrant's telephone number, including area code:

(617) 332-9530

Date of fiscal year end: December 31

Date of reporting period: September 30, 2006

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**Item 1. Schedule of Investments.****RMR Real Estate Fund****Portfolio of Investments** September 30, 2006 (unaudited)

| Company                                    | Shares  | Value        |
|--|---------|--------------|
| <i>Common Stocks 99.9%</i>                 |         |              |
| <i>Real Estate Investment Trusts 97.0%</i> |         |              |
| <i>Apartments 9.6%</i>                     |         |              |
| Apartment Investment & Management Co.      | 30,100  | \$ 1,637,741 |
| Associated Estates Realty Corp.            | 100,400 | 1,553,188    |
| BNP Residential Properties, Inc.           | 200,000 | 4,750,000    |
| Home Properties, Inc.                      | 69,800  | 3,989,768    |
| United Dominion Realty Trust, Inc.         | 8,000   | 241,600      |
|  |         | 12,172,297   |
| <i>Diversified 22.7%</i>                   |         |              |
| Centracore Properties Trust                | 28,050  | 890,587      |
| Colonial Properties Trust                  | 127,000 | 6,071,870    |
| Cousins Properties, Inc.                   | 10,100  | 345,521      |
| Crescent Real Estate Equities Co.          | 369,500 | 8,058,795    |
| Duke Realty Corp.                          | 5,000   | 186,750      |
| iStar Financial, Inc.                      | 6,000   | 250,200      |
| Lexington Corporate Properties Trust       | 227,400 | 4,816,332    |
| Liberty Property Trust                     | 22,000  | 1,051,380    |
| National Retail Properties, Inc.           | 310,700 | 6,711,120    |
| Newkirk Realty Trust, Inc.                 | 8,000   | 131,840      |
| Spirit Finance Corp.                       | 17,500  | 203,175      |
| Washington Real Estate Investment Trust    | 300     | 11,940       |
|  |         | 28,729,510   |
| <i>Health Care 13.0%</i>                   |         |              |
| Cogdell Spencer, Inc.                      | 15,000  | 311,250      |
| Health Care Property Investors, Inc.       | 19,080  | 592,434      |
| Health Care REIT, Inc.                     | 158,600 | 6,345,586    |
| Healthcare Realty Trust, Inc.              | 11,200  | 430,192      |
| Medical Properties Trust, Inc.             | 20,900  | 279,851      |
| Nationwide Health Properties, Inc.         | 257,600 | 6,888,224    |
| OMEGA Healthcare Investors, Inc.           | 85,200  | 1,278,852    |
| Universal Health Realty Income Trust       | 7,000   | 250,950      |
|  |         | 16,377,339   |
| <i>Hospitality 1.5%</i>                    |         |              |
| Ashford Hospitality Trust, Inc.            | 2,500   | 29,825       |
| Eagle Hospitality Properties Trust, Inc.   | 60,000  | 558,000      |
| Entertainment Properties Trust             | 22,000  | 1,085,040    |
| Hersha Hospitality Trust                   | 6,100   | 58,560       |
| Highland Hospitality Corp.                 | 7,000   | 100,310      |
|  |         | 1,831,735    |
| <i>Industrial 8.0%</i>                     |         |              |
| EastGroup Properties, Inc.                 | 4,400   | 219,384      |
| First Industrial Realty Trust, Inc.        | 209,640 | 9,224,160    |
| ProLogis                                   | 11,000  | 627,660      |
|  |         | 10,071,204   |
| <i>Manufactured Homes 1.9%</i>             |         |              |
| Sun Communities, Inc.                      | 73,900  | 2,361,844    |

