RMR F.I.R.E. Fund
Form N-CSR
August 28, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21616

RMR F.I.R.E. FUND

(Exact name of registrant as specified in charter)

400 CENTRE STREET
NEWTON, MASSACHUSETTS 02458
(Address of principal executive offices) (Zip code)

(Name and Address of Agent for Service)
Adam D. Portnoy, President
RMR F.I.R.E. Fund
400 Centre Street
Newton, Massachusetts 02458

Copy to:

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State Street Bank and Trust Company
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Boston, Massachusetts 02116

Registrant's telephone number, including area code: **(617) 332-9530**
Date of fiscal year end: December 31
Date of reporting period: June 30, 2008

Item 1. Reports to Shareholders.

SEMI ANNUAL REPORT
JUNE 30, 2008

RMR Real Estate Fund
RMR Hospitality and Real Estate Fund
RMR F.I.R.E. Fund
RMR Preferred Dividend Fund
RMR Asia Pacific Real Estate Fund
RMR Asia Real Estate Fund
RMR Dividend Capture Fund

ABOUT INFORMATION CONTAINED IN THIS REPORT:

PERFORMANCE DATA IS HISTORICAL AND REFLECTS HISTORICAL EXPENSES AND HISTORICAL CHANGES IN NET ASSET VALUE. HISTORICAL RESULTS ARE NOT INDICATIVE OF FUTURE RESULTS.

IF RMR ADVISORS HAD NOT WAIVED FEES OR PAID ALL OF EACH FUND'S ORGANIZATIONAL COSTS AND A PORTION OF EACH FUND'S OFFERING COSTS, EACH FUND'S RETURNS WOULD HAVE BEEN REDUCED.

PLEASE CONSIDER THE INVESTMENT OBJECTIVES, STRATEGIES, RISKS, CHARGES AND EXPENSES BEFORE INVESTING IN ANY OF THE FUNDS. AN INVESTMENT IN EACH FUND'S SHARES IS SUBJECT TO MATERIAL RISKS, INCLUDING BUT NOT LIMITED TO THOSE DESCRIBED IN EACH FUND'S PROSPECTUS, THE REGISTRATION STATEMENTS AND OTHER DOCUMENTS FILED WITH THE SEC. EACH FUND'S DECLARATION OF TRUST CONTAINS PROVISIONS WHICH LIMIT OWNERSHIP OF FUND SHARES BY ANY PERSON OR GROUP OF PERSONS ACTING TOGETHER AND LIMIT ANY PERSONS ABILITY TO CONTROL A FUND OR TO CONVERT A FUND TO AN OPEN END FUND. FOR MORE INFORMATION ABOUT ANY OF OUR FUNDS PLEASE VISIT *WWW.RMRFUNDS.COM* OR CALL OUR INVESTOR RELATIONS GROUP AT (866)-790-3165.

NOTICE CONCERNING LIMITED LIABILITY

THE AGREEMENTS AND DECLARATIONS OF TRUST OF RMR REAL ESTATE FUND, RMR HOSPITALITY AND REAL ESTATE FUND, RMR F.I.R.E. FUND, RMR PREFERRED DIVIDEND FUND, RMR ASIA PACIFIC REAL ESTATE FUND, RMR ASIA REAL ESTATE FUND AND RMR DIVIDEND CAPTURE FUND, COPIES OF WHICH, TOGETHER WITH ALL AMENDMENTS AND SUPPLEMENTS THERETO, ARE DULY FILED IN THE OFFICE OF THE SECRETARY, CORPORATIONS DIVISION, OF THE COMMONWEALTH OF MASSACHUSETTS, PROVIDE THAT THE NAMES "RMR REAL ESTATE FUND", "RMR HOSPITALITY AND REAL ESTATE FUND", "RMR F.I.R.E. FUND" , "RMR PREFERRED DIVIDEND FUND", "RMR ASIA PACIFIC REAL ESTATE FUND", "RMR ASIA REAL ESTATE FUND" AND "RMR DIVIDEND CAPTURE FUND" REFER TO THE TRUSTEES UNDER THE AGREEMENTS AND DECLARATIONS COLLECTIVELY AS TRUSTEES, BUT NOT INDIVIDUALLY OR PERSONALLY, AND THAT NO TRUSTEE, OFFICER, SHAREHOLDER, EMPLOYEE OR AGENT OF ANY OF THE FUNDS SHALL BE HELD TO ANY PERSONAL LIABILITY, JOINTLY OR SEVERALLY, FOR ANY OBLIGATION OF, OR CLAIM AGAINST, ANY OF THESE FUNDS. ALL PERSONS DEALING WITH ANY OF THE FUNDS IN ANY WAY, SHALL LOOK ONLY TO THE ASSETS OF THAT FUND WITH WHICH HE OR SHE MAY DEAL FOR THE PAYMENT OF ANY SUM OR THE PERFORMANCE OF ANY OBLIGATION.

RMR Funds
June 30, 2008

August 27, 2008

To our shareholders,

We are pleased to present you with our 2008 semi-annual report for our seven closed end funds:

We invite you to read through the information contained in this report and to view our website at *www.rmrfunds.com.*

Sincerely,

Adam D. Portnoy
President

RMR Real Estate Fund
June 30, 2008

To our shareholders,

In the pages that follow, you will find data summarizing our financial results for the six months ended June 30, 2008, and our financial position as of June 30, 2008.

Relevant Market Conditions

Real Estate Industry Fundamentals. Despite a slowing economy and negative sentiment regarding the direction of the financial markets, real estate fundamentals remained stable during the first half of 2008. Occupancy levels held up and rents continued to increase, albeit at a slower pace. Property sales, however, slowed substantially as a result of tighter lending standards and wide differences between buyers and sellers regarding valuations. With limited transactions taking place, it is hard to estimate how much commercial property values have declined. Some estimates put the figure somewhere between negative 10% to negative 15%. What is clear, however, is that property values are no longer at levels seen in early 2007. Over the next six to twelve months, we expect downward pricing pressure to continue on commercial real estate.

For the balance of the year, we believe the economy will likely continue to struggle due to higher food and energy prices, lack of employment growth and a weak housing market. Lending will continue to be restricted, hampering overall economic growth as financial institutions continue to strengthen their balance sheets.

Real Estate Industry Technicals. Throughout the first half of the year, the REIT market continued to exhibit high volatility. REITs started the year on a negative note, down almost 12% in mid-January, and rebounded sharply during March and April (up 6% during each month) following the Fed's and J.P. Morgan's rescue of Bear Stearns. Concern about additional write-offs from financial institutions sent the REIT market, along with other financial services companies, into negative territory during the month of June. REITs were down 11% in June and finished the first half of the year down 3.5%. Despite the volatility, REIT dedicated funds saw $3 billion of inflows during the first six months of the year, an encouraging sign after outflows of more than $9 billion from the period March to December 2007.

Fund Strategies, Techniques and Performance

Our primary investment objective is to earn and pay a high level of current income to our common shareholders by investing in real estate companies, including REITs. Our secondary investment objective is capital appreciation. There can be no assurances that we will meet our investment objectives.

During the six months ended June 30, 2008, our total return on net asset value, or NAV (including NAV changes and assuming a hypothetical reinvestment of distributions at NAV), was negative 8.1%. During that same period, the total return for the MSCI US REIT Total Return Index (an unmanaged index of REIT common stocks) was negative 3.5% and the total return for the Merrill Lynch REIT Preferred Index (an unmanaged index of REIT preferred stocks) was 7.6%. We believe these two indices are relevant to us because our investments, excluding short term investments, as of June 30, 2008, included 61.9% REIT common stocks and 22.5% REIT preferred stocks. The S&P 500 Index (an unmanaged index published as Standard and Poor's Composite Index of 500 common stocks) total return for the six months ended June 30, 2008 was negative 11.9%.

Our investment allocation to the apartment REITs contributed positively to the fund's performance, perhaps because this subsector has benefited from a downturn in the housing market, which has resulted in more people renting rather than buying homes. Our holdings in the hotel real estate subsector detracted from performance based on expectations of lower earnings growth.

Recent Developments

Recently, credit markets, including the market for auction rate securities, such as the Fund's $50 million of preferred shares, have experienced a liquidity crisis. To date, no auctions for the Fund's preferred shares have failed; however, an affiliate of the Fund's lead broker dealer for its preferred shares has purchased a significant amount of the Fund's preferred shares in the auctions. Please see the notes to the financial statements for more information.

Because of the decline in NAV during the last 15 months and the Fund's relatively small size, the Fund's Board of Trustees is currently considering actions to reduce its expenses and otherwise enhance value for the Fund's shareholders. To this end, on August 26, 2008 we filed a preliminary joint proxy statement / prospectus with the Securities and Exchange Commission in connection with a proposed combination of the Fund with two other closed end RMR funds (RMR Hospitality and Real Estate Fund and RMR F.I.R.E. Fund). Both are managed by our advisor, RMR Advisors, Inc. If the combinations receive all shareholder approvals that are required and proceed, all three funds will become one new fund, RMR Real Estate Income Fund, a newly formed Delaware statutory trust which also will be managed by our advisor. The process of seeking approvals and completing the proposed combinations may take several months, and the combinations may or may not occur for various reasons.

Thank you for your continued support. For more information, please view our website, at *www.rmrfunds.com.*

Sincerely,

Adam D. Portnoy
President

August 27, 2008

Portfolio holdings by sub-sector as a percentage of investments
(as of June 30, 2008)*

REITs	
Health care	19%
Hospitality	18%
Diversified	15%
Others, less than 10% each	32%
Total REITs	84%
Other	16%
Total investments	100%

* These percentages represent the Fund's portfolio holdings by sub-sector as a percentage of total portfolio holdings and do not match with the percentages included in the Portfolio of Investments schedule which represent the Fund's portfolio holdings by sub-sector as a percentage of the Fund's net assets.

RMR Real Estate Fund
Portfolio of Investments June 30, 2008 (unaudited)

Company	Shares	Value
Common Stocks 110.5%		
Real Estate Investment Trusts 101.3%		
Apartments 12.8%		
Apartment Investment & Management Co.	14,615	$ 497,787
Associated Estates Realty Corp.	40,000	428,400
AvalonBay Communities, Inc.	14,000	1,248,240
BRE Properties, Inc.	10,000	432,800
Equity Residential	49,000	1,875,230
Essex Property Trust, Inc.	6,000	639,000
Home Properties, Inc.	88,800	4,267,728
Mid-America Apartment Communities, Inc.	5,000	255,200
Post Properties, Inc.	5,000	148,750
		9,793,135
Diversified 23.1%		
CapLease, Inc.	56,000	419,440
Colonial Properties Trust	10,000	200,200
Duke Realty Corp.	70,000	1,571,500
DuPont Fabros Technology, Inc.	7,500	139,800
Franklin Street Properties Corp.	3,000	37,920
Lexington Corporate Properties Trust	383,800	5,231,194
Liberty Property Trust	29,000	961,350
Mission West Properties, Inc.	5,000	54,800
National Retail Properties, Inc.	352,700	7,371,430
Vornado Realty Trust	19,000	1,672,000
Washington Real Estate Investment Trust	300	9,015
		17,668,649
Health Care 25.9%		
Cogdell Spencer, Inc.	16,500	268,125
HCP, Inc.	39,080	1,243,135
Health Care REIT, Inc.	162,600	7,235,700
LTC Properties, Inc.	20,000	511,200
Medical Properties Trust, Inc.	94,520	956,542
Nationwide Health Properties, Inc.	242,154	7,625,429
OMEGA Healthcare Investors, Inc.	96,000	1,598,400
Universal Health Realty Income Trust	13,000	390,000
		19,828,531
Hospitality 6.6%		
Ashford Hospitality Trust, Inc.	185,500	857,010
Entertainment Properties Trust	22,000	1,087,680
FelCor Lodging Trust, Inc.	49,700	521,850
Hersha Hospitality Trust	129,300	976,215
LaSalle Hotel Properties	17,200	432,236
Sunstone Hotel Investors, Inc.	25,000	415,000
Supertel Hospitality, Inc.	161,000	798,560

5,088,551

See notes to financial statements and notes to portfolio of investments.

Industrial 10.1%			
AMB Property Corp.	4,000	$	201,520
DCT Industrial Trust, Inc.	64,500		534,060
EastGroup Properties, Inc.	14,000		600,600
First Industrial Realty Trust, Inc.	211,240		5,802,763
ProLogis	11,000		597,850
			7,736,793
Manufactured Homes 1.8%			
Sun Communities, Inc.	75,900		1,383,657
Mortgage 0.6%			
Alesco Financial, Inc.	19,000		38,000
Anthracite Capital, Inc.	2,000		14,080
Gramercy Capital Corp.	37,388		433,327
			485,407
Office 9.4%			
Brandywine Realty Trust	102,400		1,613,824
Corporate Office Properties Trust	15,500		532,115
Highwoods Properties, Inc.	55,000		1,728,100
Mack-Cali Realty Corp.	26,500		905,505
Maguire Properties, Inc.	48,000		584,160
Parkway Properties, Inc.	55,000		1,855,150
			7,218,854
Retail 7.6%			
Cedar Shopping Centers, Inc.	75,000		879,000
Equity One, Inc.	10,000		205,500
Glimcher Realty Trust	109,400		1,223,092
Kimco Realty Corp.	5,000		172,600
Pennsylvania Real Estate Investment Trust	12,000		277,680
Ramco-Gershenson Properties Trust	9,000		184,860
Realty Income Corp.	54,600		1,242,696
Simon Property Group, Inc.	15,000		1,348,350
Tanger Factory Outlet Centers, Inc.	5,000		179,650
Urstadt Biddle Properties, Inc.	8,900		130,474
			5,843,902
Specialty 0.6%			
Getty Realty Corp.	32,600		469,766

See notes to financial statements and notes to portfolio of investments.

Storage 2.8%		
Public Storage, Inc.	3,000	$ 242,370
Sovran Self Storage, Inc.	26,900	1,117,964
U-Store-It Trust	65,000	776,750
		2,137,084
Total Real Estate Investment Trusts (Cost $87,577,719)		77,654,329
Other 9.2%		
Abingdon Investment, Ltd. (a) (b)	550,000	3,256,000
American Capital Strategies, Ltd.	23,500	558,595
Brookfield Properties Corp.	10,000	177,900
Iowa Telecommunication Services, Inc.	50,500	889,305
Las Vegas Sands Corp. (c)	18,000	853,920
MCG Capital Corp.	41,000	163,180
Seaspan Corp.	48,200	1,157,764
Total Other (Cost $10,153,829)		7,056,664
Total Common Stocks (Cost $97,731,548)		84,710,993
Preferred Stocks 43.8%		
Real Estate Investment Trusts 36.9%		
Apartments 1.1%		
Apartment Investment & Management Co., Series G	32,800	813,440
Diversified 2.1%		
Colonial Properties Trust, Series D	60,000	1,410,000
Duke Realty Corp., Series O	8,000	190,960
		1,600,960
Health Care 5.8%		
Health Care REIT, Inc., Series G	20,000	638,400
OMEGA Healthcare Investors Inc., Series D	160,000	3,840,000
		4,478,400
Hospitality 22.4%		
Ashford Hospitality Trust, Series A	107,900	1,902,277
Ashford Hospitality Trust, Series D	100,000	1,772,000
Eagle Hospitality Properties Trust, Inc., Series A (b)	28,000	280,000
Entertainment Properties Trust, Series D	111,800	2,158,858
FelCor Lodging Trust, Inc., Series A (d)	83,000	1,589,450
FelCor Lodging Trust, Inc., Series C	39,600	766,260
Hersha Hospitality Trust, Series A	92,000	1,895,200
LaSalle Hotel Properties, Series D	100,000	1,959,000
Strategic Hotels & Resorts, Inc., Series A	75,000	1,335,000
Strategic Hotels & Resorts, Inc., Series B	64,500	1,161,000
Sunstone Hotel Investors, Inc., Series A	129,100	2,388,350
		17,207,395

See notes to financial statements and notes to portfolio of investments.

