



Knowledge - Performance - Integrity



T: +44 (0) 207 448 5155
E: enquiries@emconcepts.co.uk
W: www.emconcepts.co.uk

Overview

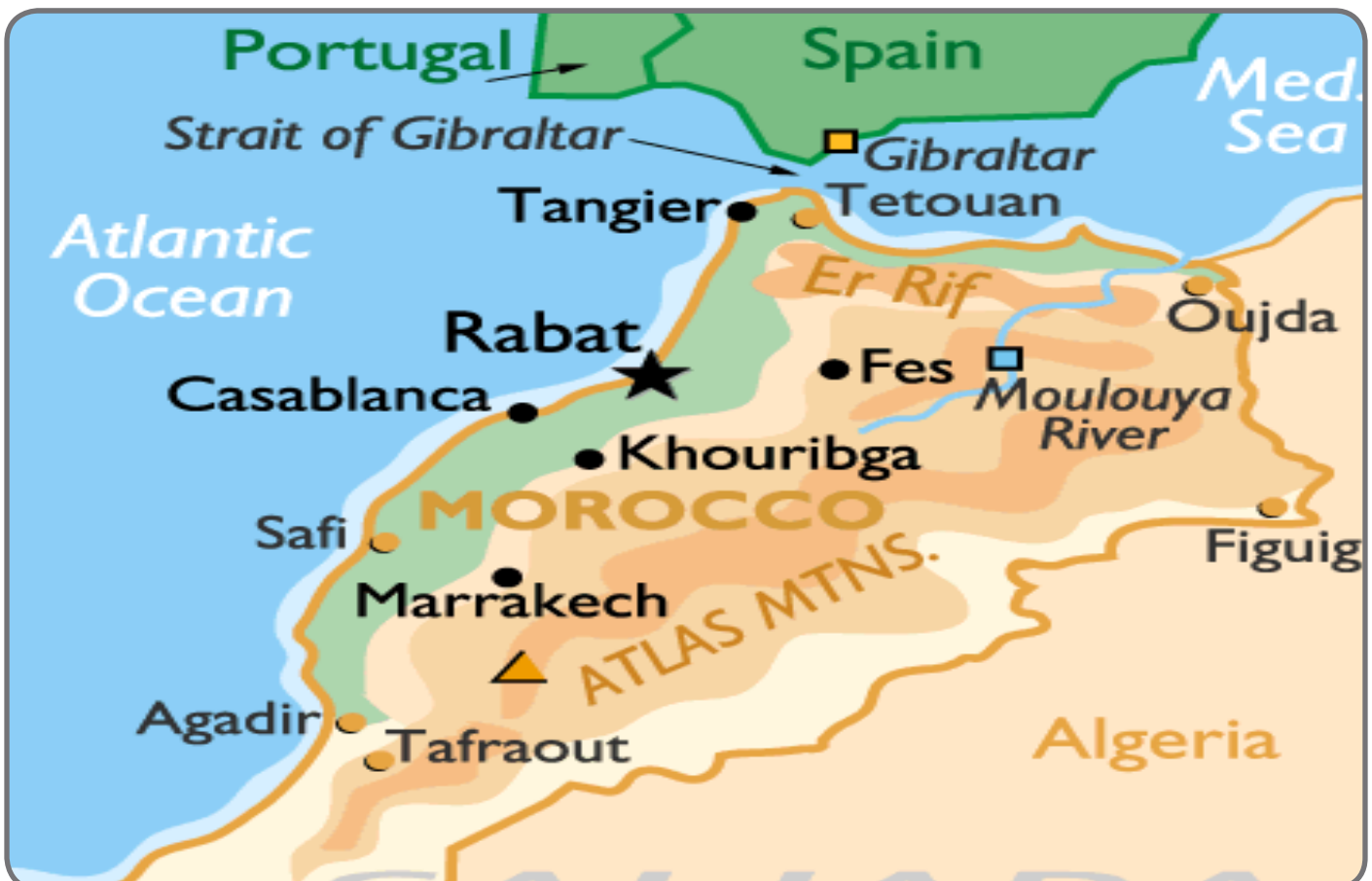
Unlike many African and Middle Eastern countries, the newly established Moroccan government is committed and progressive. It is composed of 39 ministerial posts including three assumed by women and has prioritised the need to create employment, economic development, improved housing and the optimal reformation of the education system, putting the emphasis on qualitative aspects of training and on the elimination of illiteracy.

