

JPMorgan Indian Investment Trust plc

Bonus issue of Subscription Shares

Frequently Asked Questions

What are Subscription Shares?

Subscription Shares have similar characteristics to warrants, in that they offer Shareholders the right to purchase shares at specified future dates or during a pre-determined period at pre-determined prices. Unlike warrants, Subscription Shares qualify for the stocks and shares component of an ISA.

Why are these Subscription Shares being issued?

The Board of JPMorgan Indian Investment Trust plc ('the Company') believes it to be beneficial to the Company and its Shareholders for the Company to grow by increasing the number of Ordinary Shares in issue, in order to take advantage of long-term investment opportunities in India. The issue of Subscription Shares to Shareholders and any conversion of the Subscription Shares into Ordinary Shares will allow Shareholders to benefit from these opportunities.

Subscription Shares offer Shareholders the following:

- They are assets with financial value which have the right (but not the obligation) to convert into Ordinary Shares during a pre-determined period or may be sold for cash
- They may be included in ISAs
- On exercise of the rights attaching to the Subscription Shares, the total expense ratio will fall as a result of the increase of the Company's capital base allowing operating costs to be spread across a larger number of Ordinary Shares.

Who is eligible to receive these?

All UK resident Shareholders, including those in the JPMorgan Share Plan, ISA and Personal Pension Plan, as at 5.00 p.m. on 3 November 2008, are eligible to receive Subscription Shares. New investors in the Company after this date will not be eligible to receive the Subscription Shares. Given restrictions on the issuance of shares applying to certain jurisdictions, Shareholders who are not resident in the EEA will not be eligible to receive the Subscription Shares. It is intended that the Subscription Shares due to such overseas Shareholders will be sold and the net proceeds paid to them, unless they can satisfy the Company that they have observed the applicable laws or obtained the necessary consents of their resident country to be issued the Subscription Shares.

What are the details of the bonus issue?

The Company plans to issue one Subscription Share for every five Ordinary Shares held by each Shareholder as at 5.00 p.m. on 3 November 2008.

Each Subscription Share gives a Shareholder the right, but not the obligation, to subscribe for an Ordinary Share on any business day during the period from 2 January 2009 to 2 January 2014 (both dates inclusive). This process is called 'exchanging' or 'converting' your shares.

After 2 January 2014, rights to convert Subscription Shares will expire. After this point, provided the Ordinary Shares are trading at a price above the conversion price of the Subscription Shares, you will receive cash on expiry of your Subscription Shares. If the Ordinary Shares are trading at a price below the conversion price of the Subscription Shares, your Subscription Shares will expire worthless.

How do Subscription Shares work?

Subscription Shares, like warrants, lock in prices at which new Ordinary Shares may be subscribed for on future conversion dates or during a pre-determined period. As a holder of a Subscription Share you have the choice whether to subscribe for new Ordinary Shares on or between these dates. Whether or not to convert your Subscription Shares will normally be dependant on the prevailing Ordinary Share price on the conversion date. In general it is anticipated that investors would convert their Subscription Share Rights if the market price of Ordinary Shares exceeds the Conversion Price at the relevant conversion date.

For example, if the Conversion Price on the relevant conversion date was 150p and the market price of Ordinary Shares on that date was 100p, it would be anticipated that the Subscription Shares would not be converted.

However, if the market price of Ordinary Shares on that date was 200p, it is likely that Subscription Shares would be converted.

Are Subscription Shares tradable in their own right?

Subscription Shares can be bought and sold independently of the Ordinary Shares. Once issued, if you do not wish to retain the Subscription Shares, you can sell them on the stock exchange as you would sell any other security.

What are the tax implications?

Share Plan

For capital gains tax purposes, Subscription Shares received into the Share Plan will be treated as the 'same' asset as your existing Ordinary Share holding. The purchase date will be the same as for your existing Ordinary Shares and the base 'cost' for tax purposes of the Subscription Shares will be a proportion of the original base cost of your Ordinary Shares. This proportion depends on the actual price of the Ordinary and Subscription Shares at the close of the first day of trading for the Subscription Shares. We will publish details of this tax allocation on the Company's website (www.jpmindian.co.uk) in due course. If you convert your Subscription Shares into Ordinary Shares, the resulting Ordinary Shares will be treated as the 'same' asset as the Subscription Shares that they replace, and the base 'cost' for tax purposes will be the base cost attributed to those Subscription Shares, increased by the amount of any conversion monies paid.

ISAs

Investments in ISAs are free of UK tax on income and gains. Receipt of Subscription Shares and any subsequent disposal of Subscription Shares held in an ISA at a gain should not be a chargeable event for capital gains tax purposes.

As an ISA holder, you may convert your Subscription Shares into Ordinary Shares on the conversion dates.

However, any new monies paid into your ISA to convert your Subscription Shares will contribute towards your annual ISA limit in the year in which you exercise your conversion rights and must not exceed the ISA allowance for that tax year (£7,200 for a Stocks and Shares ISA in 2008/09 tax year). Any Subscription Shares you convert to Ordinary Shares can not be added retrospectively to previous ISAs. They must be added to the current tax year's ISA allowance.

Pensions

Investments in Pensions are free of UK tax on income and gains. Receipt of Subscription Shares and any subsequent disposal of Subscription Shares held in a Pension at a gain should not be a chargeable event for capital gains tax purposes.

