

KuberaCross-BorderFund

QUARTERLY NEWSLETTER/July-September 2007

Fund Highlights

NAV per share

Sept 28, 2007	US\$ 0.98
June 30, 2007	US\$ 0.97
Mar 31, 2007	US\$ 0.97
Dec 27, 2006 (Admission)	US\$ 0.96

Issued Shares 206mm

Total NAV US\$ 201.88mm

Launch Date Dec 27, 2006

Listing LSE/AIM (KUBC.LN)

Reuters KUBC.L

Bloomberg KUBC:LN

Domicile Cayman Islands

ISIN Code KYG522771032

Overview from the Investment Manager

In India, public markets have witnessed tremendous growth, with the benchmark Sensex index appreciating 55% since the beginning of the year. For the Fund, buoyant public markets have had less of an effect on our prospective investment discussions than may be expected. The Kubera proposition is compelling for management teams that can benefit from the Manager's skillset and experiences, and we continue to find attractive investments that are priced at deep discounts to comparable public companies. In addition, while we are prepared to pay reasonable growth capital multiples, we have consistently mitigated downside risk by obtaining strong liquidity preferences or redemption features (or both). While the rupee has appreciated significantly, the export market for Indian goods and services is vibrant and expanding. We have also been interested in companies that have existing or prospective rupee revenue exposure, to benefit from attractive domestic Indian business opportunities as well as a natural hedge.

In the United States, the Manager has laid a greater emphasis on companies seeking to enter emerging markets, and not just engage in offshoring. Value plays, greater co-invest possibilities and operational sales pitches imply less prolific but larger deals, as reflected in our current U.S. pipeline.

Our teams in Mumbai and New York are now effectively complete, and the benefits of the strategy during the year to build our teams and impose strong processes are evidenced in the strength of our deal pipeline as well as our ability to add value post-investment. As always, we invite our shareholders to visit us in either office to get a fuller view of our business.

Portfolio Update

Both Kejriwal Stationery and Adayana Inc. continue to show strong growth. We are particularly pleased with efforts made by both companies to build out their management teams, improve internal processes, and expand into new markets.

Kejriwal Stationery: The company will likely end 2007 with strong triple digit revenue growth over the previous year, while maintaining profitability. During the course of the year, the company has expanded its India-based manufacturing operations, and is also investigating locations outside India for access to raw materials at attractive prices. The company has also recruited a sales head for the United States, a senior marketing executive in India, as well as a senior manufacturing executive in India. The company appears to be well positioned to show strong growth in the 2008 U.S. back-to-school season. The company has also been investigating entering the Indian domestic market for its products – this is an exciting growth opportunity that will likely show results in 2009, but we expect that the groundwork will be laid during the course of 2008.

As was our original intention, we are investigating potential acquisitions for the company in the United States, which could lead to KUBC investing further capital in the company.

**For further information, please contact
the Investor Relations team at:**

ir@kuberacrossborderfund.com
www.kuberacrossborderfund.com

Company Information

Investment Manager
Kubera Partners, LLC
info@kuberapartners.com
www.kuberapartners.com

Nominated Advisor
Grant Thornton Corporate Finance
phillip.j.secrett@gtuk.com
www.gtuk.com

Broker
**LCF Edmond de Rothschild
Securities Limited**
h.funaki@lcf.co.uk
www.lcf.co.uk

KUBC invested \$20 million (including the Manager's co-investment) in Kejriwal Stationery in March 2007, for a substantial minority interest. This represents 8.8% of the total capital raised.

Adayana Inc.

Adayana is on track to grow revenues approximately 60% in the fiscal year 2008 (ending March 2008). Management believes that a similar growth rate will be achievable in FY2009. In addition to its core U.S. e-learning business, the company has recently had several successes winning contracts in India. These contracts relate to large scale workforce development using e-learning methods. The recent deal with the Society of Indian Automotive Manufacturers (SIAM) to train mechanics for India's rapidly growing auto industry is an example of this. Adayana recently recruited a head of sales for workforce development sales in India and is also looking at acquisitions in conjunction with Kubera.