In his opening speech for the installation of the parliamentary Chamber, His Majesty the King Mohammed VI expressed the wish that the Moroccan women benefit from a more equitable treatment under the law. In addition, the King would like all Parliament members to become aware of the concerns and priorities of citizens living in isolated and remote areas in Morocco. Policies and attitudes such as these are great news for any investor, as they provide comfort, stability and the necessary growth foundations that emerging markets need in order to prosper. In countries such as Morocco the government's attitude to the population is key.



“Morocco has prioritised the need to create employment, economic development, improved housing”

OECD world economic outlook 2007



Economic Performance

The performance of Morocco's economy improved considerably in 2006 and the outlook for 2007 is favourable. Along with lower unemployment figures, the improvements are impressive.

However, further reforms of the legal system, the administration and the labour market are required to further extend these gains.

EM Concepts firmly believe that there is a lot of further growth still possible and that now represents a great time to invest in this emerging economy.

We have thoroughly researched the Moroccan economy over the last couple of years and have summarised some key points and indicators below which help to highlight the growing and changing economy.

GDP

EM Concepts research has found that growth reached 7.3 per cent in 2006, well above the forecast 5.3 per cent a year earlier. Further growth is expected in 2007.

Policy Reforms

A high priority for King Mohammed VI has been to lower poverty reduction and create more jobs. In order to allow these priorities to be realised wide-ranging policy reforms have been introduced over the last few years in order to diversify the economy and raise productivity.

These policy reforms cover a lot of areas, however of particular note to investors in Morocco is the "Plan Emergence". This plan was formulated in 2005 and was probably the most significant economic event in Morocco in 2006. This plan aims to raise economic growth by 1.6 per cent per annum over the next ten years through improving competitiveness in traditional industrial sectors and supporting the emergence of new business sectors. This should lead to the creation of an additional 440,000 new jobs.

Construction

Over the last couple of years the construction sector has been bolstered by public investment in roads, ports and housing developments, as well as the boom in tourism. The government intends to construct 100,000 housing units per year to resolve the problem of shantytowns that have grown around the country's main cities. One area where this is already working is in Marrakech where shantytowns have been cleared and new building is underway.

Tourism

The government's continual promotion of the country as a tourist destination is certainly paying dividends. A consortium of banks recently launched 2.5 billion Dirhams worth of investment funds. Over \$14 billion is being invested by Gulf developers over the next 10 years in major tourist destinations such as Marrakech and Tangiers.

In October 2006 the number of tourists arriving in Morocco increased by 15.2 percent, up from 11.8 percent over the same period in 2005. One of the main destination cities was Marrakech, which recorded an increase of hotel nights of 29 percent. This increased tourism translated to a 23.9 percent increase in tourism spend, to 43.3 billion Dirhams, at the end of October 2006.



Continued....

The increase in tourism consequently meant airline traffic showed an increase. Our data suggests there were around 6 million international passengers in 2006, an increase of around 18 percent.

EM Concepts expect this figure to increase further with low cost airlines (both Easyjet and Ryanair started in 2006) looking to fly to this country. A new low cost Moroccan airline, Jet 4 You, has been created to try and meet the huge demand.

Fiscal Policy

A lot of factors can point to positive change in an economy. Fiscal policy is government's policy of public spending on an economy and Morocco's fiscal policy has been improving steadily over the past few years. In particular an early retirement plan put in place in 2005 has reduced the government's public wage bill. This has helped to stimulate overall public spending to the tune of 17 percent in 2006 (34 per cent of GDP)

Strong performance in domestic demand and an improvement in employment levels again show how the fiscal policy has helped the economy. Key indicators of the growth are shown by an increase in household purchases of durables by 8.9 per cent, consumer loans by 20.8 per cent and car sales up by 31 per cent.

