

15 April 2009

Kubera Cross-Border Fund Limited

Discount Reduction and Manager's Incentives

The share price of Kubera Cross-Border Fund Limited (the "Company") has fallen to, and remained at, a significant discount to the reported Net Asset Value ("NAV") since October, 2008.

The Board of Directors believes the performance of the Company's investee companies in aggregate has been encouraging despite the financial crisis. Nevertheless the Board is committed to considering measures to deal with the discount, while keeping in mind the overall objective of the Company to provide attractive long-term returns to its shareholders.

This announcement summarises the most pertinent decisions of the Board in relation to dealing with the discount, and also provides a summary of the Directors' views on the alignment of Kubera Partners, LLC's (the "Manager") incentives with shareholders. A majority of the Directors are independent (the "Independent Directors"), and all decisions have been taken via unanimous approval by all Directors.

Discount Control Measures

The Directors have implemented several discount control measures, the most significant of which are:

- (a) Using the Company's available cash to selectively conduct buybacks, tenders, or other forms of distribution, while maintaining sufficient capital to support the existing investee companies to success. As announced on 15 December 2008, 53.1 million shares, or 25% of the then outstanding shares of the Company, were bought back on 12 December 2008 for a consideration of US\$ 30 million. This was accretive to NAV to the extent of US\$ 0.15 per remaining share.
- (b) The Directors have delegated authority to a committee of the Board to act quickly when appropriate to buy back shares at current market prices, for a maximum consideration of US\$ 5 million. Such authority will be extended and reviewed regularly in light of prevailing market conditions.
- (c) Ceasing to make any new investments, other than follow-on investments in the existing portfolio, until the Independent Directors determine otherwise.
- (d) Distributing substantially all proceeds to shareholders as and when cash realisations occur, via a buyback, tender or other form of distribution, until such time as the Independent Directors decide otherwise.

- (e) Conducting regular reviews of the Company's opportunity cost of capital, with a view to assessing the relative attractiveness of deploying follow-on capital in investee companies versus distributing cash to shareholders. The next such review will take place no later than November 2009.
- (f) Evaluating on an ongoing basis partial or complete realisations of investments that generate capital available for distribution: although the Manager believes this is not an attractive time for realisations, it intends to remain opportunistic.
- (g) Evaluating third-party financings of investee companies to provide external validation of the carrying values of investments.
- (h) Reviewing on an ongoing basis the Company's communications with shareholders in order to enhance the information provided, especially in relation to the Company's investment portfolio.
- (i) Endeavouring to broaden the Company's shareholder base, in light of the attractive prevailing market price of the Company's shares. In this regard, in addition to LCF Rothschild, the Board has appointed Numis Securities as a broker to the Company.

Manager's Incentives and Fees

The Independent Directors have reviewed the Manager's incentives and fees, with a view to ensuring that the interests of the Manager remain aligned with those of shareholders. The Manager's incentives and fees fall into three categories:

Management Fee: To ensure stability in the Manager's team and resources, the Independent Directors set the Manager's fee for the years 2009 and 2010 at a fixed quarterly payment equal to the Management Fee for the calendar quarter ending 31 December 2008.

This allows the Manager to maintain its operating resources unaffected by the Company's distributions to shareholders. In turn, this permits the Manager to continue working intensively with the management teams of the investee companies during these challenging times, ensuring that value is created and opportunities are exploited.

Incentive Fee: An entity affiliated with the Manager is entitled to receive an Incentive Fee from the Company. This fee or "carried interest" is payable only upon a cash realisation, and only as it relates to that portion of an investment that has been realised.

Co-investment by the Manager: an entity affiliated with the Manager invests 9%, pro rata alongside the Company, in every investment made by the Company, up to a maximum of US\$ 20 million. The investment to date by the Manager amounts to US\$ 11.2 million. This capital investment ties a substantial portion of the Manager's economic incentives to the ultimate success of the Company's portfolio and discourages investment in marginally attractive companies.

The Manager is currently also investigating tax-efficient ways to further align its economic interests with shareholders.

Taken together, the Manager's fees and incentives are designed to provide stability in the Manager's team, incentivise cash realisations, create long-term economic value for shareholders, and discourage marginal investments. The Independent Directors therefore believe that the Manager's interests remain appropriately aligned with those of the Shareholders.

Summary

The Board and the Manager will continue to endeavour to narrow the discount in the short term without sacrificing the long term upside potential of the portfolio. The Independent Directors invite any comments or suggestions via email at board@kuberacrossborderfund.com.

About Kubera Cross-Border Fund Limited

Kubera Cross-Border Fund Limited is a Cayman Islands incorporated closed-end investment company traded on the AIM market of the London Stock Exchange. The Company makes private equity investments in cross-border companies, primarily in businesses that operate in the US-India corridor. The Company's investment manager, Kubera Partners, brings a strong track record of investing in or managing such businesses. On a selective basis the Company may invest in companies operating in other corridors between developed and emerging markets. Several of the Company's investee companies also benefit from business activities in the fast-growing Indian domestic market.

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