

LMP REAL ESTATE INCOME FUND INC.
Form DEF 14A
March 27, 2015

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

LMP REAL ESTATE INCOME FUND INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by the registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

(4) Date Filed:

LMP REAL ESTATE INCOME FUND INC.

620 Eighth Avenue

New York, New York 10018

March 27, 2015

Dear Stockholder:

The Board of Directors of LMP Real Estate Income Fund Inc. (the Fund) has nominated incumbent directors William R. Hutchinson, Eileen A. Kamerick and Robert D. Agdern for reelection at its upcoming Annual Meeting of Stockholders. The Board believes these nominees are highly experienced and qualified to continue to serve as directors and to protect the best interests of the Fund and its stockholders. The Board recommends that you vote **FOR** its nominees.

Your vote has always been very important to the Fund. This year, your vote has added importance. The Fund is aware that Bulldog Investors, LLC (Bulldog), which the Board believes has a history of being an activist investor focused on closed-end funds, has filed a proxy statement with the Securities and Exchange Commission. Bulldog may seek to solicit proxies to vote (i) in favor of a slate of three individuals nominated by affiliates of Bulldog as directors of the Fund (the Bulldog Nominees) and (ii) in support of a floor proposal that may be submitted at the meeting by affiliates of Bulldog recommending that the Board consider authorizing a self-tender for the Fund's common stock at or close to net asset value (the Bulldog Proposal). The Board and the management of the Fund strongly believe that Bulldog is acting in Bulldog's self-interest, and not in the long-term interests of all stockholders. The election of Bulldog Nominees and approval of the Bulldog Proposal could adversely affect the Fund's investment operations and performance, and could ultimately harm long-term investors.

We strongly urge you NOT to sign or return any proxy cards sent by Bulldog. Based on the information provided by Bulldog with respect to the Bulldog Nominees, we believe that the Board's nominees are far better qualified and will better serve the long-term interests of all of the Fund's stockholders. Potentially adversarial involvement by the Bulldog Nominees in Board oversight and deliberations will not, in our opinion, in any way compare with the value the Board's nominees will contribute to the Fund. In addition, the Fund has had strong annualized performance, returning 24.01%, 15.81% and 17.76% on the basis of net asset value for the 1, 3 and 5 year periods ended February 28, 2015 and outperforming both its benchmark, the MSCI US REIT Index, and its peers in the Lipper Real Estate Closed-End Funds Category. For further information about our performance, see Other Matters in the enclosed proxy statement. The Fund believes that the Bulldog Proposal would harm long-term investors as it may (i) impair the value of your investment in the Fund, (ii) reduce the future earnings of the Fund, (iii) increase the expense ratio of the Fund, (iv) reduce the trading liquidity of the Fund and (v) result in realization of gains causing a taxable event, all while only reducing the Fund's discount for a potentially very short period of time.

Enclosed with this letter are the formal notice of the meeting, the proxy statement, which gives detailed information about the Board's nominees and why the Board of Directors unanimously recommends that you vote **FOR** them, and a **WHITE** proxy card for you to sign and return. **Even if you plan to attend the meeting, please sign, date and return the WHITE proxy card, or provide voting instructions by telephone or over the Internet.** Please do NOT sign or return any proxy cards sent by Bulldog.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

Kenneth D. Fuller

President and Chief Executive Officer

LMP REAL ESTATE INCOME FUND INC.

(NYSE: RIT)

620 Eighth Avenue, 49th Floor, New York, New York 10018

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

March 27, 2015

To the Stockholders:

The Annual Meeting of Stockholders of LMP Real Estate Income Fund Inc. (the Fund) will be held at 620 Eighth Avenue (at 41st Street), 49th Floor, New York, New York, on Friday, May 29, 2015 at 10:00 a.m., New York time, for the purposes of considering and voting upon the following:

1. A proposal to elect three Class III Directors to the Fund s Board of Directors (Proposal 1);

2. Any other business that may properly come before the Meeting.

The Board recommends that you vote FOR Proposal 1.

The Board of Directors has fixed the close of business on March 20, 2015 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting and any adjournments or postponements thereof.

By Order of the Board of Directors

Robert I. Frenkel

Secretary

March 27, 2015

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING IN PERSON OR BY PROXY; IF YOU DO NOT EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED WHITE PROXY CARD OR PROVIDE VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET.

Instructions for Signing Proxy Cards

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund in validating your vote if you fail to sign your **WHITE** proxy card properly.

1. *Individual Accounts:* Sign your name exactly as it appears in the registration on the **WHITE** proxy card.
2. *Joint Accounts:* Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration.
3. *All Other Accounts:* The capacity of the individual signing **WHITE** the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration	Valid Signature
Corporate Accounts	
(1) ABC Corp	ABC Corp. (by John Doe, Treasurer)
(2) ABC Corp	John Doe, Treasurer
(3) ABC Corp., c/o John Doe, Treasurer	John Doe
(4) ABC Corp. Profit Sharing Plan	John Doe, Trustee
Trust Accounts	
(1) ABC Trust	Jane B. Doe, Trustee
(2) Jane B. Doe, Trustee, u/t/d 12/28/78	Jane B. Doe
Custodial or Estate Accounts	
(1) John B. Smith, Cust., f/b/o John B. Smith, Jr. UGMA	John B. Smith
(2) John B. Smith	John B. Smith, Jr., Executor

Instructions for Telephone/Internet Voting

Various brokerage firms may offer the convenience of providing you with voting instructions via telephone or the Internet for shares held through such firms. Instructions for Internet and telephonic voting are included with the **WHITE** proxy card or voting instruction form.

LMP REAL ESTATE INCOME FUND INC.

(NYSE: RIT)

620 Eighth Avenue, 49th Floor, New York, New York 10018

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the **Board**) of LMP Real Estate Income Fund Inc. (the **Fund**) of proxies to be voted at the Annual Meeting of Stockholders of the Fund to be held at 620 Eighth Avenue (at 41st Street), 49th Floor, New York, New York, on Friday, May 29, 2015 at 10:00 a.m., New York time, and at any adjournments or postponements thereof (the **Meeting**), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the **Notice**).

This Proxy Statement and the accompanying materials are being made available to stockholders on or about March 27, 2015.

The Fund is organized as a Maryland corporation and is a registered investment company.

Legg Mason Partners Fund Advisor, LLC (**LMPFA**), whose principal business address is 620 Eighth Avenue, New York, NY 10018, is the Fund's investment adviser and administrator. Pursuant to a sub-advisory agreement with ClearBridge Investments, LLC (formerly ClearBridge Advisors, LLC) (**ClearBridge**), together with LMPFA, **Management**), located at 620 Eighth Avenue, New York, New York 10018, ClearBridge serves as the Fund's subadviser. LMPFA and ClearBridge are both wholly-owned subsidiaries of Legg Mason, Inc. (**Legg Mason**).

The Board has nominated William R. Hutchinson, Eileen A. Kamerick and Robert D. Agdern for reelection at the meeting. The Board believes these nominees are highly experienced and qualified to continue to serve as directors and will provide strong leadership and exercise robust governance practices for the Fund.

The Fund is also aware that Bulldog Investors, LLC (**Bulldog**), which the Board believes has a history of being an activist investor focused on closed-end funds, has filed a proxy statement with the Securities and Exchange Commission (the **Commission**). Bulldog may seek to solicit proxies to vote (i) in favor of a slate of three individuals nominated by affiliate