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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

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

811-21502

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

> Thomas M. O Brien, President RMR Hospitality and 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, 6th Floor Boston, Massachusetts 02111

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

Registrant's telephone number, including area code:

Date of fiscal year end: December 31

Date of reporting period: September 30, 2006

02458

(Zip code)

(617) 332-9530

Item 1. Schedule of Investments.

RMR Hospitality and Real Estate Fund

Portfolio of Investments September 30, 2006 (unaudited)

| Company | Shares | Value |
|---|---------|------------|
| Common Stocks 86.4% | | |
| Real Estate Investment Trusts 83.1% | | |
| Apartments 2.5% | | |
| Apartment Investment & Management Co. | 8,200 | \$ 446,162 |
| Associated Estates Realty Corp. | 5,600 | 86,632 |
| BNP Residential Properties, Inc. | 16,000 | 380,000 |
| Home Properties, Inc. | 5,500 | 314,380 |
| United Dominion Realty Trust, Inc. | 10,100 | 305,020 |
| | | 1,532,194 |
| Diversified 22.6% | | |
| Centracore Properties Trust | 14,150 | 449,262 |
| Colonial Properties Trust | 80,200 | 3,834,362 |
| Cousins Properties, Inc. | 10,000 | 342,100 |
| Crescent Real Estate Equities Co. | 163,500 | 3,565,935 |
| iStar Financial, Inc. | 6,000 | 250,200 |
| Lexington Corporate Properties Trust | 96,400 | 2,041,752 |
| Liberty Property Trust | 24,000 | 1,146,960 |
| National Retail Properties, Inc. | 89,850 | 1,940,760 |
| Newkirk Realty Trust, Inc. | 8,000 | 131,840 |
| Spirit Finance Corp. | 12,500 | 145,125 |
| Washington Real Estate Investment Trust | 300 | 11,940 |
| washington Kear Estate investment Trust | 500 | 13,860,236 |
| Health Care 9.7% | | 15,000,250 |
| Health Care Property Investors, Inc. | 6,770 | 210,209 |
| Health Care REIT, Inc. | 49,150 | 1,966,491 |
| Healthcare Realty Trust, Inc. | 4,300 | 165,163 |
| Medical Properties Trust, Inc. | 17,050 | 228,300 |
| Nationwide Health Properties, Inc. | 86,000 | 2,299,640 |
| OMEGA Healthcare Investors, Inc. | 2,000 | 30,020 |
| Universal Health Realty Income Trust | 5,000 | 179,250 |
| Windrose Medical Properties Trust | 50,100 | 885,768 |
| ······································ | | 5,964,841 |
| | | |
| Hospitality 4.2% | | |
| Ashford Hospitality Trust, Inc. | 34,000 | 405,620 |
| Eagle Hospitality Properties Trust, Inc. | 41,000 | 381,300 |
| Entertainment Properties Trust | 18,800 | 927,216 |
| Equity Inns, Inc. | 8,000 | 127,360 |
| Hersha Hospitality Trust | 33,100 | 317,760 |
| Highland Hospitality Corp. | 7,000 | 100,310 |
| Innkeepers USA Trust | 9,000 | 146,610 |
| Winston Hotels, Inc. | 17,000 | 209,440 |
| Industrial 9.2% | | 2,615,616 |
| Industrial 9.2% EastGroup Properties, Inc. | 4.000 | 100 440 |
| • • | 4,000 | 199,440 |
| First Industrial Realty Trust, Inc. | 109,160 | 4,803,040 |
| ProLogis | 11,000 | 627,660 |

See notes to portfolio of investments.

