

15 May 2014

Dear Sir/Madam

Notice to Unitholders of the Legg Mason Australian Real Income Fund ARSN 146 910 349 ("Trust")

Legg Mason Asset Management Australia Limited ("Legg Mason Australia"), in its capacity as Responsible Entity, wishes to notify you of certain changes to the fees applicable to the Trust's "A" Class units.

The amended fees are as follows:

Management Fee

The current investment costs and estimated administration and other costs charges* (totaling 0.771%p.a.) will be replaced by a management fee of 0.75%p.a. This fee will be based on the Trust's referable net asset value.

This fee change will be effective 16 June 2014.

*As regards the administration and other costs, the Constitution of the Trust gives the Responsible Entity the right to recover some or all of the expenses it incurs on behalf of the Trust but we have determined to pay for these expenses out of the management fee. However we reserve the right to recover some or all of the expenses from the Trust.

Buy/Sell Spread

The Trust's Buy/Sell Spread is currently +/- 0.28%. The Buy/Sell Spread will be reduced to +/- 0.20% with an effective pricing date from 15 May 2014.

The changes are being introduced to simplify the Trust's fee structure and provide certainty around the level of fees charged from year to year.

For your reference please find enclosed a copy of the Trust's updated Product Disclosure Statement and Additional Information Booklet which further outline the changed fees.

If you any questions please do not hesitate to contact Client Services on 1800 679 541.

Yours faithfully



Annalisa Clark
Director