Industrial 0.6%		
First Industrial Realty Trust, Series J	20,000	$ 420,000
Office 1.6%		
Corporate Office Properties Trust, Series H	2,000	43,940
Corporate Office Properties Trust, Series J	22,000	477,400
Kilroy Realty Corp., Series E	500	11,490
Kilroy Realty Corp., Series F	30,000	660,750
		1,193,580
Retail 3.3%		
Cedar Shopping Centers, Inc., Series A	88,600	2,161,840
Glimcher Realty Trust, Series F	20,000	399,800
		2,561,640
Total Real Estate Investment Trusts (Cost $33,795,564)		28,275,415
Other 6.9%		
Hilltop Holdings, Inc., Series A	280,000	5,320,000
Total Other (Cost $6,016,675)		5,320,000
Total Preferred Stocks (Cost $39,812,239)		33,595,415
Other Investment Companies 9.4%		
Alpine Total Dynamic Dividend Fund	126,200	1,877,856
Cohen & Steers Premium Income Realty Fund, Inc.	31,950	480,528
Cohen & Steers REIT and Preferred Income Fund, Inc.	38,426	733,937
Cornerstone Strategic Value Fund, Inc.	2,500	13,625
Eaton Vance Enhanced Equity Income Fund II	30,100	516,516
LMP Real Estate Income Fund, Inc.	80,160	1,226,448
Neuberger Berman Real Estate Securities Income Fund, Inc.	150,731	1,409,335
The Zweig Total Return Fund, Inc.	220,568	974,910
Ultra Real Estate ProShares	400	11,240
Total Other Investment Companies (Cost $9,642,697)		7,244,395
Short-Term Investments 0.4%		
Other Investment Companies 0.4%		
Dreyfus Cash Management, Institutional Shares, 2.66% (e) (Cost $310,743)	310,743	310,743
Total Investments 164.1% (Cost $147,497,227)		125,861,546
Other assets less liabilities 1.1%		834,092
Preferred Shares, at liquidation preference (65.2)%		(50,000,000)
Net Assets applicable to common shareholders 100%		$ 76,695,638

See notes to financial statements and notes to portfolio of investments.

Notes to Portfolio of Investments

(a) Rule 144A securities. Securities restricted for resale to Qualified Institutional Buyers (4.2% of net assets).

(b) As of June 30, 2008, the Fund held securities fair valued in accordance with policies adopted by the board of trustees aggregating $3,536,000 and 2.8% of market value.

(c) As of June 30, 2008, this security had not paid a distribution.

(d) Convertible into common stock.

(e) Rate reflects 7 day yield as of June 30, 2008.

See notes to financial statements.

RMR Real Estate Fund
Financial Statements

Statement of Assets and Liabilities

June 30, 2008 (unaudited)

Assets		
Investments in securities, at value (cost $147,497,227)	$	125,861,546
Cash		300
Dividends and interest receivable		1,022,051
Other assets		4,339
Total assets		126,888,236
Liabilities		
Advisory fee payable		66,304
Distributions payable preferred shares		40,160
Accrued expenses and other liabilities		86,134
Total liabilities		192,598
Preferred shares, at liquidation preference		
Auction preferred shares, Series T; $.001 par value per share; 2,000 shares issued and outstanding at $25,000 per share liquidation preference		50,000,000
Net assets attributable to common shares	$	76,695,638
Composition of net assets		
Common shares, $.001 par value per share; unlimited number of shares authorized, 6,824,000 shares issued and outstanding	$	6,824
Additional paid-in capital		96,475,287
Undistributed net investment income		77,834
Accumulated net realized gain on investment transactions		1,771,374
Net unrealized depreciation on investments		(21,635,681)
Net assets attributable to common shares	$	76,695,638
Net asset value per share attributable to common shares (based on 6,824,000 common shares outstanding)	$	11.24

See notes to financial statements.

RMR Real Estate Fund

Financial Statements continued

Statement of Operations

Six Months Ended June 30, 2008 (unaudited)		
Investment Income		
Dividends (cash distributions received or due, net of foreign taxes withheld of $420)	$	5,486,414
Interest		19,053
Total investment income		5,505,467
Expenses		
Advisory		575,125
Audit and legal		317,816
Preferred share remarketing		63,082
Administrative		46,627
Shareholder reporting		43,693
Custodian		40,616
Compliance and internal audit		17,344
Trustees' fees and expenses		8,900
Other		41,631
Total expenses		1,154,834
Less: expense waived by the Advisor		(169,154)
Net expenses		985,680
Net investment income		4,519,787
Realized and unrealized loss on investments		
Net realized loss on investments		(235,896)
Net change in unrealized appreciation/(depreciation) on investments		(9,995,006)
Net realized and unrealized loss on investments		(10,230,902)
Distributions to preferred shareholders from net investment income		(1,020,580)
Net decrease in net assets attributable to common shares resulting from operations	$	(6,731,695)

See notes to financial statements.

RMR Real Estate Fund
Financial Statements continued

Statements of Changes in Net Assets

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31, 2007
Increase (decrease) in net assets resulting from operations		
Net investment income	$ 4,519,787	$ 7,481,138
Net increase from payments by affiliates		2,070
Net realized gain (loss) on investments	(235,896)	3,140,623
Net change in unrealized appreciation/(depreciation) on investments	(9,995,006)	(41,493,993)
Distributions to preferred shareholders from:		
Net investment income	(1,020,580)	(1,161,670)
Net realized gain on investments		(1,482,830)
Net decrease in net assets attributable to common shares resulting from operations	(6,731,695)	(33,514,662)
Distributions to common shareholders from:		
Net investment income	(3,412,000)	(6,354,978)
Net realized gain on investments		(8,111,902)
Total decrease in net assets attributable to common shares	(10,143,695)	(47,981,542)
Net assets attributable to common shares		
Beginning of period	86,839,333	134,820,875
End of period (including undistributed/(distributions in excess of) net investment income of $77,834 and $(9,373), respectively)	$ 76,695,638	$ 86,839,333
Common shares issued and repurchased		
Shares outstanding, beginning of period	6,824,000	6,824,000
Shares issued		
Shares outstanding, end of period	6,824,000	6,824,000

See notes to financial statements.

RMR Real Estate Fund
Financial Highlights

Selected Data For A Common Share Outstanding Throughout Each Period

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	For the Period December 18, 2003(a) to December 31, 2003
Per Common Share Operating Performance (b)						
Net asset value, beginning of period	$ 12.73	$ 19.76	$ 15.63	$ 16.61	$ 14.35	$ 14.33(c)
Income from Investment Operations						
Net investment income (d)	.66(e)	1.10	.99	.64	.47	.10
Net realized and unrealized appreciation/(depreciation) on investments	(1.50)(e)	(5.62)	4.69	(.08)	3.11	(.05)
Distributions to preferred shareholders (common stock equivalent basis) from:						
Net investment income	(.15)(e)	(.17)	(.23)	(.10)	(.05)	
Net realized gain on investments	(e)	(.22)	(.12)	(.14)	(.05)	
Net increase (decrease) in net asset value from operations	(.99)	(4.91)	5.33	.32	3.48	.05
Less: Distributions to common shareholders from:						
Net investment income	(.50)(e)	(.93)	(.79)	(.54)	(.53)	
Net realized gain on investments	(e)	(1.19)	(.41)	(.76)	(.57)	
Common share offering costs charged to capital						(.03)
Preferred share offering costs charged to capital					(.12)	
Net asset value, end of period	$ 11.24	$ 12.73	$ 19.76	$ 15.63	$ 16.61	$ 14.35
Market price, beginning of period	$ 11.03	$ 17.48	$ 13.15	$ 14.74	$ 15.00	$ 15.00
Market price, end of period	$ 10.07	$ 11.03	$ 17.48	$ 13.15	$ 14.74	$ 15.00
Total Return (f)(g)						
Total investment return based on:						
Market price (h)	(4.47)%	(26.19)%	43.77%	(1.96)%	6.42%	0.00%
Net asset value (h)	(8.11)%	(26.28)%	35.27%	2.10%	24.73%	0.14%
Ratios/Supplemental Data:						
Ratio to average net assets attributable to common shares of:						
Net investment income, before total preferred share distributions (d)	10.56%(e)(i)	6.16%	5.60%	4.02%	3.22%	27.45%(i)
Total preferred share distributions	2.38%(i)	2.18%	1.97%	1.47%	0.67%	0.00%(i)
Net investment income, net of preferred share distributions (d)	8.18%(e)(i)	3.98%	3.63%	2.55%	2.55%	27.45%(i)
Expenses, net of fee waivers	2.30%(i)	1.47%	1.50%	1.50%	1.69%	2.40%(i)

Expenses, before fee waivers		2.70%(i)		1.82%		1.86%		1.87%		2.05%	2.65%(i)
Portfolio Turnover Rate		2.51%		51.01%		36.20%		22.15%		35.52%	17.49%
Net assets attributable to common shares, end of period (000s)	$	76,696	$	86,839	$	134,821	$	106,670	$	113,357	$ 95,776
Preferred shares, liquidation preference ($25,000 per share) (000s)	$	50,000	$	50,000	$	50,000	$	50,000	$	50,000	$
Asset coverage per preferred share (j)	$	63,348	$	68,420	$	92,411	$	78,335	$	81,679	$

(a) Commencement of operations.

(b) Based on average shares outstanding.

(c) Net asset value at December 18, 2003, reflects the deduction of the average sales load and offering costs of $0.67 per share paid by the holders of common shares from the $15.00 offering price. We paid a sales load of $0.68 per share on 6,660,000 common shares sold to the public and no sales load or offering costs on 7,000 common shares sold to affiliates of the RMR Advisors for $15.00 per share.

(d) Amounts are net of expenses waived by RMR Advisors.

(e) As discussed in Note A (8) to the financial statements, these amounts are subject to change to the extent 2008 distributions by the issuers of the Fund's investments are characterized as capital gains and return of capital.

(f) The impact of the net increase from payments by affiliates is less than $0.005/share.

(g) Total returns for periods of less than one year are not annualized.

(h) Total return based on per share market price assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on the last day of the period indicated; dividends and distributions, if any, are assumed to be reinvested at market prices on the ex-dividend date. The total return based on net asset value, or NAV, assumes the purchase of common shares at NAV on the first day and sales of common shares at NAV on the last day of the period indicated; distributions are assumed to be reinvested at NAV on the ex-dividend date. Results represent past performance and do not guarantee future results. Total return would have been lower if RMR Advisors had not contractually waived a portion of its investment advisory fee.

(i) Annualized.

(j) Asset coverage per share equals net assets attributable to common shares plus the liquidation preference of the preferred shares divided by the total number of preferred shares outstanding at the end of the period.

See notes to financial statements.

RMR Real Estate Fund
Notes to Financial Statements

June 30, 2008 (unaudited)

Note A

(1) Organization

RMR Real Estate Fund, or the Fund, was organized as a Massachusetts business trust on July 2, 2002, and is registered under the Investment Company Act of 1940, as amended, or the 1940 Act, as a diversified closed-end management investment company. The Fund had no operations prior to December 18, 2003, other than matters relating to the Fund's establishment and registration of the Fund's common shares under the Securities Act of 1933.

(2) Interim Financial Statements

The accompanying June 30, 2008 financial statements have been prepared without audit. The Fund believes that disclosures made are adequate to make the information presented not misleading. In the opinion of the Fund's management, all adjustments, which include normal recurring adjustments considered necessary for a fair presentation, have been included. The Fund's operating results for this interim period are not necessarily indicative of the results that may be expected on an annual basis in the future.

(3) Use of Estimates

Preparation of these financial statements in conformity with accounting principles generally accepted in the United States requires the Fund's management to make estimates and assumptions that may affect the amounts reported in the financial statements and related notes. The actual results could differ from these estimates particularly for reasons described in Note A (8), and for other reasons.

(4) Portfolio Valuation

Investment securities of the Fund are valued at the latest sales price whenever that price is readily available on that day; securities for which no sales were reported on that day, unless otherwise noted, are valued at the average of the closing bid and ask prices on that day. Securities traded primarily on the NASDAQ Stock Market, or NASDAQ, are normally valued by the Fund at the NASDAQ Official Closing Price, or NOCP, provided by NASDAQ each business day. The NOCP is the most recently reported price as of 4:00:02 p.m., eastern time, unless that price is outside the range of the "inside" bid and asked prices (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts); in that case, NASDAQ will adjust the price to equal the inside bid or asked price, whichever is closer. Some fixed income securities may be valued using pricing provided by a pricing service. Any of the Fund's securities which are not readily marketable, which are not traded or which have other characteristics of illiquidity are valued by the Fund at fair value as determined in good faith under the supervision of the Fund's board of trustees. Numerous factors may be considered when determining fair value of a security, including cost at date of purchase, type of security, the nature and duration of restrictions on disposition of the security and whether the issuer of the security being fair valued has other securities of the same type outstanding. Short term debt securities with less than 60 days until maturity may be valued at cost plus interest accrued, which approximates market value.

(5) Fair Value Measurements

The Fund has adopted the provisions of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements, or FAS 157, effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. FAS 157 established a three tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk; for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1	quoted prices in active markets for identical investments
Level 2	other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
Level 3	significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value during the six months ended June 30, 2008 maximized the use of observable inputs and minimized the use of unobservable inputs. The Fund utilized broker quotes, company financial information and other market indicators to value the securities whose prices were not readily available.

The following is a summary of the inputs used as of June 30, 2008, in valuing the Fund's investments carried at value:

Valuation Inputs		**Investments in Securities**
Level 1	Quoted prices	$ 122,325,546
Level 2	Other significant observable inputs	280,000
Level 3	Significant unobservable inputs	3,256,000
Total		$ 125,861,546

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

		Investments in Securities Characterized as Level 3
Balance as of 12/31/07	$	4,378,000
Accrued discounts/premiums		
Realized gain/loss and change in unrealized appreciation/depreciation		(1,122,000)
Net purchases/sales		
Net transfers in and/or out of Level 3		
Balance, as of 06/30/08	$	3,256,000
Net change in unrealized appreciation/depreciation from investments still held as of 06/30/08	$	(1,122,000)

(6) Securities Transactions and Investment Income

Securities transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income, including accretion of original issue discount, where applicable, and accretion of discount on short term investments, is recorded on the accrual basis. Realized gains and losses from securities transactions are recorded on an identified cost basis.

(7) Taxes

The Fund has qualified and intends to qualify in the future as a "regulated investment company" and to comply with the applicable provisions of subchapter M of the Internal Revenue Code of 1986, as amended, so that it will generally not be subject to federal income tax. However, the Fund may be subject to a 4% excise tax to the extent the Fund does not distribute substantially all taxable earnings each year.

Some foreign governments may subject the Fund's investment income and securities sales to withholding or other taxes. For the six months ended June 30, 2008, $420 of foreign taxes has been withheld from distributions to the Fund and has been recorded as a reduction of dividend income

(8) Distributable Earnings

The Fund earns income, net of expenses, daily on its investments. It is the policy of the Fund to pay a stable distribution amount to common shareholders on a monthly basis and distributions to Fund shareholders are declared pursuant to this policy. On July 11, 2008, the Fund declared regular monthly distributions of $0.10 per common share payable in July, August and September 2008. Distributions to shareholders are recorded on the ex-dividend date. The Fund's distributions may consist of ordinary income (net investment income and short term capital gains), long term capital gains and return of capital. To the extent the Fund's net realized capital gains, if any, can be offset by capital loss carry-forwards, it is the policy of the Fund not to distribute such gains. Distributions to preferred shareholders are determined as described in Note D.