| Company | Shares | Value |
|---|-------------|------------------------|
| Common Stocks continued | | |
| Real Estate Investment Trusts continued | | |
| Mortgage 3.6% | | |
| American Mortgage Acceptance Co. | 13,400 \$ | 241,736 |
| Arbor Realty Trust, Inc. | 1,100 | 28,116 |
| Crystal River Capital, Inc. (a) | 16,900 | 386,672 |
| 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 |
| | , | 2,212,480 |
| Office 16.0% | | |
| American Financial Realty Trust | 9,500 | 106,020 |
| Brandywine Realty Trust | 44,000 | 1,432,200 |
| Columbia Equity Trust, Inc. | 3,000 | 49,950 |
| Corporate Office Properties Trust | 11,500 | 514,740 |
| Equity Office Properties Trust | 50,000 | 1,988,000 |
| Glenborough Realty Trust, Inc. | 87,400 | 2,248,802 |
| Highwoods Properties, Inc. | 45,000 | 1,674,450 |
| Maguire Properties, Inc. | 4,000 | 162,960 |
| Reckson Associates Realty Corp. | 38,000 | 1,626,400 |
| Reckson Associates Really Colp. | 50,000 | 9,803,522 |
| Other Financial Services 0.1% | | |
| | 5,000 | 40.150 |
| Friedman Billings Ramsey Group, Inc. | 5,000 | 40,150 |
| Retail 9.8% | <pre></pre> | |
| CBL & Associates Properties, Inc. | 6,000 | 251,460 |
| Glimcher Realty Trust | 23,400 | 579,852 |
| Heritage Property Investment Trust | 80,400 | 2,931,384 |
| New Plan Excel Realty Trust | 46,270 | 1,251,603 |
| Realty Income Corp. | 12,200 | 301,462 |
| Taubman Centers, Inc. | 2,000 | 88,840 |
| The Mills Corp. | 36,100 | 603,231 |
| Urstadt Biddle Properties, Inc. | 800 | 14,536 |
| Specialty 4.7% | | 6,022,368 |
| | 24,000 | 005 520 |
| Getty Realty Corp. | 34,000 | 995,520 |
| Trustreet Properties, Inc. | 153,200 | 1,916,532 2,912,052 |
| Storage 0.7% | | _,,, |
| Sovran Self Storage, Inc. | 8,100 | 449,955 |
| Total Real Estate Investment Trusts (Cost \$42,264,412) | | 51,043,554 |
| Other 3.3% | | 101 |
| American Capital Strategies, Ltd. | 16,000 | 631,520 |
| Iowa Telecommunication Services, Inc. | 25,800 | 510,582 |
| Morgans Hotel Group (b) | 9,311 | 116,388 |
| Seaspan Corp. | 33,400 | 750,832 |
| Total Other (Cost \$1,698,770) | | 2,009,322 |
| Total Common Stocks (Cost \$43,963,182) | | 53,052,876 |

See notes to portfolio of investments.