As a Pension holder, you may convert your Subscription Shares into Ordinary Shares during the conversion period. However, any new monies paid into your Pension to convert your Subscription Shares will contribute towards your annual pension contribution limit in the year in which you exercise your conversion rights and must not exceed the limits for that tax year.

If you are unsure about the tax implications, please consult your financial adviser or tax professional.

What is the overall impact of the Subscription Shares issue on the value of my holding?

The impact of the issue of Subscription Shares on the overall value of your holdings will be determined by the market value of the Ordinary Shares and Subscription Shares following issue. However, theoretically the issue of Subscription Shares should have no impact on the combined value of the investments you hold in the Company.

Is there a change in the risk profile of my holding?

No, there is no change in the risk profile. Ordinary Shares and Subscription Shares in the Company are considered a very high risk investment.

What is the impact on the NAV per Ordinary Share from exercising Subscription Shares?

If, as is likely, the NAV per Ordinary Share at the time of exercise exceeds the Conversion Price, the issue of Ordinary Shares by the Company at the Conversion Price will have the effect of diluting the NAV per Ordinary Share at that date.

What happens if I do nothing?

You will automatically receive the Subscription Shares, provided 75% or more of Shareholders vote in favour of the proposals. If you do nothing, your investment will not be impacted and eventually, the Subscription Shares will expire on 2 January 2014. After this point, provided the Ordinary Shares are trading at a price above the conversion price of the Subscription Shares, you will receive cash on expiry of your Subscription Shares. If the Ordinary Shares are trading at a price below the conversion price of the Subscription Shares, your Subscription Shares will expire worthless.

Placing and Offer for New Ordinary Shares with Subscription Shares attached

Why is the Company proposing to issue New Ordinary Shares?

The Board believes that there is an interest in acquiring New Ordinary Shares from a range of investors, so they have decided to conduct a Placing and Offer for Subscription for New Ordinary Shares.

What are the details of the Offer?

The Company is seeking to raise further monies for investment through the Placing and Offer for Subscription of New Ordinary Shares. Subscription Shares will be attached to the New Ordinary Shares on the basis of one Subscription Share for every five New Ordinary Shares subscribed. The proceeds of the Placing and Offer will be invested in line with the Company's existing investment policy.

Do I need to vote?

Voting instruction forms are included in this mailing and in order for the Company to offer the Bonus Issue and in order to effect the Placing and Offer for New Ordinary Shares, 75% of shareholders must vote in favour of the Proposals. The Board is recommending shareholders vote in favour of the Proposals, as they will be doing so themselves.

Expected timetable

- 30 September 2008 – Prospectus available
- 10:30 a.m. 24 October 2008 – latest time and date for receipt of voting instruction forms and applications under the Offer for Shareholders who hold shares in the JPMorgan ISA or JPMorgan Share Plan
- 5:00 p.m. 24 October 2008 – latest time and date for receipt of voting instruction forms and applications under the Offer for Shareholders who hold shares in the JPMorgan Personal Pension Plan
- 10:30 a.m. 28 October 2008 – latest time and date for receipt of Forms of Proxy for all other Shareholders
- 3:00 p.m. 28 October 2008 – latest time and date for applications under the Offer for all other Shareholders
- 5 November 2008 – trading in Subscription Shares and New Ordinary Shares commences

Who is eligible to subscribe for New Ordinary Shares with Subscription Shares attached?

All UK resident Shareholders, including those in the JPMorgan Share Plan, ISA and Personal Pension Plan are eligible to subscribe in cash for New Ordinary Shares with Subscription Shares attached. Given restrictions on the issuance of shares applying to certain jurisdictions, Shareholders who are not resident in the UK will not be eligible to subscribe for New Ordinary Shares with Subscription Shares attached.

JPMorgan Share Plan investors who subscribe for New Ordinary Shares will receive these Shares directly into their Share Plan account. However, JPMorgan ISA and Personal Pension Plan investors who subscribe for New Ordinary Shares will receive these in certificated form and will be given the opportunity to transfer these shares into a JPMorgan Share Plan account free of charge at a later date.

Why do JPMorgan ISA and Personal Pension Plan investors who subscribe for New Ordinary Shares receive share certificates?

Due to the short timetable of events around the Issue of New Ordinary Shares, it is not possible to check an investor's ISA or Pension contribution limits in time to issue the New Shares under the Offer. As such, JPMorgan ISA and Personal Pension Plan investors who subscribe for New Ordinary Shares will receive these in certificated form and will be given the opportunity to transfer these shares into a JPMorgan Share Plan account free of charge at a later date.

Principal risks

- Risks inherent in India can generally be expected to result in increased volatility compared to their counterparts in developed markets due to political and economic instability and underdeveloped markets and systems.
- As the Ordinary Shares are traded on the stock market, their share price is driven by demand. As a result, the Ordinary Shares can be worth more or less than the value of the Company's underlying portfolio of assets and they may trade at a discount to Net Asset Value.
- Subscription Shares represent a geared investment, meaning their gains and losses are magnified more than an un-geared investment.
- The market price of the Subscription Shares may be volatile as the price is dependent on market demand.
- The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Shareholders should also note the risk factors contained in the Prospectus issued in relation to the Bonus Issue and Placing and Offer for Subscription of New Ordinary Shares.

For more information visit our website www.jpmindian.co.uk
or call 0800 092 3360 (overseas +44 (0) 207 742 9985)