The Fund has substantial investments in real estate investment trusts, or REITs, which are generally not subject to federal income taxes. Distributions that the Fund receives from REITs can be classified as ordinary income, capital gain income or return of capital by the REITs that make these distributions to the Fund. However, it is not possible to characterize distributions received from REITs during interim periods because the issuers do not report their tax characterization until subsequent to year end. Final characterization of the Fund's 2008 distributions to shareholders is also dependent upon the magnitude or timing of the Fund's securities transactions prior to year end. Therefore it is likely that some portion of the Fund's 2008 investment income and distributions to shareholders will be recharacterized as long term capital gain and return of capital for financial statement and federal income tax purposes subsequent to year end and reflected accordingly in the Fund's year end financial statements.

Although subject to adjustments, the cost, gross unrealized appreciation and unrealized depreciation of the Fund's investments for federal income tax purposes as of June 30, 2008, are as follows:

Cost	$	147,497,227
Gross unrealized appreciation	$	7,678,991
Gross unrealized depreciation		(29,314,672)
Net unrealized appreciation/(depreciation)	$	(21,635,681)

(9) Concentration of Risk

Under normal market conditions, the Fund's investments are concentrated in income producing common shares, preferred shares and debt securities, including convertible preferred and debt securities, issued by real estate companies and REITS. The value of Fund shares may fluctuate more than the shares of a fund not concentrated in the real estate industry due to economic, legal, regulatory, technological or other developments affecting the United States real estate industry.

Note B

Advisory and Administration Agreements and Other Transactions with Affiliates

The Fund has an advisory agreement with RMR Advisors, Inc., or RMR Advisors, to provide the Fund with a continuous investment program, to make day-to-day investment decisions and to generally manage the business affairs of the Fund in accordance with its investment objectives and policies. Pursuant to the agreement, RMR Advisors is compensated at an annual rate of 0.85% of the Fund's average daily managed assets. Managed assets means the total assets of the Fund less liabilities other than any indebtedness entered into for purposes of leverage. For purposes of calculating managed assets, the liquidation preference of preferred shares is not considered a liability.

RMR Advisors has contractually agreed to waive a portion of its annual fee equal to 0.25% of the Fund's average daily managed assets from December 18, 2003, until December 18, 2008. The Fund incurred net advisory fees of $405,971 during the six months ended June 30, 2008. The amount of fees waived by the Advisor was $169,154 for the six months ended June 30, 2008.

RMR Advisors also performs administrative functions for Fund pursuant to an administration agreement with the Fund. RMR Advisors has entered into a subadministration agreement with State Street Bank and

Trust Company, or State Street, to perform substantially all fund accounting and other administrative services. Under the administration agreement, RMR Advisors is entitled to reimbursement of the cost of providing administrative services. The Fund reimbursed RMR Advisors for $46,627 of subadministrative fees charged by State Street for the six months ended June 30, 2008.

Each trustee who is not a director, officer or employee of RMR Advisors and who is not an "interested person" of the Fund as defined under the 1940 Act is considered to be a "disinterested trustee". Disinterested trustees are each paid by the Fund an annual fee plus attendance fees for board and committee meetings. The Fund incurred $8,900 of trustee fees and expenses during the six months ended June 30, 2008.

The Fund's board of trustees and separately the disinterested trustees authorized the Fund to make reimbursement payments to RMR Advisors for costs related to the Fund's compliance and internal audit programs. The Fund incurred $17,344 of compliance and internal audit expense during the six months ended June 30, 2008. The Fund also participates in pooled insurance programs with RMR Advisors and other funds managed by RMR Advisors and makes payments of allocated portions of related premiums. The Fund incurred $7,409 of insurance expense during the six months ended June 30, 2008.

Note C

Securities Transactions

During the six months ended June 30, 2008, there were purchases and sales transactions (excluding short term securities) of $3,398,213 and $6,311,719 respectively. Brokerage commissions on securities transactions amounted to $12,718 during the six months ended June 30, 2008.

Note D

Preferred Shares

The Fund's 2,000 outstanding Series T auction preferred shares have a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid distributions. The preferred shares are senior to the Fund's common shares and rank on parity with any other class or series of preferred shares of the Fund as to the payment of periodic distributions, including distribution of assets upon liquidation. If the Fund does not timely cure a failure to (1) maintain asset coverage for the preferred shares as required by rating agencies, or (2) maintain asset coverage, as defined in the 1940 Act, of at least 200%, the preferred shares will be subject to redemption in an amount equal to their liquidation preference plus accumulated but unpaid distributions. The holders of the preferred shares have voting rights equal to the holders of the Fund's common shares and generally vote together with the holders of the common shares as a single class. Holders of the preferred shares, voting as a separate class, also are entitled to elect two of the Fund's trustees. The Fund pays distributions on the preferred shares at a rate set at auctions held generally every seven days. Distributions are generally payable every seven days, on the first business day following the end of a distribution period. The preferred share distribution rate was 4.13% per annum as of June 30, 2008.

To date, no auctions for preferred securities of the Fund have failed to attract sufficient clearing bids. However, an affiliate of the Fund's lead broker-dealer for its preferred securities has purchased a significant amount of the Fund's preferred securities in the auctions. If this affiliate of the Fund's lead broker-dealer had not been supporting the Fund's auctions, the auctions likely would have failed and holders of the Fund's preferred shares would not have been able to sell their preferred shares in the auctions. There can be no assurance that this or any other affiliate of the Fund's lead broker-dealer would purchase Fund preferred shares in any future auction of Fund preferred securities or that the Fund will not have any auction for its preferred securities fail. If an auction of the Fund's preferred shares should fail, the dividend rate for the next succeeding dividend period is set according to a pre-determined formula, and the resulting rate may be higher than the rate which the Fund would otherwise pay as a result of a successful auction. In addition, if an auction fails, holders of the Fund's preferred shares may not be able to sell their preferred shares in that auction. If auctions for the Fund's preferred shares fail, or if market conditions generally frustrate the Fund's ability to enhance investment results through the investment of capital attributable to its outstanding preferred shares, such factors may necessitate a change in the form and/or amount of investment leverage used by the Fund. The Fund has no current intention to change the form or degree of investment leverage that it uses. The use of alternative forms of leverage and/or a reduction in the degree of investment leverage used by the Fund in its investment program could result in reduced investment returns for common shareholders as compared to the returns that historically have been achieved by the Fund through the use of preferred share leverage in favorable market conditions. The Fund proactively manages compliance with asset coverage and other financial ratio requirements applicable to the preferred shares. In order to facilitate compliance with such requirements, and without further notice of its intention to do so, the Fund may from time to time purchase or otherwise acquire its outstanding preferred shares in the open market, in other nondiscriminatory secondary market transactions, pursuant to tender offers or other offers to repurchase preferred shares, or in other permissible purchase transactions, and also may from time to time call or redeem preferred shares in accordance with their terms.

Note E

Submission of Proposals to a Vote of Shareholders

The annual meeting of Fund shareholders was held on April 7, 2008. Following is a summary of the proposal submitted to shareholders for vote at the meeting and votes cast:

Proposal	Votes for	Votes withheld	Votes abstained
Common and Preferred Shares			
Election of John L. Harrington as an Independent Trustee until the 2011 annual meeting.	6,299,696	95,660	

The following trustees' terms of office as trustee continued after the Fund's annual meeting: Barry M. Portnoy, Gerard M. Martin, Frank J. Bailey and Arthur G. Koumantzelis.

RMR Hospitality and Real Estate Fund
June 30, 2008

To our shareholders,

In the pages that follow, you will find data summarizing our financial results for the six months ended June 30, 2008, and our financial position as of June 30, 2008.

Relevant Market Conditions

Hospitality Industry Fundamentals. Operating fundamentals for hotels experienced a greater than previously anticipated slowdown during the first half of the year. Coming into the year, industry-wide expectations for annual growth in revenue per available room, or RevPar, were in the range of 5% to 7%. However, with a slowing economy, higher fuel costs and planned reduced airline capacity, RevPar expectations are now generally flat for the full year 2008.

Real Estate Industry Fundamentals. Despite a slowing economy and negative sentiment regarding the direction of the financial markets, real estate fundamentals remained stable during the first half of 2008. Occupancy levels held up and rents continued to increase, albeit at a slower pace. Property sales, however, slowed substantially as a result of tighter lending standards and wide differences between buyers and sellers regarding valuations. With limited transactions taking place, it is hard to estimate how much commercial property values have declined. Some estimates put the figure somewhere between negative 10% to negative 15%. What is clear, however, is that property values are no longer at levels seen in early 2007. Over the next six to twelve months, we expect downward pricing pressure to continue on commercial real estate.

For the balance of the year, we believe the economy will likely continue to struggle due to higher food and energy prices, lack of employment growth and a weak housing market. Lending will continue to be restricted, hampering overall economic growth as financial institutions continue to strengthen their balance sheets.

Real Estate Industry Technicals. Throughout the first half of the year, the REIT market continued to exhibit high volatility. REITs started the year on a negative note, down almost 12% in mid-January, and rebounded sharply during March and April (up 6% during each month) following the Fed's and J.P. Morgan's rescue of Bear Stearns. Concern about additional write-offs from financial institutions sent the REIT market, along with other financial services companies, into negative territory during the month of June. REITs were down 11% in June and finished the first half of the year down 3.5%. Despite the volatility, REIT dedicated funds saw $3 billion of inflows during the first six months of the year, an encouraging sign after outflows of more than $9 billion from the period March to December 2007.

Fund Strategies, Techniques and Performance

Our primary objective is to earn and pay to our common shareholders a high level of current income by investing in hospitality and real estate companies. Our secondary objective is capital appreciation. There can be no assurance that we will achieve our investment objectives.

During the six months ended June 30, 2008, our total return on net asset value, or NAV (including NAV changes and assuming a hypothetical reinvestment of distributions at NAV), was negative 8.7%. During that same period, the total return for the MSCI US REIT Total Return Index (an unmanaged index of REIT common stocks) was negative 3.5% and the total return for the Merrill Lynch REIT Preferred Index (an unmanaged index of REIT preferred stocks) was 7.6%. We believe these two indices are relevant to us because our investments, excluding short term investments, as of June 30, 2008, included 51.4% REIT common stocks and 30.8% REIT preferred stocks. The S&P 500 Index (an unmanaged index published as Standard and Poor's Composite Index of 500 common stocks) total return for the six months ended June 30, 2008 was negative 11.9%.

As a result of the Fund's erosion in NAV and income from its investments during 2007 and 2008, the Fund's Board decided to lower the distribution rate to common shareholders in April in an effort to bring the distribution more in line with the Fund's earnings potential. During the past two years, the Fund's performance also has been impacted by the cost of litigation with a shareholder. This litigation has since been resolved.

Recent Developments

The Fund had recently been involved in litigation with one of its shareholders. The parties to this litigation entered into a settlement agreement in June 2008, and on July 1, 2008, the court granted the parties' joint motion to dismiss this litigation, effectively ending the litigation and its continuing costs to the Fund.

Recently, credit markets, including the market for auction rate securities, such as the Fund's $28 million of preferred shares, have experienced a liquidity crisis. To date, no auctions for the Fund's preferred shares have failed; however, an affiliate of the Fund's lead broker dealer for its preferred shares has purchased a significant amount of the Fund's preferred shares in the auctions. Please see the notes to the financial statements for more information.

Because of the decline in NAV during the last 15 months and the Fund's relatively small size, the the Fund's Board of Trustees is currently considering actions to reduce its expenses and otherwise enhance value for the Fund's shareholders. To this end, on August 26, 2008 we filed a preliminary joint proxy statement / prospectus with the Securities and Exchange Commission in connection with a proposed combination of the Fund with two other closed end RMR funds (RMR Real Estate Fund and RMR F.I.R.E. Fund). Both are managed by our advisor, RMR Advisors, Inc. If the combinations receive all shareholder approvals that are required and proceed, all three funds will become one new fund, RMR Real Estate Income Fund, a newly formed Delaware statutory trust which also will be managed by our advisor. The process of seeking approvals and completing the proposed combinations may take several months, and the combinations may or may not occur for various reasons.

Thank you for your continued support. For more information, please view our website, at *www.rmrfunds.com*.

Sincerely,

Adam D. Portnoy
President

August 27, 2008

Portfolio holdings by sub-sector as a percentage of investments
(as of June 30, 2008)*

Hospitality real estate	34%
Health care real estate	15%
Office real estate	10%
Diversified real estate	10%
Others, less than 10% each	31%
Total investments	100%
REITs	85%
Other	15%
Total investments	100%

* These percentages represent the Fund's portfolio holdings by sub-sector as a percentage of total portfolio holdings and do not match with the percentages included in the Portfolio of Investments schedule which represent the Fund's portfolio holdings by sub-sector as a percentage of the Fund's net assets.

RMR Hospitality and Real Estate Fund
Portfolio of Investments June 30, 2008 (unaudited)

Company	Shares	Value
Common Stocks 98.0%		
Real Estate Investment Trusts 89.9%		
Apartments 5.7%		
Apartment Investment & Management Co.	25,539	$ 869,858
Associated Estates Realty Corp.	5,600	59,976
BRE Properties, Inc.	6,000	259,680
Equity Residential	8,000	306,160
Essex Property Trust, Inc.	2,000	213,000
Home Properties, Inc.	7,500	360,450
		2,069,124
Diversified 15.2%		
CapLease, Inc.	41,404	310,116
Colonial Properties Trust	55,900	1,119,118
Cousins Properties, Inc.	14,400	332,640
Franklin Street Properties Corp.	3,000	37,920
iStar Financial, Inc.	6,000	79,260
Lexington Corporate Properties Trust	128,800	1,755,544
Liberty Property Trust	20,000	663,000
Mission West Properties, Inc.	3,000	32,880
National Retail Properties, Inc.	56,850	1,188,165
Washington Real Estate Investment Trust	300	9,015
		5,527,658
Health Care 19.4%		
Care Investment Trust, Inc.	6,900	65,067
HCP, Inc.	16,770	533,454
Health Care REIT, Inc.	61,640	2,742,980
LTC Properties, Inc.	10,000	255,600
Medical Properties Trust, Inc.	36,020	364,522
Nationwide Health Properties, Inc.	86,000	2,708,140
OMEGA Healthcare Investors, Inc.	7,700	128,205
Universal Health Realty Income Trust	7,600	228,000
		7,025,968
Hospitality 15.1%		
Ashford Hospitality Trust, Inc.	140,000	646,800
Entertainment Properties Trust	18,800	929,472
FelCor Lodging Trust, Inc.	39,500	414,750
Hersha Hospitality Trust	38,100	287,655
Host Hotels & Resorts, Inc.	44,000	600,600
LaSalle Hotel Properties	31,199	784,031
Strategic Hotels & Resorts, Inc.	12,000	112,440
Sunstone Hotel Investors, Inc.	23,000	381,800
Supertel Hospitality, Inc.	267,130	1,324,965
		5,482,513

See notes to financial statements and notes to portfolio of investments.

Industrial 10.8%		
AMB Property Corp.	1,000	$ 50,380
DCT Industrial Trust, Inc.	16,600	137,448
EastGroup Properties, Inc.	6,000	257,400
First Industrial Realty Trust, Inc.	104,160	2,861,275
ProLogis	11,000	597,850
		3,904,353
Manufactured Homes 0.8%		
Sun Communities, Inc.	15,450	281,654
Mortgage 0.6%		
Gramercy Capital Corp.	14,696	170,327
JER Investors Trust, Inc.	10,000	63,000
		233,327
Office 9.3%		
Brandywine Realty Trust	49,400	778,544
Corporate Office Properties Trust	11,500	394,795
Douglas Emmett, Inc.	8,300	182,351
Highwoods Properties, Inc.	40,900	1,285,078
Parkway Properties, Inc.	22,200	748,806
		3,389,574
Retail 10.2%		
Cedar Shopping Centers, Inc.	22,000	257,840
Developers Diversified Realty Corp.	2,000	69,420
Equity One, Inc.	3,000	61,650
Glimcher Realty Trust	27,400	306,332
Pennsylvania Real Estate Investment Trust	44,000	1,018,160
Ramco-Gershenson Properties Trust	12,000	246,480
Realty Income Corp.	54,200	1,233,592
Simon Property Group, Inc.	3,000	269,670
Tanger Factory Outlet Centers, Inc.	5,000	179,650
Urstadt Biddle Properties, Inc.	2,900	42,514
		3,685,308
Specialty 1.4%		
Getty Realty Corp.	34,000	489,940
Storage 1.4%		
Sovran Self Storage, Inc.	4,100	170,396
U-Store-It Trust	29,100	347,745
		518,141
Total Real Estate Investment Trusts (Cost $38,412,413)		32,607,560

See notes to financial statements and notes to portfolio of investments.