Monetary Policy

Monetary policy differs from Fiscal Policy in that it describes policies concerning the supply of money to the economy.

Energy prices increased over 2005/2006, which was reflected, by an increase in inflation from 0.9 percent in 2005 to 3.3 percent in 2006. Inflation is however expected to slow down in 2007 to a globally stable range between 2.1 percent and 2.8 percent.

The Moroccan Dirham (MAD) exchange rate is pegged to a basket of currencies led by the Euro, Morocco's main trading currency partner.

The large increases in tourism receipts amongst other things, has led to Morocco generally running a current account surplus. This, along with the rising GDP highlighted previously has meant a steady fall in the external debt to GDP ratio from over 50 percent in 2000 to under 30 percent in 2006.

Structural Issues

As mentioned previously, a wide-ranging reform programme has been launched to enhance





Continued....

growth further in order to make the most of its geographic location. Morocco is aligning itself to become an investment and trade platform between Europe, the United States, the countries of Southern Europe and Sub-Saharan Africa.

This has led to heavy investment in infrastructure over the past few years, which is only set to intensify. Highway production rate is set to triple and new key transport links are planned.

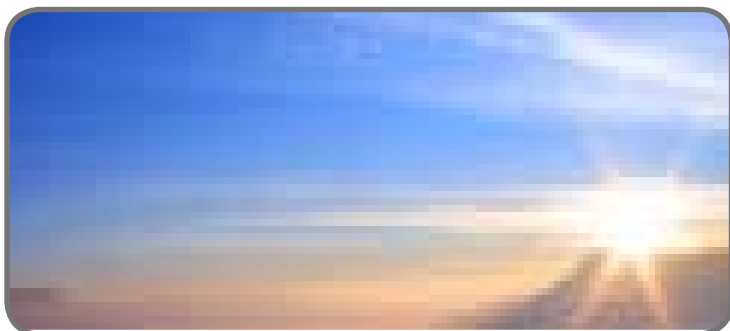
Access to Drinking Water and Sanitation

EM Concepts understand the environmental and detrimental effects that an increase in development can bring. One of these areas is water and sanitation. In this respect Morocco has embarked on a series of strategies in the effort to increase access to water in both urban and rural populations.

Political Situation

Morocco's political situation remains stable, with King Mohammed VI remaining popular despite much of the country still suffering the effects of poverty and unemployment.

The risk of terrorism from Islamic radicals and the continuing tensions with Algeria over the Western Sahara are not currently at levels serious



Future Outlook

enough to disrupt the favourable political and economic environment.

The Moroccan government has pursued an economic reform program supported by the International Monetary Fund (IMF) and the World Bank since the early 1980s. It has restrained government spending, revised the tax system, reformed the banking system, followed appropriate monetary policies, eased import restrictions, lowered tariffs and liberalized the foreign exchange regime.

The reforms have contributed to rising per capita incomes, lower inflation and narrower fiscal and current account deficits. While the overall trend has been positive, there have been wide year to year fluctuations in the economy due to exogenous factors such as decreased rainfall and changing conditions in Morocco's export markets.

Its Vision 2010 document produced by the government targets increases in tourism and sets out brave and exciting plans for foreign investment. The plan is now well underway and is enroute to achieving the tourist goals it set out to do. We have included a copy of this plan as an appendix for your further reference.

Additionally, in order to meet the UN Millennium Development Goals (MDG) set for 2015, the Moroccan authorities have designed a wide-ranging programme to improve social conditions in the country. Substantial progress has been made towards poverty reduction, education, and infant mortality reduction.

