

ASX Announcement

ASX Code: AEF
Date: 30 November 2008

Issue of options under employee share ownership plan

Australian Ethical advises of the issue of options under its employee share ownership plan.

ASX Code - AEFAU

The company has issued an additional 2,648 AEFAU options.

ASX Code – AEFAV

The company has issued 2,690 AEFAV unquoted options under its employee share ownership plan. The options are exercisable from 14 October 2011 through to 13 January 2012 at an exercise price of \$32.27. The terms of these options are as approved at the 2005 Annual General Meeting.

Also attached to this announcement is an Appendix 3B for the issue of the options.

All unquoted options

The table below sets out the status of unquoted options issued by the company under the employee option plan as at the date of this announcement.

<i>ASX Code</i>	<i>Option Type</i>	<i>Number granted</i>	<i>Number exercised</i>	<i>Number expired</i>	<i>Number on issue</i>
AEFAQ	Option expiring 20-Dec-2008 Exercise Price \$24.82	43,664	34,707	7,584	1,373
AEFAS	Option expiring 21-Dec-2009 Exercise Price \$32.50	45,825	-	11,378	34,447
AEFAT	Option expiring 23-Dec-2010 Exercise Price \$57.57	47,255	-	8,060	39,195
AEFAU	Option expiring 13-Jan-2012 Exercise Price \$32.27	41,937	-	573	41,364
AEFAV	Option expiring 13-Jan-2012 Exercise Price \$32.27	2,690	-	-	2,690

End/.

Company Background

Australian Ethical is a funds manager that specialises exclusively in ethical funds management. It offers managed investment schemes and corresponding superannuation strategies (for accumulation and pension accounts). The Australian Ethical Charter is the foundation of the investment process. It aims to avoid harmful investments and actively seeks investments that benefit society and the environment. Uniquely, the company's constitution requires that 10% of profit is donated to charitable and conservation initiatives.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Australian Ethical Investment Ltd

ABN

47 003 188 930

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Options over ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | AEFAU - 2,648
AEFAV - 2,690 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Granted under employee share ownership plan.
AEFAU - Options over ordinary shares with an exercise price of \$32.27. Options are exercisable during a three month period, from 14/10/2011 to 13/01/2012. In most circumstances, options lapse if holder ceases employment with the company.
AEFAV - Options over ordinary shares with an exercise price of \$32.27. Options are exercisable during a three month period, from 14/10/2011 to 13/01/2012. In most circumstances, options lapse if holder ceases employment with the company. Options terms do not include change of control provision or first right or refusal provision. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Options are not quoted</p>				
<p>5 Issue price or consideration</p>	<p>\$32.27</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued to employees under the employee share ownership plan.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>1 December 2008</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1433 989 1478">Number</th> <th data-bbox="989 1433 1283 1478">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1693">991,556</td> <td data-bbox="989 1478 1283 1693">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	991,556	Ordinary shares
Number	+Class				
991,556	Ordinary shares				

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	1,373 (AEFAQ)	Options ex. @ \$24.82
	34,447 (AEFAS)	Options ex. @ \$32.50
	39,195 (AEFAT)	Options ex. @ \$57.57
	41,364 (AEFAU)	Options ex. @ \$32.27
	2,690 (AEFAV)	Options ex. @ \$32.27
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Dividends are not payable on the options.	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

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- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

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New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Philip George Date: 30 November 2008
Company secretary

Print name: Philip George.

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+ See chapter 19 for defined terms.