Other 8.1%			
Abingdon Investment, Ltd. (a)(b)	200,000	$	1,184,000
American Capital Strategies, Ltd.	3,500		83,195
Brookfield Properties Corp.	5,000		88,950
DHT Maritime, Inc.	16,000		160,480
Iowa Telecommunication Services, Inc.	20,800		366,288
MCG Capital Corp.	11,000		43,780
Seaspan Corp.	33,400		802,268
Wyndham Worldwide Corp. (c)	11,000		197,010
Total Other (Cost $3,924,354)			2,925,971
Total Common Stocks (Cost $42,336,767)			35,533,531
Preferred Stocks 54.4%			
Real Estate Investment Trusts 53.9%			
Apartments 1.5%			
Apartment Investment & Management Co., Series U	24,000		558,000
Diversified 2.5%			
Digital Realty Trust, Inc., Series A	15,000		346,200
Duke Realty Corp., Series O	4,000		95,480
LBA Realty LLC, Series B	30,000		468,750
			910,430
Health Care 6.9%			
Health Care REIT, Inc., Series F	40,000		936,000
Health Care REIT, Inc., Series G	20,000		638,400
LTC Properties, Inc., Series F	40,000		922,800
			2,497,200
Hospitality 32.3%			
Ashford Hospitality Trust, Series A	46,000		810,980
Ashford Hospitality Trust, Series D	70,000		1,240,400
Eagle Hospitality Properties Trust, Inc., Series A(b)	28,000		280,000
FelCor Lodging Trust, Inc., Series C	60,000		1,161,000
Hersha Hospitality Trust, Series A	52,000		1,071,200
Host Marriott Corp., Series E	100,000		2,500,000
Innkeepers USA Trust, Series C	27,000		333,450
LaSalle Hotel Properties, Series D	50,000		979,500
LaSalle Hotel Properties, Series E	62,200		1,299,980
LaSalle Hotel Properties, Series G	10,000		184,400
Strategic Hotels & Resorts, Inc., Series A	10,000		178,000
Strategic Hotels & Resorts, Inc., Series C	40,000		768,000
Sunstone Hotel Investors, Inc., Series A	50,000		925,000
			11,731,910

See notes to financial statements and notes to portfolio of investments.

Office 8.5%			
Alexandria Real Estate Equities, Inc., Series C	60,000	$	1,476,000
SL Green Realty Corp., Series D	70,000		1,610,000
			3,086,000
Retail 2.2%			
Cedar Shopping Centers, Inc., Series A	32,000		780,800
Total Real Estate Investment Trusts (Cost $23,265,491)			19,564,340
Other 0.5%			
Hilltop Holdings, Inc., Series A	9,600		182,400
Total Other (Cost $201,581)			182,400
Total Preferred Stocks (Cost $23,467,072)			19,746,740
Debt Securities 12.8%			
Hospitality 12.8%			
American Real Estate Partners LP, 8.125%, 06/01/2012	2,000,000		1,920,000
FelCor Lodging LP, 8.50%, 06/01/2011 (d)	1,600,000		1,564,000
Six Flags Operations, Inc., 12.25%, 07/15/2016 (a)	1,232,000		1,136,520
Total Debt Securities (Cost $4,815,623)			4,620,520
Other Investment Companies 9.9%			
Alpine Total Dynamic Dividend Fund	69,100		1,028,208
Cohen & Steers Premium Income Realty Fund, Inc.	16,962		255,108
Cohen & Steers REIT and Preferred Income Fund, Inc.	14,500		276,950
Eaton Vance Enhanced Equity Income Fund II	22,700		389,532
LMP Real Estate Income Fund, Inc.	39,379		602,499
Neuberger Berman Real Estate Securities Income Fund, Inc.	66,952		626,001
The Zweig Total Return Fund, Inc.	94,700		418,574
Total Other Investment Companies (Cost $4,657,275)			3,596,872

See notes to financial statements and notes to portfolio of investments.

Company	Shares or Principal Amount		Value
Short-Term Investments 0.7%			
Other Investment Companies 0.7%			
Dreyfus Cash Management, Institutional Shares, 2.66% (e) (Cost $267,571)	267,571	$	267,571
Total Investments 175.8% (Cost $75,544,308)			63,765,234
Other assets less liabilities 1.4%			516,037
Preferred Shares, at liquidation preference (77.2)%			(28,000,000)
Net Assets applicable to common shareholders 100%		$	36,281,271

Notes to Portfolio of Investments

(a) Rule 144A securities. Securities restricted for resale to Qualified Institutional Buyers (6.4% of net assets).

(b) As of June 30, 2008, the Fund held securities fair valued in accordance with policies adopted by the board of trustees aggregating $1,464,000 and 2.3% of market value.

(c) A hospitality company.

(d) Also a Real Estate Investment Trust.

(e) Rate reflects 7 day yield as of June 30, 2008.

See notes to financial statements.

RMR Hospitality and Real Estate Fund

Financial Statements

Statement of Assets and Liabilities

June 30, 2008 (unaudited)		
Assets		
Investments in securities, at value (cost $75,544,308)	$	63,765,234
Cash		370
Dividends and interest receivable		735,591
Other assets		3,812
Total assets		64,505,007
Liabilities		
Advisory fee payable		33,464
Distributions payable preferred shares		32,278
Accrued expenses and other liabilities		157,994
Total liabilities		223,736
Preferred shares, at liquidation preference		
Auction preferred shares, Series Th; $.001 par value per share; 1,120 shares issued and outstanding at $25,000 per share liquidation preference		28,000,000
Net assets attributable to common shares	$	36,281,271
Composition of net assets		
Common shares, $.001 par value per share; unlimited number of shares authorized, 2,485,000 shares issued and outstanding	$	2,485
Additional paid-in capital		46,967,809
Undistributed net investment income		39,496
Accumulated net realized gain on investment transactions		1,050,555
Net unrealized depreciation on investments		(11,779,074)
Net assets attributable to common shares	$	36,281,271
Net asset value per share attributable to common shares (based on 2,485,000 common shares outstanding)	$	14.60

See notes to financial statements.

RMR Hospitality and Real Estate Fund
Financial Statements continued

Statement of Operations

Six Months Ended June 30, 2008 (unaudited)

Investment Income		
Dividends (cash distributions received or due, net of foreign taxes withheld of $210)	$	2,678,693
Interest		252,996
Total investment income		2,931,689
Expenses		
Advisory		290,194
Audit and legal		641,534
Administrative		46,512
Preferred share remarketing		35,325
Custodian		29,951
Compliance and internal audit		17,344
Shareholder reporting		15,067
Trustees' fees and expenses		8,900
Other		45,248
Total expenses		1,130,075
Less: expense waived by the Advisor		(85,351)
Net expenses		1,044,724
Net investment income		1,886,965
Realized and unrealized gain (loss) on investments		
Net realized gain on investments		56,318
Net change in unrealized appreciation/(depreciation) on investments		(4,760,956)
Net realized and unrealized loss on investments		(4,704,638)
Distributions to preferred shareholders from net investment income		(607,454)
Net decrease in net assets attributable to common shares resulting from operations	$	(3,425,127)

See notes to financial statements.

RMR Hospitality and Real Estate Fund

Financial Statements continued

Statements of Changes in Net Assets

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31 2007
Increase (decrease) in net assets resulting from operations		
Net investment income	$ 1,886,965	$ 1,567,243
Net increase from payments by affiliates		1,036
Net realized gain on investments	56,318	1,434,411
Net change in unrealized appreciation/(depreciation) on investments	(4,760,956)	(18,455,574)
Distributions to preferred shareholders from:		
Net investment income	(607,454)	(318,275)
Net realized gain on investments		(1,138,397)
Net decrease in net assets attributable to common shares resulting from operations	(3,425,127)	(16,909,556)
Distributions to common shareholders from:		
Net investment income	(1,240,015)	(1,274,968)
Net realized gain on investments		(5,186,032)
Total decrease in net assets attributable to common shares	(4,665,142)	(23,370,556)
Net assets attributable to common shares		
Beginning of period	40,946,413	64,316,969
End of period (including undistributed net investment income of $39,496 and $0, respectively)	$ 36,281,271	$ 40,946,413
Common shares issued and repurchased		
Shares outstanding, beginning of period	2,485,000	2,485,000
Shares issued		
Shares outstanding, end of period	2,485,000	2,485,000

See notes to financial statements.

RMR Hospitality and Real Estate Fund

Financial Highlights

Selected Data For A Common Share Outstanding Throughout Each Period

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	For the Period April 27, 2004(a) to December 31, 2004
Per Common Share Operating Performance (b)					
Net asset value, beginning of period	$ 16.48	$ 25.88	$ 21.88	$ 22.94	$ 19.28(c)
Income from Investment Operations					
Net investment income (d)	.76(e)	.63	1.08	1.13	.71
Net realized and unrealized appreciation/(depreciation) on investments	(1.90)(e)	(6.84)	4.95	(.19)	3.95
Distributions to preferred shareholders (common stock equivalent basis) from:					
Net investment income	(.24)(e)	(.13)	(.30)	(.16)	(.06)
Net realized gain on investments	(e)	(.46)	(.23)	(.11)	(.01)
Net increase (decrease) in net asset value from operations	(1.38)	(6.80)	5.50	.67	4.59
Less: Distributions to common shareholders from:					
Net investment income	(.50)(e)	(.51)	(.85)	(.96)	(.65)
Net realized gain on investments	(e)	(2.09)	(.65)	(.65)	(.10)
Common share offering costs charged to capital					(.04)
Preferred share offering costs charged to capital				(.12)	(.14)
Net asset value, end of period	$ 14.60	$ 16.48	$ 25.88	$ 21.88	$ 22.94
Market price, beginning of period	$ 14.38	$ 22.95	$ 18.21	$ 19.98	$ 20.00
Market price, end of period	$ 13.04	$ 14.38	$ 22.95	$ 18.21	$ 19.98
Total Return (f)(g)					
Total investment return based on:					
Market price (h)	(6.06)%	(28.11)%	35.54%	(0.73)%	3.93%
Net asset value (h)	(8.68)%	(28.15)%	25.89%	2.54%	23.16%
Ratios/Supplemental Data:					
Ratio to average net assets attributable to common shares of:					
Net investment income, before total preferred share distributions (d)	9.33%(e)(i)	2.72%	4.50%	5.04%	4.96%(i)
Total preferred share distributions	3.00%(i)	2.53%	2.23%	1.20%	0.50%(i)
Net investment income, net of preferred share distributions (d)	6.33%(e)(i)	0.19%	2.27%	3.84%	4.46%(i)
Expenses, net of fee waivers	5.17%(i)	5.40%	3.13%	1.80%	1.86%(i)
Expenses, before fee waivers	5.59%(i)	5.77%	3.49%	2.14%	2.18%(i)
Portfolio Turnover Rate	7.67%	41.36%	45.70%	23.95%	20.83%
	$ 36,281	$ 40,946	$ 64,317	$ 54,377	$ 57,005

Net assets attributable to common shares, end of period (000s)										
Preferred shares, liquidation preference ($25,000 per share) (000s)	$	28,000	$	28,000	$	28,000	$	28,000	$	17,000
Asset coverage per preferred share (j)	$	57,394	$	61,569	$	82,426	$	73,551	$	108,830

(a) Commencement of operations.

(b) Based on average shares outstanding.

(c) Net asset value at April 27,2004, reflects the deduction of the average sales load and offering costs of $0.72 per share paid by the holders of common shares from the $20.00 offering price. We paid a sales load and offering cost of $0.90 per share on 2,000,000 common shares sold to the public and no sales load or offering costs on 480,000 common shares sold to affiliates of RMR Advisors for $20 per share.

(d) Amounts are net of expenses waived by RMR Advisors.

(e) As discussed in Note A (8) to the financial statements, these amounts are subject to change to the extent 2008 distributions by the issuers of the Fund's investments are characterized as capital gains and return of capital.

(f) The impact of the net increase in payments by affiliates is less than $0.005/share.

(g) Total returns for periods of less than one year are not annualized.

(h) Total return based on per share market price assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on the last day of the period indicated; dividends and distributions, if any, are assumed to be reinvested at market prices on the ex-dividend date. The total return based on net asset value, or NAV, assumes the purchase of common shares at NAV on the first day and sales of common shares at NAV on the last day of the period indicated; distributions are assumed to be reinvested at NAV on the ex-dividend date. Results represent past performance and do not guarantee future results.

(i) Annualized.

(j) Asset coverage per share equals net assets attributable to common shares plus the liquidation preference of the preferred shares divided by the total number of preferred shares outstanding at the end of the period.

See notes to financial statements.

RMR Hospitality and Real Estate Fund
Notes to Financial Statements

June 30, 2008 (unaudited)

Note A

(1) Organization

RMR Hospitality and Real Estate Fund, or the Fund, was organized as a Massachusetts business trust on January 27, 2004, and is registered under the Investment Company Act of 1940, as amended, or the 1940 Act, as a diversified closed-end management investment company. The Fund had no operations until April 27, 2004, other than matters relating to the Fund's establishment and registration of the Fund's common shares under the Securities Act of 1933

(2) Interim Financial Statements

The accompanying June 30, 2008 financial statements have been prepared without audit. The Fund believes that disclosures made are adequate to make the information presented not misleading. In the opinion of the Fund's management, all adjustments, which include normal recurring adjustments considered necessary for a fair presentation, have been included. The Fund's operating results for this interim period are not necessarily indicative of the results that may be expected on an annual basis in the future.

(3) Use of Estimates

Preparation of these financial statements in conformity with accounting principles generally accepted in the United States requires the Fund's management to make estimates and assumptions that may affect the amounts reported in the financial statements and related notes. The actual results could differ from these estimates particularly for reasons described in Note A (8), and for other reasons.

(4) Portfolio Valuation

Investment securities of the Fund are valued at the latest sales price whenever that price is readily available on that day; securities for which no sales were reported on that day, unless otherwise noted, are valued at the average of the closing bid and ask prices on that day. Securities traded primarily on the NASDAQ Stock Market, or NASDAQ, are normally valued by the Fund at the NASDAQ Official Closing Price, or NOCP, provided by NASDAQ each business day. The NOCP is the most recently reported price as of 4:00:02 p.m., eastern time, unless that price is outside the range of the "inside" bid and asked prices (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts); in that case, NASDAQ will adjust the price to equal the inside bid or asked price, whichever is closer. Some fixed income securities may be valued using pricing provided by a pricing service. Any of the Fund's securities which are not readily marketable, which are not traded or which have other characteristics of illiquidity are valued by the Fund at fair value as determined in good faith under the supervision of the Fund's board of trustees. Numerous factors may be considered when determining fair value of a security, including cost at date of purchase, type of security, the nature and duration of restrictions on disposition of the security and whether the issuer of the security being fair valued has other securities of the same type outstanding. Short term debt securities with less than 60 days until maturity may be valued at cost plus interest accrued, which approximates market value.

(5) Fair Value Measurements

The Fund has adopted the provisions of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements, or FAS 157, effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. FAS 157 established a three tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk; for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value during the six months ended June 30, 2008 maximized the use of observable inputs and minimized the use of unobservable inputs. The Fund utilized broker quotes, company financial information and other market indicators to value the securities whose prices were not readily available.