*See notes to portfolio of investments.*

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| Company   | Shares  | Value       |
|---|---------|-------------|
| <i>Common Stocks continued</i>                                  |         |             |
| <i>Real Estate Investment Trusts continued</i>                  |         |             |
| <i>Mortgage 1.9%</i>  |         |             |
| American Mortgage Acceptance Co.                                | 23,500  | \$ 423,940  |
| Arbor Realty Trust, Inc.  | 1,200   | 30,672      |
| Crystal River Capital, Inc. (a)                                 | 16,800  | 384,384     |
| KKR Financial Corp.   | 2,000   | 49,080      |
| New Century Financial Corp.                                     | 5,000   | 196,550     |
| Newcastle Investment Corp.                                      | 17,600  | 482,416     |
| NovaStar Financial, Inc.  | 24,000  | 700,560     |
| Thornburg Mortgage, Inc.  | 5,000   | 127,350     |
|   |         | 2,394,952   |
| <i>Office 14.0%</i>   |         |             |
| American Financial Realty Trust                                 | 14,100  | 157,356     |
| Columbia Equity Trust, Inc.                                     | 3,000   | 49,950      |
| Corporate Office Properties Trust                               | 11,500  | 514,740     |
| Equity Office Properties Trust                                  | 140,000 | 5,566,400   |
| Glenborough Realty Trust, Inc.                                  | 293,000 | 7,538,890   |
| Highwoods Properties, Inc.                                      | 55,000  | 2,046,550   |
| Maguire Properties, Inc.  | 46,000  | 1,874,040   |
|   |         | 17,747,926  |
| <i>Other Financial Services %</i>                               |         |             |
| Friedman Billings Ramsey Group, Inc.                            | 5,000   | 40,150      |
| <i>Retail 13.7%</i>   |         |             |
| CBL & Associates Properties, Inc.                               | 16,000  | 670,560     |
| Cedar Shopping Centers, Inc.                                    | 5,000   | 80,850      |
| Glimcher Realty Trust   | 88,400  | 2,190,552   |
| Heritage Property Investment Trust                              | 198,600 | 7,240,956   |
| New Plan Excel Realty Trust                                     | 187,780 | 5,079,449   |
| Pennsylvania Real Estate Investment Trust                       | 10,000  | 425,700     |
| Realty Income Corp.   | 21,200  | 523,852     |
| Taubman Centers, Inc.   | 6,000   | 266,520     |
| The Mills Corp.   | 45,100  | 753,621     |
| Urstadt Biddle Properties, Inc.                                 | 6,800   | 123,556     |
|   |         | 17,355,616  |
| <i>Specialty 8.4%</i>   |         |             |
| Alesco Financial Trust (b)                                      | 500,000 | 5,500,000   |
| Getty Realty Corp.  | 32,600  | 954,528     |
| Trustreet Properties, Inc.                                      | 332,200 | 4,155,822   |
|   |         | 10,610,350  |
| <i>Storage 2.3%</i>   |         |             |
| Sovran Self Storage, Inc.                                       | 50,000  | 2,777,500   |
| U-Store-It Trust  | 5,000   | 107,300     |
|   |         | 2,884,800   |
| <i>Total Real Estate Investment Trusts (Cost \$100,325,575)</i> |         | 122,577,723 |
| <i>Other 2.9%</i>   |         |             |
| American Capital Strategies, Ltd.                               | 36,000  | 1,420,920   |
| Iowa Telecommunication Services, Inc.                           | 55,500  | 1,098,345   |
| Seaspan Corp.   | 48,200  | 1,083,536   |
| <i>Total Other (Cost \$3,057,372)</i>                           |         | 3,602,801   |
| <i>Total Common Stocks (Cost \$103,382,947)</i>                 |         | 126,180,524 |

See notes to portfolio of investments.



