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PRESS RELEASE

Martin Rapaport Statement

Brexit Impact

RAPAPORT... PRESS RELEASE, June 27, 2016, New York ... Brexit will not have a sustainable negative impact on polished diamond demand. The EU has not been a dominant diamond consumption center for many years. While a negative wealth effect due to declining currencies and equity markets will reduce EU and British commercial demand, global investment demand for higher quality diamonds as a store of value will increase due to global economic and political uncertainty.

Chinese and Indian diamond demand is not likely to decline due to Brexit and is sustainable at current low levels.

The important U.S. market will remain healthy and retain growth. We do not expect any significant medium to long term negative impact on the U.S. diamond market. While demand may benefit as a stronger dollar increases purchasing power, a short term decline in equity prices and wealth may reduce demand during the quiet summer months. Overall we expect a positive U.S. Holiday season this December.

Brexit will intensify the pressure banks are putting on the diamond trade. Liquidity will continue to be reduced. While Brexit is not expected to significantly reduce overall polished demand it will indirectly impact trade liquidity resulting in price volatility. It is vital that rough diamond producers maintain price levels that ensure profitability and liquidity in the manufacturing sector during these uncertain times. Furthermore, producers must increase their marketing spend to ensure generic diamond engagement ring demand from U.S. millennial consumers.

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About the Rapaport Group: The Rapaport Group is an international network of companies providing added value services that support the development of fair, transparent, competitive and efficient diamond and jewelry markets. Established in 1978, the Rapaport Price List is the primary source of diamond price and market information. Group activities include Rapaport Information Services, Rapaport Magazine, and Diamonds.net, providing research, analysis and news; RapNet – the world's largest diamond trading network; Rapaport Laboratory Services provides GIA gemological services in India, Belgium and Israel; and Rapaport Trading and Auction Services specializing in recycled diamonds and jewelry. The Group supports over 20,000 clients in 121 countries and has offices in New York, Las Vegas, Antwerp, Ramat Gan, Mumbai, Surat, Dubai and Hong Kong. Additional information is available at www.Diamonds.net.