The following is a summary of the inputs used as of June 30, 2008, in valuing the Fund's investments carried at value:

Valuation Inputs		**Investments in Securities**
Level 1 Quoted prices	$	62,301,234
Level 2 Other significant observable inputs		280,000
Level 3 Significant unobservable inputs		1,184,000
Total	$	63,765,234

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

		Investments in Securities Characterized as Level 3
Balance as of 12/31/07	$	1,592,000
Accrued discounts/premiums		
Realized gain/loss and change in unrealized appreciation/depreciation		(408,000)
Net purchases/sales		
Net transfers in and/or out of Level 3		
Balance, as of 06/30/08	$	1,184,000
Net change in unrealized appreciation/depreciation from investments still held as of 06/30/08	$	(408,000)

(6) Securities Transactions and Investment Income

Securities transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income, including accretion of original issue discount, where applicable, and accretion of discount on short term investments, is recorded on the accrual basis. Realized gains and losses from securities transactions are recorded on an identified cost basis.

(7) Taxes

The Fund has qualified and intends to qualify in the future as a "regulated investment company" and to comply with the applicable provisions of subchapter M of the Internal Revenue Code of 1986, as amended, so that it will generally not be subject to federal income tax. However, the Fund may be subject to a 4% excise tax to the extent the Fund does not distribute substantially all taxable earnings each year.

Some foreign governments may subject the Fund's investment income and securities sales to withholding or other taxes. For the six months ended June 30, 2008, $210 of foreign taxes have been withheld from distributions to the Fund and recorded as a reduction of dividend income.

(8) Distributable Earnings

The Fund earns income, net of expenses, daily on its investments. It is the policy of the Fund to pay a stable distribution amount to common shareholders on a monthly basis and distributions to Fund shareholders are declared pursuant to this policy. On July 11, 2008, the Fund declared regular monthly distributions of $0.083 per common share payable in July, August and September 2008. Distributions to shareholders are recorded on the ex-dividend date. The Fund's distributions may consist of ordinary income (net investment income and short term capital gains), long term capital gains and return of capital. To the extent the Fund's net realized capital gains, if any, can be offset by capital loss carry-forwards, it is the policy of the Fund not to distribute such gains. Distributions to preferred shareholders are determined as described in Note D.

The Fund has substantial investments in real estate investment trusts, or REITs, which are generally not subject to federal income taxes. Distributions that the Fund receives from REITs can be classified as ordinary income, capital gain income or return of capital by the REITs that make these distributions to the Fund. However, it is not possible to characterize distributions received from REITs during interim periods because the issuers do not report their tax characterization until subsequent to year end. Final characterization of the Fund's 2008 distributions to shareholders is also dependent upon the magnitude or timing of the Fund's securities transactions prior to year end. Therefore it is likely that some portion of the Fund's 2008 investment income and distributions to shareholders will be recharacterized as long term capital gain and return of capital for financial statement and federal income tax purposes subsequent to year end and reflected accordingly in the Fund's year end financial statements.

Although subject to adjustments, the cost, gross unrealized appreciation and unrealized depreciation of the Fund's investments for federal income tax purposes as of June 30, 2008, are as follows:

Cost	$	75,544,308
Gross unrealized appreciation	$	3,372,742
Gross unrealized depreciation		(15,151,816)
Net unrealized appreciation/(depreciation)	$	(11,779,074)

(9) Concentration of Risk

Under normal market conditions, the Fund's investments are concentrated in income producing common shares, preferred shares and debt securities, including convertible preferred and debt securities, issued by hospitality and real estate companies and REITs. The value of Fund shares may fluctuate more than the shares of a fund not concentrated in the hospitality and real estate industries due to economic, legal, regulatory, technological or other developments affecting the United States hospitality and real estate industries.

Note B

Advisory and Administration Agreements and Other Transactions with Affiliates

The Fund has an advisory agreement with RMR Advisors, Inc., or RMR Advisors, to provide the Fund with a continuous investment program, to make day-to-day investment decisions and to generally manage the business affairs of the Fund in accordance with its investment objectives and policies. Pursuant to the agreement, RMR Advisors is compensated at an annual rate of 0.85% of the Fund's average daily managed assets. Managed assets means the total assets of the Fund less liabilities other than any indebtedness entered into for purposes of leverage. For purposes of calculating managed assets, the liquidation preference of preferred shares is not considered a liability.

RMR Advisors has contractually agreed to waive a portion of its annual fee equal to 0.25% of the Fund's average daily managed assets from April 27, 2004 until April 27, 2009. The Fund incurred net advisory fees of $204,843 during the six months ended June 30, 2008. The amount of fees waived by the Advisor was $85,351 for the six months ended June 30, 2008.

RMR Advisors also performs administrative functions for the Fund pursuant to an administration agreement with the Fund. RMR Advisors has entered into a subadministration agreement with State Street Bank and Trust Company, or State Street, to perform substantially all fund accounting and other administrative services. Under the administration agreement, RMR Advisors is entitled to reimbursement of the cost of providing administrative services. The Fund reimbursed RMR Advisors for $46,512 of subadministrative fees charged by State Street for the six months ended June 30, 2008.

Each trustee who is not a director, officer or employee of RMR Advisors and who is not an "interested person" of the Fund as defined under the 1940 Act is considered to be a "disinterested trustee". Disinterested trustees are each paid by the Fund an annual fee plus attendance fees for board and committee meetings. The Fund incurred $8,900 of trustee fees and expenses during the six months ended June 30, 2008.

The Fund's board of trustees and separately the disinterested trustees authorized the Fund to make reimbursement payments to RMR Advisors for costs related to the Fund's compliance and internal audit programs. The Fund incurred $17,344 of compliance and internal audit expense during the six months ended June 30, 2008. The Fund also participates in pooled insurance programs with RMR Advisors and other funds managed by RMR Advisors and makes payments of allocated portions of related premiums. The Fund incurred $6,388 of insurance expense during the six months ended June 30, 2008.

Note C

Securities Transactions

During the six months ended June 30, 2008, there were purchases and sales transactions (excluding short term securities) of $5,612,914 and $5,182,518 respectively. Brokerage commissions on securities transactions amounted to $11,870 during the six months ended June 30, 2008.

Note D

Preferred Shares

The Fund's 1,120 outstanding Series Th auction preferred shares have a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid distributions. The preferred shares are senior to the Fund's common shares and rank on parity with any other class or series of preferred shares of the Fund as to the payment of periodic distributions, including distribution of assets upon liquidation. If the Fund does not timely cure a failure to (1) maintain asset coverage for the preferred shares as required by rating agencies, or (2) maintain asset coverage, as defined in the 1940 Act, of at least 200%, the preferred shares will be subject to redemption in an amount equal to their liquidation preference plus accumulated but unpaid distributions. The holders of the preferred shares have voting rights equal to the holders of the Fund's common shares and generally vote together with the holders of the common shares as a single class. Holders of the preferred shares, voting as a separate class, also are entitled to elect two of the Fund's trustees. The Fund pays distributions on the preferred shares at a rate set at auctions held generally every seven days. Distributions are generally payable every seven days, on the first business day following the end of a distribution period. The preferred share distribution rate was 4.15% per annum as of June 30, 2008.

To date, no auctions for preferred securities of the Fund have failed to attract sufficient clearing bids. However, an affiliate of the Fund's lead broker-dealer for its preferred securities has purchased a significant amount of the Fund's preferred securities in the auctions. If this affiliate of the Fund's lead broker-dealer had not been supporting the Fund's auctions, the auctions likely would have failed and holders of the Fund's preferred shares would not have been able to sell their preferred shares in the auctions. There can be no assurance that this or any other affiliate of the Fund's lead broker-dealer would purchase Fund preferred shares in any future auction of Fund preferred securities or that the Fund will not have any auction for its preferred securities fail. If an auction of the Fund's preferred shares should fail, the dividend rate for the next succeeding dividend period is set according to a pre-determined formula, and the resulting rate may be higher than the rate which the Fund would otherwise pay as a result of a successful auction. In addition, if an auction fails, holders of the Fund's preferred shares may not be able to sell their preferred shares in that auction. If auctions for the Fund's preferred shares fail, or if market conditions generally frustrate the Fund's ability to enhance investment results through the investment of capital attributable to its outstanding preferred shares, such factors may necessitate a change in the form and/or amount of investment leverage used by the Fund. The Fund has no current intention to change the form or degree of investment leverage that it uses. The use of alternative forms of leverage and/or a reduction in the degree of investment leverage used by the Fund in its investment program could result in reduced investment returns for common shareholders as compared to the returns that historically have been achieved by the Fund through the use of preferred share leverage in favorable market conditions. The Fund proactively manages compliance with asset coverage and other financial ratio requirements applicable to the preferred shares. In order to facilitate compliance with such requirements, and without further notice of its intention to do so, the Fund may from time to time purchase or otherwise acquire its outstanding preferred shares in the open market, in other nondiscriminatory secondary market transactions, pursuant to tender offers or other offers to repurchase preferred shares, or in other permissible purchase transactions, and also may from time to time call or redeem preferred shares in accordance with their terms..

Note E

Submission of Proposals to a Vote of Shareholders

The annual meeting of Fund shareholders was held on April 7, 2008. Following is a summary of the proposal submitted to shareholders for vote at the meeting and votes cast:

Proposal	**Votes for**	**Votes withheld**	**Votes abstained**
Common and Preferred Shares			
Election of John L. Harrington as an Independent Trustee until the 2011 annual meeting.	1,984,910	213,309	

The following trustees' terms of office as trustee continued after the Fund's annual meeting: Barry M. Portnoy, Gerard M. Martin, Frank J. Bailey and Arthur G. Koumantzelis.

Note F

Litigation and Legal Fees

The Fund had recently been involved in litigation with its shareholder, Bulldog Investors General Partnership. The purpose of this litigation was to enforce provisions of the Fund's declaration of trust which generally limits ownership of the Fund to not more than 9.8% of the Fund's outstanding shares. The parties to this litigation entered into a settlement agreement in June 2008, and on July 1, 2008 the court granted the parties' joint motion to dismiss this litigation, effectively ending the litigation. During the six month period ended June 30, 2008, the Fund incurred approximately $401,133 of expenses in connection with the Bulldog litigation and related matters.

RMR F.I.R.E. Fund
June 30, 2008

To our shareholders,

In the pages that follow, you will find data summarizing our financial results for the six months ended June 30, 2008, and our financial position as of June 30, 2008.

Relevant Market Conditions

Financial Services Industry Fundamentals. The financial markets are in disarray. The Fed has engaged in various activities to provide support to these markets. For example, since the beginning of the year, it has lowered the federal funds rate 225 basis points to 2%, injected liquidity into the market by introducing three new lending facilities and orchestrated the rescue of Bear Stearns in mid March. Equity markets recovered in April partly because market participants believed that the Fed would serve as a backstop for financial institutions. Inflation, however, continued to remove billions of dollars from the economy because of higher food and gas prices; it appears that the anticipated boost to the economy from the government's recent federal income tax rebate program instead went mostly to pay for the higher cost of living.

The housing market continued to deteriorate in the first half of the year despite the Fed's efforts to inject liquidity into the financial markets and the government's tax rebates to the boost consumer spending. Banks with exposure to the housing market in the form of mortgage backed securities and other derivatives have been plagued with write-downs because the values of these securities have continued to decline. Financial Industry capital adequacy ratios have also deteriorated, forcing banks to raise expensive capital to shore up their balance sheets. In an effort to preserve capital, banks have been reluctant to lend, adding more downward pressure to an already weak economy.

Real Estate Industry Fundamentals. Despite a slowing economy and negative sentiment regarding the direction of the financial markets, real estate fundamentals remained relatively stable during the first half of 2008. Occupancy levels held up and rents generally continued to increase, albeit at a slower pace. Property sales, however, slowed substantially as a result of tighter lending standards and wide differences between buyers and sellers regarding valuations. With limited transactions taking place, it is hard to estimate how much commercial property values have declined. Some estimates put the figure somewhere between negative 10% to negative 15%. What is clear, however, is that property values are no longer at levels seen in early 2007.

For the balance of the year, we believe the economy will likely continue to struggle due to higher food and energy prices, lack of employment growth and a weak housing market. Lending will continue to be restricted, hampering overall economic growth as financial institutions continue to strengthen their balance sheets.

Real Estate Industry Technicals. Throughout the first half of the year, the REIT market continued to exhibit high volatility. REITs started the year on a negative note, down almost 12% in mid-January, and rebounded sharply during March and April (up 6% during each month) following the Fed's and J.P. Morgan's rescue of Bear Stearns. Concern about additional write-offs from financial institutions sent the REIT market, along with other financial services companies, into negative territory during the month of June. REITs were down 11% in June and finished the first half of the year down 3.5%. Despite the volatility, REIT dedicated funds saw $3 billion of inflows during the first six months of the year, an encouraging sign after outflows of more than $9 billion from the period March to December 2007.

Fund Strategies, Techniques and Performance

Our investment objective is to provide high total returns to our common shareholders through a combination of capital appreciation and current income. There can be no assurance that we will achieve our investment objective.

During the six months ended June 30, 2008, our total return on net asset value, or NAV (including NAV changes and assuming a hypothetical reinvestment of distributions at NAV), was negative 16.1%. During the same period, the S&P 500 Financial Sector Index (an unmanaged index of financial services common stocks) total return was negative 29.7%, the total return for the MSCI US REIT Total Return Index (an unmanaged index of REIT common stocks) was negative 3.5% and the Merrill Lynch REIT Preferred Index (an unmanaged index of REIT preferred stocks) was 7.6%. We believe these three indices are relevant to us because our investments, excluding short term investments, as of June 30, 2008, included 12% financial services stocks, 35% REIT common stocks and 43% REIT preferred stocks. The S&P 500 Index (an unmanaged index published as Standard and Poor's Composite Index of 500 common stocks) total return for the six months ended June 30, 2008 was negative 11.9%.

The fund's negative performance during the first half of the year was greatly influenced by our concentration in financial institutions, which were down significantly in the first half of the year. As a result of the Fund's erosion in NAV and income from its investments during 2007 and into 2008, the Fund's Board decided to lower the distribution rate to common shareholders in April in an effort to bring the distribution more in line with the Fund's earnings potential. Also, in August of 2008 we redeemed $3.5 million of our outstanding preferred shares in order to maintain leverage ratios in light of the decline in the Fund's NAV.

Recent Developments

Recently, credit markets, including the market for auction rate securities, such as the Fund's $12.5 million preferred shares, have experienced a liquidity crisis. To date, no auctions for the Fund's preferred shares have failed; however, an affiliate of the Fund's lead broker dealer for its preferred shares has purchased a significant amount of the Fund's preferred shares in the auctions. Please see the notes to the financial statements for more information.

Because of the decline in NAV during the last 15 months and the Fund's relatively small size, the Fund's Board of Trustees is currently considering actions to reduce expenses and otherwise enhance value for the Fund's shareholders. To this end, on August 26, 2008 we filed a preliminary joint proxy statement / prospectus with the Securities and Exchange Commission in connection with a proposed combination of the Fund with two other closed end RMR funds (RMR Real Estate Fund and RMR Hospitality and Real Estate Fund). Both are managed by our advisor, RMR Advisors, Inc. If the combinations receive all shareholder approvals that are required and proceed, all three funds will become one new fund, RMR Real Estate Income Fund, a newly formed Delaware statutory trust which also will be managed by our advisor. The process of seeking approvals and completing the proposed combinations may take several months, and the combinations may or may not occur for various reasons.

Thank you for your continued support. For more information, please view our website, at *www.rmrfunds.com*.

Sincerely,

Adam D. Portnoy
President

August 27, 2008

RMR F.I.R.E. Fund
June 30, 2008

Portfolio holdings by sub-sector as a percentage of investments (as of June 30, 2008) *

Banks & Thrifts	6%
Other Financial Services	6%
Hospitality REITs	16%
Apartment REITs	13%
Healthcare REITs	12%
Diversified REITs	11%
Other REITs less than 10%	26%
Other	10%
Total investments	100%

Real Estate	78%
Financial Services	12%
Other	10%
Total investments	100%

* These percentages represent the Fund's portfolio holdings by sub-sector as a percentage of total portfolio holdings and do not match with the percentages included in the Portfolio of Investments schedule which represent the Fund's portfolio holdings by sub-sector as a percentage of the Fund's total net assets.