| Real Existe Investment Fork Apartments 1.0% Apartment Investment & Management Co., Series U 24,000 \$ 608,880 Diversified 2.5% 22,067 58,4748 Digital Realty Tinst, Inc., Series F 23,067 58,4748 Digital Realty Tinst, Inc., Series F 15,000 389,250 LRA Realty LLC, Series F 40,000 1,023,4008 Health Care 4.2% 40,000 1,023,4008 Health Care TERT, Inc., Series F 40,000 1,023,4008 Vir Properties, Inc., Series F 40,000 1,023,4008 Health Care 4.2% 46,000 1,141,500 Equil Care REIT, Inc., Series A 46,000 1,141,500 Equil Care ALT, Series A 46,000 1,038,400 Hospitality Tunst, Series A 40,000 1,038,400 Gott Martin Corp, Series I 100,000 2,491,200 Hospitality Tunst, Series C 20,000 3,8400 Hold Start Terres A 16,000 1,984,600 Height Hospitality Tunst, Series A 16,000 1,984,600 Height Hospitality Tunst, Se | Company | Shares or Principal Amount | Value |
|--|--|---------------------------------------|---------------------------------------|
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| Hersha Hospitality Trust, Series A 40,000 1,038,400 Highland Hospitality Corp., Series A 160,000 3,984,000 Host Marriott Corp., Series E 100,000 2,647,000 LaSalle Hotel Properties, Series E 5,000 129,000 Strategic Hotels & Resorts, Inc., Series C 20,000 513,000 Winston Hotels, Inc., Series B 95,000 2,385,450 Manufactured Homes 0.4% 14,778,070 Martingge 1.8% 25,000 631,500 Mortgage 1.8% 20,000 140,000 New Century Financial Corp., Series A 25,000 631,500 Office 8.0% 1,121,500 1,121,500 Office 8.0% 4,928,300 4,928,300 Retail 0.4% 1 20,000 19,4000 SL Green Realty Corp., Series G 10,000 1,784,300 3,732 The Mills Corp., Series G 10,000 194,100 3,1432 Debt Scurrities 8,7% 26,021,720 26,021,720 Debt Scurrities R 1,800 37,332 160,000 1,694,000 St Flags, Inc., 9 | | | |
| Highland Hospitality Corp., Series A 160,000 3,984,000 Host Marriott Corp., Series E 100,000 2,647,000 Innkcepers USA Trust, Series C 27,000 683,640 LaSalle Hotel Properties, Series E 5,000 129,000 Strategic Hotels & Resorts, Inc., Series C 20,000 513,000 Winston Hotels, Inc., Series B 95,000 2,385,450 Manufactured Homes 0.4% 14,778,070 Manufactured Homes 0.4% 14,778,070 Manufactured Homes 0.4% 14,778,070 Mortgage 1.8% 9,600 228,240 Mortgage 1.8% 25,000 631,500 New Century Financial Corp., Series A 25,000 631,500 New Century Financial Corp., Series C 120,000 3,144,000 SL Green Realty Corp., Series D 70,000 1,784,300 SL Green Realty Corp., Series G 10,000 194,100 SL Green Realty Corp., Series G 10,000 231,432 Total Preferred Stocks (Cost \$25,388,814) 26,021,720 20,000 Debt Securities 8.7% 1,60,000 1,694,000 | | | |
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| FelCor Lodging LP, 9.00%, 06/01/2011 (d) 1,600,000 1,694,000 Six Flags, Inc., 9.75%, 04/15/2013 1,760,000 1,584,000 Total Debt Securities (Cost \$5,254,226) 5,328,000 Short-Term Investments 3.9% Other Investment Companies 3.9% | Hospitality 8.7% | | |
| Six Flags, Inc., 9.75%, 04/15/2013 1,760,000 1,584,000 Total Debt Securities (Cost \$5,254,226) 5,328,000 Short-Term Investments 3.9% Other Investment Companies 3.9% | American Real Estate Partners LP, 8.125%, 06/01/2012 | | |
| Total Debt Securities (Cost \$5,254,226)5,328,000Short-Term Investments3.9%Other Investment Companies3.9% | FelCor Lodging LP, 9.00%, 06/01/2011 (d) | | |
| Short-Term Investments 3.9% Other Investment Companies 3.9% | Six Flags, Inc., 9.75%, 04/15/2013 | 1,760,000 | 1,584,000 |
| Short-Term Investments 3.9% Other Investment Companies 3.9% | Total Debt Securities (Cost \$5,254,226) | | 5,328,000 |
| | Short-Term Investments 3.9% | | |
| | Other Investment Companies 3.9% | | |
| | SSgA Money Market Fund, 4.95% (e) (Cost \$2,394,450) | 2,394,450 | 2,394,450 |

See notes to portfolio of investments.

| Total Investments 141.3% (Cost \$77,000,672) (f) | \$ 86,797,046 |
|---|------------------|
| Other assets less liabilities 4.3% | 2,610,553 |
| Preferred Shares, at liquidation preference (45.6)% | (28,000,000) |
| Net Assets applicable to common shareholders 100% | \$ 61,407,599 |

Notes to Portfolio of Investments

- (a) Non-income producing security as first dividend paid subsequent to September 30, 2006.
- (b) Non-income producing security.
- (c) Convertible into common stock.
- (d) Also a Real Estate Investment Trust.
- (e) Rate reflects 7 day yield as of September 30, 2006.
- (f) 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 | \$ 77,000,672 |
|-------------------------------|------------------|
| | |
| Gross unrealized appreciation | \$ 11,610,506 |
| Gross unrealized depreciation | (1,814,132) |
| Net unrealized appreciation | \$ 9,796,374 |

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.

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.

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 HOSPITALITY AND 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