



NORTH AMERICAN FUR AUCTIONS

Wild Fur Market Update

November 21, 2008

As mentioned many times before, weather is the most important factor for our business and unfortunately, in most of our retail markets, the weather has not been on our side so far this season. It is just starting to get cold in Russia with temperatures hovering around freezing.

However, a new factor has now come into play. Over the last couple of days, in both China and Russia, the heads of government have personally said on television that the economies of their countries will be affected by the financial turmoil and economic downturn happening in the Western world. It is highly unusual for the heads of states of countries like China and Russia to admit to anything that is unfavourable and therefore we will now have to take into consideration that we will be seeing less buying power from these countries, which are important to us

Retail sales are just starting and it is still too early to make price forecasts. There are many factors to be considered. For example, will the Russian consumer who has money feel she would be better off buying a fur coat than keeping her money, which may go down in value? Will the Chinese buyer, whose currency has gone up (stronger against the U.S. \$) have more buying power in the auction room, or, because he may have unsold garments, will he be exceptionally cautious? We don't have these answers and will have to wait for the retailers to tell us.

I am leaving for China and Korea next week and Michael Mengar is leaving for Greece and Turkey, major suppliers to the Russian market. Recognizing that it is very important for you to be updated in these uncertain times, we will keep you posted.

Keep in mind that we are the largest Wild Fur auction company in the world and we have the best opportunity to sell your goods for the highest possible prices. Your NAFA team of agents situated around the world, be it in China, Russia, Turkey, Greece, Germany, Korea, etc., are constantly working on your behalf to ensure that every international buyer available who has a need for Wild Fur will attend our upcoming auctions to compete for your product. During times of difficulty, the buyers will want to buy from the auction house that has the largest, best-assorted collection that fits his manufacturing needs. They will want to buy from the most financially secure company so that when they pay for the goods they can be assured they will be shipped. We are proud that as the fastest-growing auction company in the world, we have reached a financial strength that has allowed us to give a profit sharing rebate of 1% of last year's turnover to our Wild Fur Shippers Council members. This tells you that we have confidence in our future, despite the potential problems which may lie ahead.

Herman Jansen