Company	Shares	Value
Common Stocks 90.4%		
Financial Services 16.8%		
Banks 9.4%		
Bank of America Corp.	10,000	$ 238,700
Fifth Third Bancorp	3,000	30,540
First Commonwealth Financial Corp.	28,000	261,240
First Horizon National Corp.	11,400	84,702
Firstmerit Corp.	12,800	208,768
FNB Corp.	28,500	335,730
KeyCorp	7,000	76,860
National City Corp.	12,400	59,148
Regions Financial Corp.	4,000	43,640
Trustco Bank Corp. NY	23,400	173,628
U.S. Bancorp	1,000	27,890
		1,540,846
Thrifts 2.5%		
Beverly Hills Bancorp, Inc.	58	98
Flagstar Bancorp, Inc.	25,000	75,250
IndyMac Bancorp, Inc.	5,500	3,410
New York Community Bancorp, Inc.	18,200	324,688
		403,446
Other Financial Services 4.9%		
American Capital Strategies, Ltd.	2,000	47,540
Centerline Holding Co.	44,200	73,814
Fannie Mae	13,000	253,630
Friedman Billings Ramsey Group, Inc. *	54,000	81,000
MCG Capital Corp.	32,000	127,360
Visa, Inc. Class A(a)	2,730	221,976
		805,320
Total Financial Services (Cost $8,472,515)		2,749,612
Real Estate 66.0%		
Apartments 7.0%		
AvalonBay Communities, Inc. *	3,000	267,480
BRE Properties, Inc. *	4,000	173,120
Home Properties, Inc. *	300	14,418
Mid-America Apartment Communities, Inc. *	9,600	489,984
UDR, Inc. *	9,000	201,420
		1,146,422

See notes to financial statements and notes to portfolio of investments.

Diversified 11.1%			
CapLease, Inc. *	15,000	$	112,350
Colonial Properties Trust *	15,780		315,915
Cousins Properties, Inc. *	6,900		159,390
Duke Realty Corp. *	7,500		168,375
DuPont Fabros Technology, Inc. *	2,500		46,600
Franklin Street Properties Corp. *	3,000		37,920
iStar Financial, Inc. *	16,000		211,360
Lexington Corporate Properties Trust *	56,400		768,732
National Retail Properties, Inc. *	143		2,989
			1,823,631
Health Care 15.2%			
Care Investment Trust, Inc. *	8,550		80,627
HCP, Inc. *	8,850		281,518
Health Care REIT, Inc. *	11,904		529,728
Healthcare Realty Trust, Inc. *	18,500		439,745
Medical Properties Trust, Inc. *	24,365		246,574
Nationwide Health Properties, Inc. *	26,400		831,336
OMEGA Healthcare Investors, Inc. *	5,000		83,250
			2,492,778
Hospitality 5.5%			
Ashford Hospitality Trust, Inc. *	51,000		235,620
DiamondRock Hospitality Co. *	14,000		152,460
FelCor Lodging Trust, Inc. *	14,359		150,770
Host Hotels & Resorts, Inc. *	10,000		136,500
LaSalle Hotel Properties *	5,400		135,702
Sunstone Hotel Investors, Inc. *	5,000		83,000
			894,052
Industrial 7.0%			
DCT Industrial Trust, Inc. *	5,200		43,056
First Industrial Realty Trust, Inc. *	40,200		1,104,294
			1,147,350
Manufactured Homes 3.0%			
Sun Communities, Inc. *	27,000		492,210

See notes to financial statements and notes to portfolio of investments.

Mortgage 4.9%		
Alesco Financial, Inc. *	142,400	$ 284,800
Anthracite Capital, Inc. *	15,000	105,600
Gramercy Capital Corp. *	14,394	166,826
JER Investors Trust, Inc. *	10,000	63,000
Newcastle Investment Corp. *	26,500	185,765
		805,991
Office 6.3%		
BioMed Realty Trust, Inc. *	7,000	171,710
Boston Properties, Inc. *	2,000	180,440
Brookfield Properties Corp.	5,000	88,950
Parkway Properties, Inc. *	300	10,119
SL Green Realty Corp. *	7,000	579,040
		1,030,259
Retail 4.3%		
CBL & Associates Properties, Inc. *	3,000	68,520
Developers Diversified Realty Corp. *	3,000	104,130
Equity One, Inc. *	3,000	61,650
Glimcher Realty Trust *	19,300	215,774
Realty Income Corp. *	200	4,552
Simon Property Group, Inc. *	2,000	179,780
Tanger Factory Outlet Centers, Inc. *	2,000	71,860
		706,266
Specialty 1.0%		
Getty Realty Corp. *	4,000	57,640
Resource Capital Corp. *	15,588	112,390
		170,030
Storage 0.7%		
U-Store-It Trust *	8,900	106,355
Total Real Estate (Cost $16,533,329)		10,815,344
Other 7.6%		
Abingdon Investment, Ltd. (b)(c)	100,000	592,000
Iowa Telecommunication Services, Inc.	37,500	660,375
Total Other (Cost $1,631,150)		1,252,375
Total Common Stocks (Cost $26,636,994)		14,817,331

See notes to financial statements and notes to portfolio of investments.

Preferred Stocks 85.9%			
Real Estate 80.7%			
Apartments 17.4%			
Apartment Investment & Management Co., Series U *	32,500	$	755,625
Apartment Investment & Management Co., Series V *	27,700		631,560
Apartment Investment & Management Co., Series Y *	65,000		1,467,700
			2,854,885
Diversified 10.4%			
Cousins Properties, Inc., Series B *	20,000		435,600
Digital Realty Trust, Inc., Series A *	20,000		461,600
Duke Realty Corp., Series O *	4,000		95,480
LBA Realty LLC, Series B *	45,000		703,125
			1,695,805
Health Care 6.6%			
Health Care REIT, Inc., Series F *	26,900		629,460
OMEGA Healthcare Investors Inc., Series D *	19,000		456,000
			1,085,460
Hospitality 24.2%			
Ashford Hospitality Trust, Series D *	32,000		567,040
Eagle Hospitality Properties Trust, Inc., Series A * (c)	14,000		140,000
Entertainment Properties Trust, Series B *	40,000		839,600
FelCor Lodging Trust, Inc., Series C *	64,000		1,238,400
Grace Acquisition I, Inc., Series B * (c)	50,000		500,000
Host Marriott Corp., Series E *	10,000		250,000
Strategic Hotels & Resorts, Inc., Series A *	10,000		178,000
Strategic Hotels & Resorts, Inc., Series B *	13,700		246,600
			3,959,640
Manufactured Homes 0.8%			
Hilltop Holdings, Inc., Series A	6,900		131,100
Mortgage 5.9%			
Anthracite Capital, Inc., Series D *	6,000		85,200
Gramercy Capital Corp., Series A *	20,000		349,800
HomeBanc Corp., Series A *	10,000		100
MFA Mortgage Investments, Inc., Series A *	13,800		274,758
RAIT Investment Trust, Series B *	20,300		263,900
			973,758
Office 4.7%			
Alexandria Real Estate Equities, Inc., Series C *	31,600		777,360

See notes to financial statements and notes to portfolio of investments.

Retail 10.7%			
CBL & Associates Properties, Inc., Series D *	10,000	$	204,300
Glimcher Realty Trust, Series F *	26,500		529,735
Glimcher Realty Trust, Series G *	41,000		674,450
Taubman Centers, Inc., Series G *	15,000		351,000
			1,759,485
Total Real Estate (Cost $16,810,622)			13,237,493
Financial Services 5.2%			
Corts-UNUM Provident Financial Trust	38,000		847,780
Total Financial Services (Cost $982,300)			847,780
Total Preferred Stocks (Cost $17,792,922)			14,085,273
Other Investment Companies 12.7%			
Alpine Total Dynamic Dividend Fund	29,960		445,805
Cohen & Steers Premium Income Realty Fund, Inc.	13,350		200,784
Cohen & Steers REIT and Preferred Income Fund, Inc.	8,000		152,800
Cornerstone Strategic Value Fund, Inc.	32,528		177,278
Eaton Vance Enhanced Equity Income Fund II	13,100		224,796
LMP Real Estate Income Fund, Inc.	12,411		189,888
Neuberger Berman Real Estate Securities Income Fund, Inc.	45,507		425,490
The Zweig Total Return Fund, Inc.	60,850		268,957
Total Other Investment Companies (Cost $2,878,562)			2,085,798
Short-Term Investments 0.7%			
Other Investment Companies 0.7%			
Dreyfus Cash Management, Institutional Shares, 2.66% (d) (Cost $118,450)	118,450		118,450
Total Investments 189.7% (Cost $47,426,928)			31,106,852
Other assets less liabilities 7.9%			1,290,686
Preferred Shares, at liquidation preference (97.6)%			(16,000,000)
Net Assets applicable to common shareholders 100%		$	16,397,538

Notes to Portfolio of Investments

* Real Estate Investment Trust, or REIT.

(a) As of June 30, 2008, this security had not paid a distribution.

(b) Rule 144A securities. Securities restricted for resale to Qualified Institutional Buyers (3.6% of net assets).

(c) As of June 30, 2008, the Fund held securities fair valued in accordance with policies adopted by the board of trustees aggregating $1,232,000 and 4.0% of market value.

(d) Rate reflects 7 day yield as of June 30, 2008.

See notes to financial statements.

RMR F.I.R.E. Fund
Financial Statements

Statement of Assets and Liabilities

June 30, 2008 (unaudited)		
Assets		
Investments in securities, at value (cost $47,426,928)	$	31,106,852
Cash		316
Receivable for securities sold		997,715
Dividends and interest receivable		375,464
Other assets		4,674
Total assets		32,485,021
Liabilities		
Advisory fee payable		17,050
Distributions payable preferred shares		12,819
Accrued expenses and other liabilities		57,614
Total liabilities		87,483
Preferred shares, at liquidation preference		
Auction preferred shares, Series W; $.001 par value per share; 640 shares issued and outstanding at $25,000 per share liquidation preference		16,000,000
Net assets attributable to common shares	$	16,397,538
Composition of net assets		
Common shares, $.001 par value per share; unlimited number of shares authorized, 1,484,000 shares issued and outstanding	$	1,484
Additional paid-in capital		35,173,277
Undistributed net investment income		219,668
Accumulated net realized loss on investments		(2,676,815)
Net unrealized depreciation on investments		(16,320,076)
Net assets attributable to common shares	$	16,397,538
Net asset value per share attributable to common shares (based on 1,484,000 common shares outstanding)	$	11.05

See notes to financial statements.

RMR F.I.R.E. Fund

Financial Statements continued

Statement of Operations

Six Months Ended June 30, 2008 (unaudited)	
Investment Income	
Dividends (cash distributions received or due, net of foreign taxes withheld of $210)	$ 1,604,608
Interest	7,443
Total investment income	1,612,051
Expenses	
Advisory	151,605
Audit and legal	170,694
Administrative	45,022
Custodian	26,152
Preferred share remarketing	25,233
Compliance and internal audit	17,344
Shareholder reporting	13,494
Trustees' fees and expenses	8,465
Other	34,037
Total expenses	492,046
Less: expense waived by the Advisor	(44,590)
Net expenses	447,456
Net investment income	1,164,595
Realized and unrealized loss on investments	
Net realized loss on investments	(989,085)
Net change in unrealized appreciation/(depreciation) on investments	(3,000,615)
Net realized and unrealized loss on investments	(3,989,700)
Distributions to preferred shareholders from net investment income	(345,144)
Net decrease in net assets attributable to common shares resulting from operations	$ (3,170,249)

See notes to financial statements.

RMR F.I.R.E. Fund

Financial Statements continued

Statements of Changes in Net Assets

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31, 2007
Increase (decrease) in net assets resulting from operations		
Net investment income	$ 1,164,595	$ 2,324,696
Net increase from payments by affiliates		1,036
Net realized loss on investments	(989,085)	(1,594,800)
Net change in unrealized appreciation/(depreciation) on investments	(3,000,615)	(13,570,100)
Distributions to preferred shareholders from:		
Net investment income	(345,144)	(585,177)
Net realized gain on investments		(449,891)
Net decrease in net assets attributable to common shares resulting from operations	(3,170,249)	(13,874,236)
Distributions to common shareholders from:		
Net investment income	(869,624)	(1,469,630)
Net realized gain on investments		(1,130,338)
Capital shares transactions		
Cost of preferred shares repurchased	(2,000,000)	(2,000,000)
Net decrease from capital transactions	(2,000,000)	(2,000,000)
Liquidation preference of preferred shares repurchased	2,000,000	2,000,000
Total decrease in net assets attributable to common shares	(4,039,873)	(16,474,204)
Net assets attributable to common shares		
Beginning of period	20,437,411	36,911,615
End of period (including undistributed net investment income of $219,668 and $269,841, respectively)	$ 16,397,538	$ 20,437,411
Common shares issued and repurchased		
Shares outstanding, beginning of period	1,484,000	1,484,000
Shares issued		
Shares outstanding, end of period	1,484,000	1,484,000

See notes to financial statements.

Selected Data For A Common Share Outstanding Throughout Each Period

	Six Months Ended June 30, 2008 (unaudited	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	For the Period November 22, 2004 (a) to December 31, 2004
Per Common Share Operating Performance (b)					
Net asset value, beginning of period	$ 13.77	$ 24.87	$ 22.07	$ 23.99	$ 24.03(c)
Income from Investment Operations					
Net investment income (d)	.78(e)	1.57	1.71	1.28	.10
Net realized and unrealized appreciation/(depreciation) on investments	(2.68)(e)	(10.23)	3.49	(1.01)	.17
Distributions to preferred shareholders (common stock equivalent basis) from:					
Net investment income	(.23)(e)	(.39)	(.47)	(.28)	(.02)
Net realized gain on investments	(e)	(.30)	(.18)	(.15)	
Net increase (decrease) in net asset value from operations	(2.13)	(9.35)	4.55	(.16)	.25
Less: Distributions to common shareholders from:					
Net investment income	(.59)(e)	(.99)	(1.27)	(1.09)	
Net realized gain on investments	(e)	(.76)	(.48)	(.67)	
Common share offering costs charged to capital					(.04)
Preferred share offering costs charged to capital					(.25)
Net asset value, end of period	$ 11.05	$ 13.77	$ 24.87	$ 22.07	$ 23.99
Market price, beginning of period	$ 12.80	$ 22.20	$ 18.99	$ 24.05	$ 25.00
Market price, end of period	$ 9.68	$ 12.80	$ 22.20	$ 18.99	$ 24.05
Total Return (f)(g)					
Total investment return based on:					
Market price (h)	(20.57)%	(36.29)%	27.44%	(14.00)%	(3.80)%
Net asset value (h)	(16.12)%	(39.40)%	21.54%	(0.64)%	(0.17)%
Ratios/Supplemental Data:					
Ratio to average net assets attributable to common shares of:					
Net investment income, before total preferred share distributions (d)	11.90%(e)(i)	7.41%	7.42%	5.64%	3.92%(i)
Total preferred share distributions	3.53%(i)	3.30%	2.78%	1.88%	0.58%(i)
Net investment income, net of preferred share distributions (d)	8.37%(e)(i)	4.11%	4.64%	3.76%	3.34%(i)
Expenses, net of fee waivers	4.57%(i)	2.68%	2.39%	2.63%	3.45%(i)
Expenses, before fee waivers	5.03%(i)	3.09%	2.78%	3.03%	3.73%(i)
Portfolio Turnover Rate	7.22%	63.84%	59.48%	64.96%	0.00%
Net assets attributable to common shares, end of period (000s)	$ 16,398	$ 20,437	$ 36,912	$ 32,745	$ 35,594
Preferred shares, liquidation preference ($25,000 per share) (000s)	$ 16,000	$ 18,000	$ 20,000	$ 20,000	$ 20,000
Asset coverage per preferred share(j)	$ 50,621	$ 53,385	$ 71,140	$ 65,931	$ 69,493

(a) Commencement of operations.

