

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 | Performance rights to ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | AEFAE 17,955
AEFAF 10,693 |
| 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) | <p>Under the company's employee share incentive schemes (ESIS) participants are granted performance rights to ordinary shares. Ordinary shares may be issued at the end of the performance period if specified performance criteria are met. The number of shares that a participant will ultimately receive depends on the continuation of employment and on the extent to which the performance criteria are met by the company and the individual employee.</p> <p>Subject to the terms and conditions of the ESIS rules, the AEFAE and AEFAF performance rights have the following attributes determining whether shares will be issued in respect of the rights.</p> |

+ See chapter 19 for defined terms.

AEFAE

- Employment must continue until 30 June 2016.
- The arithmetic average return on equity over the performance period ('AROE') must exceed 15% p.a. or no shares will be awarded at the end of the performance period.
- If the AROE exceeds 15% p.a. but is less than 20% p.a., half the maximum number of shares will be awarded.
- If the AROE is equal to or greater than 20% p.a. the maximum number of shares will be awarded.
- AROE is determined as the arithmetic average of return on equity over six month periods calculated using audited half-year financial statements.
- The performance period is the 3 financial years 2013/2014, 2014/15 and 2015/06.

AEFAF

- Employment must continue until 1 July 2014.
- In some cases the number of shares that may be issued to an employee in respect of their AEFAF performance rights is fixed.
- In some cases the number of shares that may be issued to an employee in respect of their AEFAF performance rights may be adjusted up or down by a maximum 20%. The adjustment applied depends on the performance of the company's managed investment scheme for which the employee has responsibility or provides significant input over the period 1 July 2013 to 30 June 2014. In these cases, the applicable managed investment scheme has been agreed between the company and the employee.

+ See chapter 19 for defined terms.

4	<p>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>The performance rights do not rank equally with any existing class of quoted securities.</p> <p>In the event that shares are issued in respect of the performance rights they will rank equally with existing ordinary shares.</p>				
5	Issue price or consideration	Nil				
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued to employees under the employee share incentive scheme.				
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates					
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">1,023,147</td> <td style="padding: 2px;">Ordinary shares</td> </tr> </tbody> </table>	Number	⁺ Class	1,023,147	Ordinary shares
Number	⁺ Class					
1,023,147	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)	7,589 (AEFAA)	Performance rights – performance period 1 July 2011 to 30 June 2014
	17,819 (AEFAC)	Performance rights – performance period 1 July 2012 to 30 June 2015
	17,955 (AEFAE)	Performance rights – performance period: 1 July 2013 to 30 June 2016
	10, 693 (AEFAF)	Performance rights – performance period: 1 July 2013 to 30 June 2014
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Dividends are not payable on the performance rights.	
	The Board has adopted a dividend payment policy that will target a dividend payout ratio of between 80% and 100% of net profit after tax in a given year subject to the capital requirements of the business. This policy applies to all ordinary shares.	

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 | |

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
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?	

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- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 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

Entities that have ticked box 34(b)

- 38 Number of securities for which ⁺quotation is sought

+ See chapter 19 for defined terms.

39	Class of ⁺ securities for which quotation is sought					
40	<p>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 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td></td> </tr> </tbody> </table>	Number	⁺ Class		
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