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| Company  | Shares    | Value             |
|--|-----------|-------------------|
| <b>Preferred Stocks 34.4%</b>                        |           |                   |
| <b>Real Estate Investment Trusts 34.4%</b>           |           |                   |
| <b>Apartments 1.9%</b>                               |           |                   |
| Apartment Investment & Management Co., Series G      | 32,800    | \$ 869,856        |
| Apartment Investment & Management Co., Series T      | 60,000    | 1,522,800         |
|  |           | 2,392,656         |
| <b>Diversified 1.4%</b>                              |           |                   |
| Colonial Properties Trust, Series D                  | 10,000    | 259,900           |
| Colonial Properties Trust, Series E                  | 62,910    | 1,594,769         |
|  |           | 1,854,669         |
| <b>Health Care 6.9%</b>                              |           |                   |
| LTC Properties, Inc., Series F                       | 160,000   | 4,011,200         |
| OMEGA Healthcare Investors Inc., Series D            | 160,000   | 4,188,800         |
| Windrose Medical Properties Trust, Series A (c)      | 20,000    | 560,000           |
|  |           | 8,760,000         |
| <b>Hospitality 12.8%</b>                             |           |                   |
| Ashford Hospitality Trust, Series A                  | 107,900   | 2,778,425         |
| Eagle Hospitality Properties Trust, Inc., Series A   | 28,000    | 718,480           |
| Equity Inns, Inc., Series B                          | 34,000    | 887,400           |
| FelCor Lodging Trust, Inc., Series A (c)             | 83,000    | 2,067,530         |
| FelCor Lodging Trust, Inc., Series C                 | 49,200    | 1,225,572         |
| Innkeepers USA Trust, Series C                       | 120,000   | 3,038,400         |
| Strategic Hotels & Resorts, Inc., Series B           | 54,500    | 1,419,725         |
| Winston Hotels, Inc., Series B                       | 160,000   | 4,017,600         |
|  |           | 16,153,132        |
| <b>Manufactured Homes 5.3%</b>                       |           |                   |
| Affordable Residential Communities, Series A         | 280,000   | 6,657,000         |
| <b>Mortgage 2.8%</b>                                 |           |                   |
| New Century Financial Corp., Series A                | 20,000    | 490,000           |
| RAIT Investment Trust, Series A                      | 125,000   | 3,068,750         |
|  |           | 3,558,750         |
| <b>Office 0.7%</b>                                   |           |                   |
| Alexandria Real Estate Equities, Inc., Series B      | 5,000     | 126,700           |
| Kilroy Realty Corp., Series F                        | 30,000    | 760,800           |
|  |           | 887,500           |
| <b>Retail 2.6%</b>                                   |           |                   |
| CBL & Associates Properties, Inc., Series B          | 20,000    | 1,031,100         |
| Glimcher Realty Trust, Series F                      | 20,000    | 507,200           |
| Glimcher Realty Trust, Series G                      | 50,000    | 1,254,500         |
| The Mills Corp., Series E                            | 7,100     | 147,254           |
| The Mills Corp., Series G                            | 17,000    | 329,970           |
|  |           | 3,270,024         |
| <b>Total Preferred Stocks (Cost \$42,159,667)</b>    |           | <b>43,533,731</b> |
| <b>Short-Term Investments 2.9%</b>                   |           |                   |
| <b>Other Investment Companies 2.9%</b>               |           |                   |
| SSgA Money Market Fund, 4.95% (d) (Cost \$3,642,919) | 3,642,919 | 3,642,919         |
| Total Investments 137.2% (Cost \$149,185,533) (e)    |           | 173,357,174       |
| Other assets less liabilities 2.4%                   |           | 3,007,658         |
| Preferred Shares, at liquidation preference (39.6)%  |           | (50,000,000)      |
| Net Assets applicable to common shareholders 100%    |           | \$ 126,364,832    |

See notes to portfolio of investments.

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**Notes to Portfolio of Investments**

- (a) Non-income producing security as first dividend paid subsequent to September 30, 2006.
- (b) 144A securities. Securities restricted for resale to Qualified Institutional Buyers. On October 6, 2006, Alesco Financial Trust merged with Sunset Financial Resources to form Alesco Financial, Inc and the security ceased to be a restricted 144A security.
- (c) Convertible into common stock.
- (d) Rate reflects 7 day yield as of September 30, 2006.
- (e) Although subject to adjustments to the extent 2006 distributions by the issuers of the Fund's investments are characterized as return of capital, the cost, gross unrealized appreciation and gross unrealized depreciation of the Fund's investments for federal income tax purposes, as of September 30, 2006, are as follows:

|                               |    |             |
|-------------------------------|----|-------------|
| Cost                          | \$ | 149,185,533 |
| Gross unrealized appreciation | \$ | 26,870,232  |
| Gross unrealized depreciation |    | (2,698,591) |
| Net unrealized appreciation   | \$ | 24,171,641  |

Reference should be made to the Fund's financial statements for the year ended December 31, 2005, and six months ended June 30, 2006, for further information concerning the income tax characterization of the Fund's investment income and distributions.

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**Item 2. Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")), are effective, as of a date within 90 days of the filing date of this report, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

(a)(1) Certification of Principal Executive Officer, as required by Rule 30a-2(a) under the 1940 Act.

(a)(2) Certification of Principal Financial Officer, as required by Rule 30a-2(a) under the 1940 Act.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RMR REAL ESTATE FUND

By: /s/ Thomas M. O Brien  
Thomas M. O Brien  
President

Date: November 16, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Thomas M. O Brien  
Thomas M. O Brien  
President

Date: November 16, 2006

By: /s/ Mark L. Kleifges  
Mark L. Kleifges  
Treasurer

Date: November 16, 2006

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