(b)

Based on average shares outstanding.

(c) Net asset value at November 22, 2004, reflects the deduction of the average sales load and offering costs of $0.97 per share paid by the holders of common share from the $25.00 offering price. We paid a sales load and offering cost of $1.125 per share on 1,280,000 common shares sold to the public and no sales load or offering costs on 200,000 common shares sold to affiliates of RMR Advisors for $25 per share.

(d) Amounts are net of expenses waived by RMR Advisors.

(e) As discussed in Note A (8) to the financial statements, these amounts are subject to change to the extent 2008 distributions by the issuers of the Fund's investments are characterized as capital gains and return of capital.

(f) Total returns for periods of less than one year are not annualized.

(g) The impact of the net increase in payments by affiliates is less than $0.005/share.

(h) Total return based on per share market price assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on the last day of the period indicated; dividends and distributions, if any, are assumed to be reinvested at market prices on the ex-dividend date. The total return based on net asset value, or NAV, assumes the purchase of common shares at NAV on the first day and sales of common shares at NAV on the last day of the period indicated; distributions are assumed to be reinvested at NAV on the ex-dividend date. Results represent past performance and do not guarantee future results. Total return would have been lower if RMR Advisors had not contractually waived a portion of its investment advisory fee.

(i) Annualized.

(j) Asset coverage per share equals net assets attributable to common shares plus the liquidation preference of the preferred shares divided by the total number of preferred shares outstanding at the end of the period.

See notes to financials statements.

RMR F.I.R.E. Fund
Notes to Financial Statements

June 30, 2008 (unaudited)

Note A

(1) Organization

RMR F.I.R.E. Fund, or the Fund, was organized as a Massachusetts business trust on August 6, 2004, and is registered under the Investment Company Act of 1940, as amended, or the 1940 Act, as a diversified closed-end management investment company. The Fund had no operations until November 22, 2004, other than matters relating to the Fund's establishment and registration of the Fund's common shares under the Securities Act of 1933.

(2) Interim Financial Statements

The accompanying June 30, 2008 financial statements have been prepared without audit. The Fund believes that disclosures made are adequate to make the information presented not misleading. In the opinion of the Fund's management, all adjustments, which include normal recurring adjustments considered necessary for a fair presentation, have been included. The Fund's operating results for this interim period are not necessarily indicative of the results that may be expected on an annual basis in the future.

(3) Use of Estimates

Preparation of these financial statements in conformity with accounting principles generally accepted in the United States requires the Fund's management to make estimates and assumptions that may affect the amounts reported in the financial statements and related notes. The actual results could differ from these estimates particularly for reasons described in Note A (8), and for other reasons.

(4) Portfolio Valuation

Investment securities of the Fund are valued at the latest sales price whenever that price is readily available on that day; securities for which no sales were reported on that day, unless otherwise noted, are valued at the average of closing bid and ask prices on that day. Securities traded primarily on the NASDAQ Stock Market, or NASDAQ, are normally valued by the Fund at the NASDAQ Official Closing Price, or NOCP, provided by NASDAQ each business day. The NOCP is the most recently reported price as of 4:00:02 p.m., eastern time, unless that price is outside the range of the "inside" bid and asked prices (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts); in that case, NASDAQ will adjust the price to equal the inside bid or asked price, whichever is closer. Some fixed income securities may be valued using pricing provided by a pricing service. Any of the Fund's securities which are not readily marketable, which are not traded or which have other characteristics of illiquidity are valued by the Fund at fair value as determined in good faith under the supervision of the Fund's board of trustees. Numerous factors may be considered when determining fair value of a security, including cost at date of purchase, type of security, the nature and duration of restrictions on disposition of the security and whether the issuer of the security being fair valued has other securities of the same type outstanding. Short term debt securities with less than 60 days until maturity may be valued at cost plus interest accrued, which approximates market value.

(5) Fair Value Measurements

The Fund has adopted the provisions of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements, or FAS 157, effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. FAS 157 established a three tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk; for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value during the six months ended June 30, 2008 maximized the use of observable inputs and minimized the use of unobservable inputs. The Fund utilized broker quotes, company financial information and other market indicators to value the securities whose prices were not readily available.

The following is a summary of the inputs used as of June 30, 2008 in valuing the Fund's investments carried at value:

Valuation Inputs		**Investments in Securities**
Level 1	Quoted prices	$ 29,874,852
Level 2	Other significant observable inputs	640,000
Level 3	Significant unobservable inputs	592,000
Total		$ 31,106,852

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

		Investments in Securities Characterized as Level 3
Balance as of 12/31/07	$	796,000
Accrued discounts/premiums		
Realized gain/loss and change in unrealized appreciation/depreciation		(204,000)
Net purchases/sales		
Net transfers in and/or out of Level 3		
Balance, as of 06/30/08	$	592,000
Net change in unrealized appreciation/depreciation from investments still held as of 06/30/08	$	(204,000)

(6) Securities Transactions and Investment Income

Securities transactions are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income, including accretion of original issue discount, where applicable, and accretion of discount on short term investments, is recorded on the accrual basis. Realized gains and losses from securities transactions are recorded on an identified cost basis.

(7) Taxes

The Fund has qualified and intends to qualify in the future as a "regulated investment company" and to comply with the applicable provisions of subchapter M of the Internal Revenue Code of 1986, as amended, so that it will generally not be subject to federal income tax. However, the Fund may be subject to a 4% excise tax to the extent the Fund does not distribute substantially all taxable earnings each year.

Some foreign governments may subject the Fund's investment income and securities sales to withholding or other taxes. For the six months ended June 30, 2008, $210 of foreign taxes has been withheld from distributions to the Fund and has been recorded as a reduction of dividend income

(8) Distributable Earnings

The Fund earns income, net of expenses, daily on its investments. It is the policy of the Fund to pay a stable distribution amount to common shareholders on a monthly basis and distributions to Fund shareholders are declared pursuant to this policy. On July 11, 2008, the Fund declared regular monthly distributions of $.098 per common share payable in July, August and September 2008. Distributions to shareholders are recorded on the ex-dividend date. The Fund's distributions may consist of ordinary income (net investment income and short term capital gains), long term capital gains and return of capital. To the extent the Fund's net realized capital gains, if any, can be offset by capital loss carry-forwards, it is the policy of the Fund not to distribute such gains. Distributions to preferred shareholders are determined as described in Note D.

The Fund has substantial investments in real estate investment trusts, or REITs, which are generally not subject to federal income taxes. Distributions that the Fund receives from REITs can be classified as ordinary income, capital gain income or return of capital by the REITs that make these distributions to the Fund. However, it is not possible to characterize distributions received from REITs during interim periods because the issuers do not report their tax characterization until subsequent to year end. Final characterization of the Fund's 2008 distributions to shareholders is also dependent upon the magnitude or timing of the Fund's securities transactions prior to year end. Therefore it is likely that some portion of the Fund's 2008 investment income and distributions to shareholders will be recharacterized as long term capital gain and return of capital for financial statement and federal income tax purposes subsequent to year end and reflected accordingly in the Fund's year end financial statements.

Although subject to adjustments, the cost, gross unrealized appreciation and unrealized depreciation of the Fund's investments for federal income tax purposes as of June 30, 2008, are as follows:

Cost	$	47,426,928
Gross unrealized appreciation	$	440,098
Gross unrealized depreciation		(16,760,174)
Net unrealized appreciation/(depreciation)	$	(16,320,076)

(9) Concentration of Risk

Under normal market conditions, the Fund's investments are concentrated in income producing common shares and preferred shares issued by F.I.R.E. companies. F.I.R.E. is a commonly used acronym for the combined financial services, insurance and real estate companies. The value of Fund shares may fluctuate more than the shares of a fund not concentrated in the F.I.R.E. industries due to economic, legal, regulatory, technological or other developments affecting the United States F.I.R.E. industries.

Note B

Advisory and Administration Agreements and Other Transactions with Affiliates

The Fund has an advisory agreement with RMR Advisors, Inc., or RMR Advisors, to provide the Fund with a continuous investment program, to make day-to-day investment decisions and to generally manage the business affairs of the Fund in accordance with its investment objectives and policies. Pursuant to the agreement, RMR Advisors is compensated at an annual rate of 0.85% of the Fund's average daily managed assets. Managed assets means the total assets of the Fund less liabilities other than any indebtedness entered into for purposes of leverage. For purposes of calculating managed assets, the liquidation preference of preferred shares is not considered a liability.

RMR Advisors has contractually agreed to waive a portion of its annual fee equal to 0.25% of the Fund's average daily managed assets from November 22, 2004, until November 22, 2009. The Fund incurred net advisory fees of $151,605 during the six months ended June 30, 2008. The amount of fees waived by the Advisor was $44,590 for the six months ended June 30, 2008.

RMR Advisors also performs administrative functions for the Fund pursuant to an administration agreement with the Fund. RMR Advisors has entered into a subadministration agreement with State Street Bank and

Trust Company, or State Street, to perform substantially all fund accounting and other administrative services. Under the administration agreement, RMR Advisors is entitled to reimbursement of the cost of providing administrative services. The Fund reimbursed RMR Advisors for $45,022 of subadministrative fees charged by State Street for the six months ended June 30, 2008.

Each trustee who is not a director, officer or employee of RMR Advisors and who is not an "interested person" of the Fund as defined under the 1940 Act is considered to be a "disinterested trustee". Disinterested trustees are each paid by the Fund an annual fee plus attendance fees for board and committee meetings. The Fund incurred $8,465 of trustee fees and expenses during the six months ended June 30, 2008.

The Fund's board of trustees and separately the disinterested trustees authorized the Fund to make reimbursement payments to RMR Advisors for costs related to the Fund's compliance and internal audit programs. The Fund incurred $17,344 of compliance and internal audit expense during the six months ended June 30, 2008. The Fund also participates in pooled insurance programs with RMR Advisors and other funds managed by RMR Advisors and makes payments of allocated portions of related premiums. The Fund incurred $7,281 of insurance expense during the six months ended June 30, 2008.

Note C

Securities Transactions

During the six months ended June 30, 2008, there were purchases and sales transactions (excluding short term securities) of $2,554,268 and $5,307,393 respectively. Brokerage commissions on securities transactions amounted to $6,083 during the six months ended June 30, 2008.

Note D

Preferred Shares

In December 2004, the Fund issued 800 Series W auction preferred shares with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid distributions. On December 27, 2007 and January 17, 2008, the Fund redeemed a total of 160 preferred shares with a liquidation preference of $4,000,000. The Fund has further redeemed 40, 40 and 60 preferred shares on August 5, 2008, August 12, 2008 and August 19, 2008, respectively, with a total liquidation preference of $3,500,000. The preferred shares are senior to the Fund's common shares and rank on parity with any other class or series of preferred shares of the Fund as to the payment of periodic distributions, including distribution of assets upon liquidation. If the Fund does not timely cure a failure to (1) maintain asset coverage for the preferred shares as required by rating agencies, or (2) maintain asset coverage, as defined in the 1940 Act, of at least 200%, the preferred shares will be subject to redemption in an amount equal to their liquidation preference plus accumulated but unpaid distributions. The holders of the preferred shares have voting rights equal to the holders of the Fund's common shares and generally vote together with the holders of the common shares as a single class. Holders of the preferred shares, voting as a separate class, also are entitled to elect two of the Fund's trustees. The Fund pays distributions on the preferred shares at a rate set at auctions held generally every seven days. Distributions are generally payable every seven days, on the first business day following the end of a distribution period. The preferred share distribution rate was 4.12% per annum as of June 30, 2008.

To date, no auctions for preferred securities of the Fund have failed to attract sufficient clearing bids. However, an affiliate of the Fund's lead broker-dealer for its preferred securities has purchased a significant amount of the Fund's preferred securities in the auctions. If this affiliate of the Fund's lead broker-dealer had not been supporting the Fund's auctions, the auctions likely would have failed and holders of the Fund's preferred shares would not have been able to sell their preferred shares in the auctions. There can be no assurance that this or any other affiliate of the Fund's lead broker-dealer would purchase Fund preferred shares in any future auction of Fund preferred securities or that the Fund will not have any auction for its preferred securities fail. If an auction of the Fund's preferred shares should fail, the dividend rate for the next succeeding dividend period is set according to a pre-determined formula, and the resulting rate may be higher than the rate which the Fund would otherwise pay as a result of a successful auction. In addition, if an auction fails, holders of the Fund's preferred shares may not be able to sell their preferred shares in that auction. If auctions for the Fund's preferred shares fail, or if market conditions generally frustrate the Fund's ability to enhance investment results through the investment of capital attributable to its outstanding preferred shares, such factors may necessitate a change in the form and/or amount of investment leverage used by the Fund. The Fund has no current intention to change the form or degree of investment leverage that it uses. The use of alternative forms of leverage and/or a reduction in the degree of investment leverage used by the Fund in its investment program could result in reduced investment returns for common shareholders as compared to the returns that historically have been achieved by the Fund through the use of preferred share leverage in favorable market conditions. The Fund proactively manages compliance with asset coverage and other financial ratio requirements applicable to the preferred shares. In order to facilitate compliance with such requirements, and without further notice of its intention to do so, the Fund may from time to time purchase or otherwise acquire its outstanding preferred shares in the open market, in other nondiscriminatory secondary market transactions, pursuant to tender offers or other offers to repurchase preferred shares, or in other permissible purchase transactions, and also may from time to time call or redeem preferred shares in accordance with their terms.

Note E

Submission of Proposals to a Vote of Shareholders

The annual meeting of Fund shareholders was held on April 7, 2008. Following is a summary of the proposal submitted to shareholders for vote at the meeting and votes cast:

Proposal	Votes for	Votes withheld	Votes abstained
Common and Preferred Shares			
Election of John L. Harrington as an Independent Trustee until the 2011 annual meeting.	1,338,319	54,250	

The following trustees' terms of office as trustee continued after the Fund's annual meeting: Barry M. Portnoy, Gerard M. Martin, Frank J. Bailey and Arthur G. Koumantzelis.

RMR Preferred Dividend Fund
June 30, 2008

To our shareholders,

In the pages that follow, you will find data summarizing our financial results for the six months ended June 30, 2008, and our financial position as of June 30, 2008.

Relevant Market Conditions

Preferred Securities Market Overview. The issuance of non-REIT preferred securities during the first half of 2008 continued to be strong, particularly from financial institutions, as banks continued to improve their capital bases. This heavy issuance by the larger financial companies served to depress secondary market prices and precluded REITs from issuing preferred securities. Nevertheless, the REIT Preferred Index ended the first half of 2008 up 7.6%, outperforming the broader market indices.

Real Estate Industry Fundamentals. Despite a slowing economy and negative sentiment regarding the direction of the financial markets, real estate fundamentals remained stable during the first half of 2008. Occupancy levels held up and rents continued to increase, albeit at a slower pace. Property sales, however, slowed substantially as a result of tighter lending standards and wide differences between buyers and sellers regarding valuations. With limited transactions taking place, it is hard to estimate how much commercial property values have declined. Some estimates put the figure somewhere between negative 10% to negative 15%. What is clear, however, is that property values are no longer at levels seen in early 2007.

For the balance of the year, we believe the economy will likely continue to struggle due to higher food and energy prices, lack of employment growth and a weak housing market. Lending will continue to be restricted, hampering overall economic growth as financial institutions continue to strengthen their balance sheets.

Real Estate Industry Technicals. Throughout the first half of the year, the REIT market continued to exhibit high volatility. REITs started the year on a negative note, down almost 12% in mid-January, and rebounded sharply during March and April (up 6% during each month) following the Fed's and J.P. Morgan's rescue of Bear Stearns. Concern about additional write-offs from financial institutions sent the REIT market, along with other financial services companies, into negative territory during the month of June. REITs were down 11% in June and finished the first half of the year down 3.5%. Despite the volatility, REIT dedicated funds saw $3 billion of inflows during the first six months of the year, an encouraging sign after outflows of more than $9 billion from the period March to December 2007.