KUBC invested \$20 million (including the Manager's co-investment) in Adayana Inc. in June 2007, for a substantial minority interest. This represents 8.8% of the total capital raised.

New Investments

On November 20, 2007, the Fund announced its acquisition of a majority interest in Venture Infotek, for an equity investment of US\$20 million (including the Manager's pro rata co-investment). The Fund has obtained three board seats, along with standard economic and governance related rights, and robust downside protection. We obtained a majority interest in the business by infusing primary capital as well as buying out certain legacy shareholders. We also obtained an attractive valuation for our investment, at a substantial discount to public market and acquisition comparables, reflecting our knowledge and skillset in the transaction processing sector.

Venture Infotek is India's leading transaction processing company, providing integrated end to end card payment solutions to organizations across several industry verticals including banking, financial services, petroleum, retail and telecommunications. The company has built a dominant position in the transaction processing market which is expected to continue growing given strong economic fundamentals.

Its strong management team coupled with its state of the art infrastructure and strong customer relationships position the company well as it builds out a global business model to serve other emerging as well as western markets by leveraging its India based infrastructure.

Contact Us:

Kubera Partners, LLC
The Lincoln Building,
60 East 42nd Street,
Suite 450, New York, NY 10165.
Tel: +1 (212) 295 2400
Fax: +1 (212) 295 2424

Kubera Advisors Private Limited
Nirlon House, 5th Floor
Dr. Annie Besant Road, Worli
Mumbai 400 025.
Tel: +91 (22) 4034 8600
Fax: +91 (22) 4034 8686

Pipeline of Potential Investments

We have systematically built a strong pipeline of potential investments over the course of the year. The private equity business is inherently 'lumpy', and this deal activity will likely result in a Q4 2007/Q1 2008 spike in investments. At this time, we are deep into the final diligence process on three India-domiciled investment opportunities, in auto components, financial services and life sciences. All three businesses benefit from our cross-border skillset, and in all cases we are pleased with the economic terms of our transactions. We are also at the termsheet negotiation stage on two U.S. domiciled business services companies that have a large India delivery operation. However, there is no guarantee that any or all of these investments will close. Behind these potential investments, which represent those transactions that are furthest along, there is a strong pipeline of potential investments that should unfold during the course of the first half of 2008.

Fund Overview

Kubera Cross-Border Fund Limited is a closed-end Cayman Islands Company that makes investments in businesses that leverage India based resources for lower costs or greater access to talent. The Fund focuses its investments on businesses that serve, or seek to serve, customers in North American and European markets for all or part of their activities. Investment targets for the Fund include Indian businesses that provide services to clients in developed countries and United States based companies whose business model may benefit substantially from the opportunity to utilise Indian outsourcing services. Although the Fund's investments focus primarily on businesses with links to India, if deemed appropriate, the Fund may invest in businesses that utilise resources in other low-cost countries, such as China or the Philippines.

Important information: This document, and the material contained therein, has been prepared for the purpose of providing general information about, and an overview of, Kubera Cross-Border Fund Limited ('the Company') and its operations. It is not meant to be a complete review of all matters concerning the Company. This document is not intended as an offer or solicitation for the subscription, purchase or sale of securities in the Company.

The material in this document is not intended to provide, and should not be relied on, for accounting, legal or tax advice or investment recommendations or decisions. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in the Company and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Company have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

Whilst the Company and Kubera Partners, LLC have taken all reasonable care to ensure the information and facts contained in this document are accurate and up-to-date, they do not, nor do any of their respective directors, officers, partners, employees, agents or advisers make any undertaking, representation, warranty or other assurance, express or implied, as to the accuracy or completeness of the information or opinions contained in this document. No responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligent or otherwise.

No warranty is given, in whole or in part, regarding the performance of the Company. There is no guarantee that investment objectives of the Company will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the recipient only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of Kubera Partners, LLC.