Fund Strategies, Techniques and Performance

Our primary investment objective is to provide our common shareholders high current income. Our secondary investment objective is capital appreciation. There can be no assurance that we will achieve our investment objectives.

During the six months ended June 30, 2008, our total return on net asset value, or NAV (including NAV changes and assuming a hypothetical reinvestment of distributions at NAV), was negative 6.4%. During that same period, the total return for the Merrill Lynch REIT Preferred Index (an unmanaged index of REIT preferred stocks) was 7.6%. We believe this index is relevant to us because our investments as of June 30, 2008, excluding short term investments, included 73% REIT preferred stocks. The S&P 500 Index (an unmanaged index published as Standard and Poor's Composite Index of 500 Stocks) total return for the six months ended June 30, 2008 was negative 11.9%.

The fund's negative performance during the first half of the year was greatly influenced by our concentration in the preferred securities of hotel REITs. This subsector witnessed a rapid deterioration in operating fundamentals in the first half of the year because of the slowdown in the U.S. economy and the expectation of its continuation. As a result of the Fund's erosion in NAV and income from its investments during 2007 and into 2008, the Fund's board of trustees decided to lower the distribution rate to common shareholders in April in an effort to bring the distribution more in line with the Fund's earnings potential. Also, in August we redeemed $5 million of our outstanding preferred shares because of the decline in the Fund's NAV.

Recent Developments

Recently, credit markets, including the market for auction rate securities such as the Fund's $17.5 million of preferred shares, have experienced a liquidity crisis. To date, no auctions for the Fund's preferred shares have failed; however, an affiliate of the Fund's lead broker dealer for its preferred shares has purchased a significant amount of the Fund's preferred shares in the auctions. Please see the notes to the financial statements for more information.

Because of the decline in NAV during the last 15 months and the Fund's relatively small size, the Fund's Board of Trustees is currently considering actions to reduce expenses and otherwise enhance value for the Fund's shareholders. These potential actions include combining the Fund with one or more other RMR closed end funds that have similar investment programs.

Thank you for your continued support. For more information, please view our website at *www.rmrfunds.com.*

Sincerely,

Adam D. Portnoy
President
August 27, 2008

RMR Preferred Dividend Fund
June 30, 2008

Portfolio holdings by sub-sector as a percentage of investments (as of June 30, 2008)*

Hospitality real estate	28%
Office real estate	13%
Diversified real estate	9%
Other, less than 10%	50%
Total investments	100%
REITs	75%
Other	25%
Total investments	100%

* These percentages represent the Fund's portfolio holdings by sub-sector as a percentage of total portfolio holdings and do not match with the percentages included in the Portfolio of Investments schedule which represent the Fund's portfolio holdings by sub-sector as a percentage of the Fund's net assets.

RMR Preferred Dividend Fund
Portfolio of Investments June 30, 2008 (unaudited)

Company	Shares	Value
Preferred Stocks 156.8%		
Real Estate Investment Trusts 137.0%		
Apartments 14.3%		
Apartment Investment & Management Co., Series G	56,400	$ 1,398,720
Apartment Investment & Management Co., Series T	10,000	232,500
Associated Estates Realty Corp., Series B	39,800	923,360
Mid-America Apartment Communities, Inc., Series H	41,400	989,046
		3,543,626
Diversified 15.4%		
Colonial Properties Trust, Series D	10,000	235,000
Cousins Properties, Inc., Series B	17,000	370,260
Digital Realty Trust, Inc., Series A	56,200	1,297,096
Duke Realty Corp., Series O	4,000	95,480
LBA Realty LLC, Series B	25,000	390,625
Lexington Realty Trust, Series B	69,000	1,428,300
		3,816,761
Health Care 4.6%		
LTC Properties, Inc., Series F	4,000	92,280
OMEGA Healthcare Investors Inc., Series D	43,200	1,036,800
		1,129,080
Hospitality 53.2%		
Ashford Hospitality Trust, Series A	58,000	1,022,540
Ashford Hospitality Trust, Series D	7,200	127,584
Eagle Hospitality Properties Trust, Inc., Series A (a)	95,000	950,000
Entertainment Properties Trust, Series B	9,100	191,009
Entertainment Properties Trust, Series D	30,000	579,300
FelCor Lodging Trust, Inc., Series C	167,400	3,239,190
Grace Acquisition I, Inc., Series B (a)	83,800	838,000
Grace Acquisition I, Inc., Series C (a)	18,900	189,000
Hersha Hospitality Trust, Series A	99,500	2,049,700
Host Marriott Corp., Series E	15,000	375,000
LaSalle Hotel Properties, Series E	70,000	1,463,000
Strategic Hotels & Resorts, Inc., Series A	13,000	231,400
Strategic Hotels & Resorts, Inc., Series B	39,100	703,800
Strategic Hotels & Resorts, Inc., Series C	27,200	522,240
Sunstone Hotel Investors, Inc., Series A	36,500	675,250
		13,157,013
Mortgage 13.3%		
Accredited Mortgage Loan REIT Trust, Series A	1,500	14,250
American Home Mortgage Investment Corp., Series A	74,300	2,972
Anthracite Capital, Inc., Series C	3,000	54,480
Anthracite Capital, Inc., Series D	51,000	724,200
Gramercy Capital Corp., Series A	20,000	349,800
MFA Mortgage Investments, Inc., Series A	40,000	796,400
Newcastle Investment Corp., Series B	28,000	413,000
NorthStar Realty Finance Corp., Series A	20,000	280,000
NorthStar Realty Finance Corp., Series B	36,000	475,200
RAIT Financial Trust, Series C	12,700	177,800

		3,288,102
Office 23.9%		
Alexandria Real Estate Equities, Inc., Series C	60,000	1,476,000
BioMed Realty Trust, Inc., Series A	35,000	700,000
Corporate Office Properties Trust, Series G	5,900	139,181
DRA CRT Acquisition Corp., Series A	40,060	671,005
Kilroy Realty Corp., Series E	600	13,788
Kilroy Realty Corp., Series F	44,100	971,302
Parkway Properties, Inc., Series D	41,000	1,037,300
SL Green Realty Corp., Series D	40,000	920,000
		5,928,576

See notes to financial statements and notes to portfolio of investments.

Company	Shares or Principal Amount	Value
Preferred Stocks continued		
Real Estate Investment Trusts continued		
Retail 12.3%		
Cedar Shopping Centers, Inc., Series A	42,000	$ 1,024,800
Glimcher Realty Trust, Series F	30,000	599,700
Glimcher Realty Trust, Series G	15,000	246,750
Kimco Realty Corp., Series G	5,000	118,850
Taubman Centers, Inc., Series G	45,000	1,053,000
		3,043,100
Total Real Estate Investment Trusts (Cost $44,168,292)		33,906,258
Other 19.8%		
Ford Motor Co., 6/15/43 Series	9,400	122,388
General Motors Corp., 5/15/48 Series	26,100	324,423
Great Atlantic & Pacific Tea Co., 8/01/39 Series	87,800	2,222,218
Hilltop Holdings, Inc., Series A	97,200	1,846,800
Red Lion Hotels Corp., 2/19/44 Series	15,925	394,940
Total Other (Cost $5,749,755)		4,910,769
Total Preferred Stocks (Cost $49,918,047)		38,817,027
Common Stocks 9.4%		
Real Estate Investment Trusts 3.0%		
Diversified 0.8%		
Colonial Properties Trust	9,800	196,196
Health Care 0.9%		
Care Investment Trust, Inc.	10,600	99,958
Medical Properties Trust, Inc.	11,275	114,103
		214,061
Mortgage 1.1%		
Alesco Financial, Inc.	142,500	285,000
Storage 0.2%		
U-Store-It Trust	4,450	53,178
Total Real Estate Investment Trusts (Cost $1,967,837)		748,435
Other 6.4%		
Abingdon Investment, Ltd. (b)	150,000	888,000
American Capital Strategies, Ltd.	10,700	254,339
Iowa Telecommunication Services, Inc.	24,500	431,445
Total Other (Cost $2,462,395)		1,573,784

Total Common Stocks (Cost $4,430,232)			2,322,219
Debt Securities 18.1%			
Ford Motor Co., 7.75%, 06/15/2043	$	2,210,000	1,160,250
Ford Motor Co., 8.90%, 01/15/2032		557,000	356,480
General Motors Corp., 8.375%, 07/15/2033		2,000,000	1,185,000
Six Flags Operations, Inc., 12.25%, 07/15/2016		1,918,000	1,769,355
Total Debt Securities (Cost $5,840,942)			4,471,085

See notes to financial statements and notes to portfolio of investments.

Other Investment Companies 4.3%			
Alpine Total Dynamic Dividend Fund	32,295	$	480,550
Cornerstone Strategic Value Fund, Inc.	31,200		170,040
LMP Real Estate Income Fund, Inc.	4,260		65,178
Neuberger Berman Real Estate Securities Income Fund, Inc.	30,217		282,529
The Zweig Total Return Fund, Inc.	17,750		78,455
Total Other Investment Companies (Cost $1,561,224)			1,076,752
Short-Term Investments 0.8%			
Other Investment Companies 0.8%			
Dreyfus Cash Management, Institutional Shares, 2.66% (c) (Cost $202,256)	202,256		202,256
Total Investments 189.4% (Cost $61,952,701)			46,889,339
Other assets less liabilities 1.5%			358,945
Preferred Shares, at liquidation preference (90.9)%			(22,500,000)
Net Assets applicable to common shareholders 100%		$	24,748,284

Notes to Portfolio of Investments

(a) As of June 30, 2008, the Fund held securities fair valued in accordance with policies adopted by the board of trustees aggregating $2,865,000 and 6.1% of market value.

(b) Rule 144A securities. Securities restricted for resale to Qualified Institutional Buyers (10.7% of net assets).

(c) Rate reflects 7 day yield as of June 30, 2008.

See notes to financial statements and notes to portfolio of investments.

RMR Preferred Dividend Fund
Financial Statements

Statement of Assets and Liabilities

June 30, 2008 (unaudited)		
Assets		
Investments in securities, at value (cost $61,952,701)	$	46,889,339
Cash		211
Dividends and interest receivable		510,226
Other assets		3,697
Total assets		47,403,473
Liabilities		
Distributions payable preferred shares		35,001
Advisory fee payable		12,078
Accrued expenses and other liabilities		108,110
Total liabilities		155,189
Preferred shares, at liquidation *preference*		
Auction preferred shares, Series M; $.001 par value per share; 900 shares issued and outstanding at $25,000 per share liquidation preference		22,500,000
Net assets attributable to common shares	$	24,748,284
Composition of net asse*ts*		
Common shares, $.001 par value per share; unlimited number of shares authorized, 2,658,120 shares issued and outstanding	$	2,658
Additional paid-in capital		48,894,295
Distributions in excess of net investment income		(355,599)
Accumulated net realized loss on investment transactions		(8,729,708)
Net unrealized depreciation on investments		(15,063,362)
Net assets attributable to common shares	$	24,748,284
Net asset value per share attributable to common shares (based on 2,658,120 common shares outstanding)	$	9.31

See notes to financial statements.

RMR Preferred Dividend Fund
Financial Statements continued

Statement of Operations

Six Months Ended June 30, 2008 (unaudited)		
Investment Income		
Dividends (cash distributions received or due)	$	2,241,036
Interest		347,434
Total investment income		2,588,470
Expenses		
Advisory		211,460
Audit and legal		175,960
Administrative		45,022
Preferred share remarketing		28,387
Custodian		25,596
Shareholder reporting		23,830
Compliance and internal audit		17,344
Trustees' fees and expenses		8,761
Other		34,910
Total expenses		571,270
Less: expense waived by the Advisor		(136,827)
Net expenses		434,443
Net investment income		2,154,027
Realized and unrealized loss on investments		
Net realized loss on investments		(2,303,462)
Net change in unrealized appreciation/(depreciation) on investments		(1,049,861)
Net realized and unrealized loss on investments		(3,353,323)
Distributions to preferred shareholders from net investment income		(476,019)
Net decrease in net assets attributable to common shares resulting from operations	$	(1,675,315)

See notes to financial statements.

RMR Preferred Dividend Fund
Financial Statements continued

Statements of Changes in Net Assets

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31, 2007
Increase (decrease) in net assets resulting from operations		
Net investment income	$ 2,154,027	$ 4,256,273
Net realized loss on investments	(2,303,462)	(6,417,769)
Net change in unrealized appreciation/(depreciation) on investments	(1,049,861)	(13,284,067)
Distributions to preferred shareholders from:		
Net investment income	(476,019)	(1,178,280)
Net realized gain on investments		(11,673)
Net decrease in net assets attributable to common shares resulting from operations	(1,675,315)	(16,635,516)
Distributions to common shareholders from:		
Net investment income	(1,593,279)	(3,518,321)
Net realized gain on investments		(46,460)
Return of capital		(1,170,113)
Capital shares transactions		
Net proceeds from reinvestment of distributions	131,106	516,595
Net increase from capital transactions	131,106	516,595
Total decrease in net assets attributable to common shares	(3,137,488)	(20,853,815)
Net assets attributable to common shares		
Beginning of period	27,885,772	48,739,587
End of period (including distributions in excess of net investment income of $355,599 and $440,328, respectively)	$ 24,748,284	$ 27,885,772
Common shares issued and repurchased		
Shares outstanding, beginning of period	2,646,538	2,613,188
Shares issued		
Shares issued (reinvestment of distributions)	11,582	33,350
Shares outstanding, end of period	2,658,120	2,646,538

See notes to financial statements.

RMR Preferred Dividend Fund
Financial Highlights

Selected Data For A Common Share Outstanding Throughout Each Period

	Six Months Ended June 30, 2008 (unaudited)	Year Ended December 31, 2007	Year Ended December 31, 2006	For the Period May 25, 2005(a) to December 31, 2005
Per Common Share Operating Performance				
Net asset value, beginning of period	$ 10.54	$ 18.65	$ 17.53	$ 19.09(b)
Income from Investment Operations				
Net investment income (c)(d)	.81(e)	1.62	1.90	.93
Net realized and unrealized appreciation/(depreciation) on investments	(1.26)(e)	(7.48)	1.43	(1.22)
Distributions to preferred shareholders (common stock equivalent basis) from:				
Net investment income	(.18)(e)	(.45)	(.35)	(.14)
Net realized gain on investments	(e)	(f)	(.06)	(.02)
Net increase (decrease) in net asset value from operations	(.63)	(6.31)	2.92	(.45)
Less: Distributions to common shareholders from:				
Net investment income	(.60)(e)	(1.33)	(1.55)	(.77)
Net realized gain on investments	(e)	(.02)	(.25)	(.13)
Return of capital	(e)	(.45)		
Common share offering costs charged to capital				(.04)
Preferred share offering costs charged to capital				(.17)
Net asset value, end of period	$ 9.31	$ 10.54	$ 18.65	$ 17.53
Market price, beginning of period	$ 11.80	$ 20.75	$ 16.35	$ 20.00
Market price, end of period	$ 9.01	$ 11.80	$ 20.75	$ 16.35
Total Return (g)				
Total investment return based on:				
Market price (h)	(16.92)%	(35.90)%	39.90%	14.10%
Net asset value (h)	(6.37)%	(35.94)%	17.48%	3.50%
Ratios/Supplemental Data:				
Ratio to average net assets attributable to common shares of:				
Net investment income, before total preferred share distributions (d)	15.74%(e)(i)	10.40%	10.47%	8.22%(i)
Total preferred share distributions	3.48%(i)	2.91%	2.23%	1.40%(i)
Net investment income, net of preferred share distributions (d)	12.26%(e)(i)	7.49%	8.24%	6.82%(i)
Expenses, net of fee waivers	3.17%(i)	1.88%	1.45%	1.54%(i)
Expenses, before fee waivers	4.17%(i)	2.73%	2.26%	2.29%(i)
Portfolio Turnover Rate				