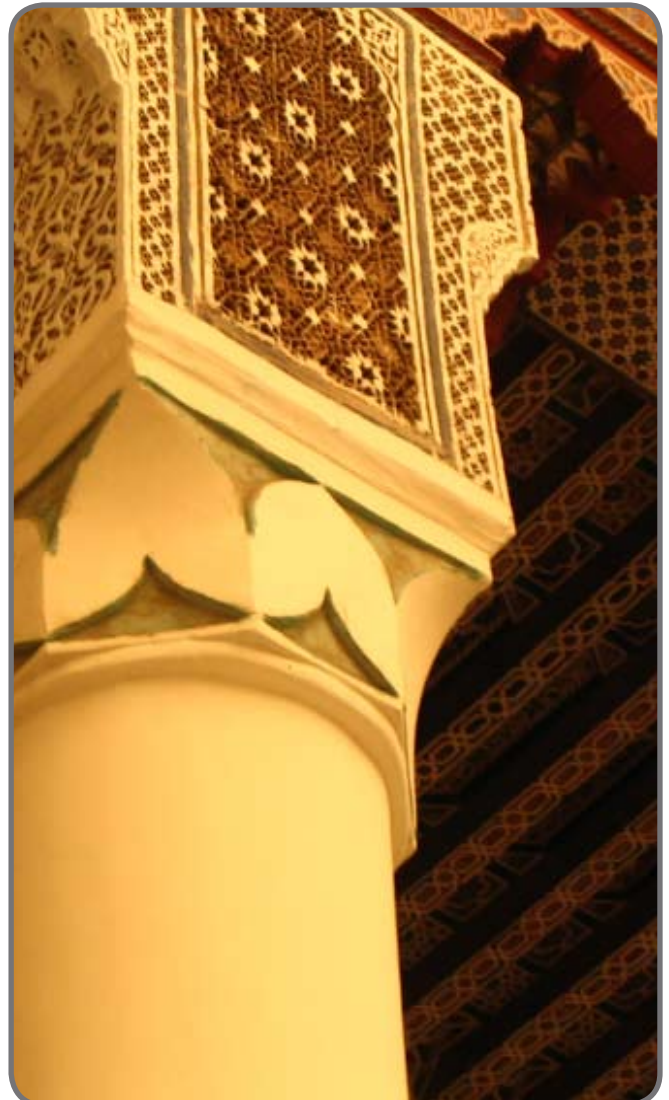


Reason for investing

- Low Prices - Property prices are lower in Morocco than other European regions.
- Extremely spacious and high specification apartments and villas can be up to 50% cheaper than the equivalents elsewhere in Europe. These should rise as tourism increases.
- Income Tax – no tax is payable on rental income for the first 3 years of ownership.
- Capital Gains Tax – no tax is payable if the property is sold after 10 years of ownership. If the property is sold between 5 and 10 years of ownership, tax is charged at only 10% on gains of over MAD 1m.
- Inheritance Tax – no tax is payable should the property be left to a family member through a Moroccan will.
- High Growth potential - We would conservatively put capital growth at 5 –15% per annum, however Homes Overseas Magazine predicts 30% per annum.
- Focus on Tourism - Tourist trade is forecast to double by 2010 to 10m visitors a year, under the government's initiatives and Vision 2010 project.
- Infrastructure is seeing huge improvements including new roads, airports, marinas, train lines, 5 star resorts, shopping malls and beach clubs to name but a few. This will drive a huge requirement for rental accommodation, which is already at 85% occupancy in the high season.
- High Accessibility - Morocco is around 3 hours

flying time from the UK. The Open Skies policy launched on 1st Jan 2006 allows low cost airlines to service Morocco and create competition, thereby lowering airfares and increasing accessibility to Morocco for tourists and home buyers alike.

- Easyjet and Ryanair are already flying from London to Marrakech.



Disclaimer

Investment risk

Investments are subject to risks including possible delays in repayment or loss of income or capital invested. Past performance of any economy or property price is not a reliable indicator of their future performance. EM CONCEPTS does not guarantee the performance of any marketed real estate property if bought as an investment, the return of a buyer's capital nor any specific rate of return. The value of investments and any income derived from them can go down as well as up and the value of a buyer's investment may be extremely volatile and be subject to sudden and substantial falls.

Non-Solicitation

This Country Profile is provided for information purposes only. Nothing in this Country Profile is intended to form the basis of a decision to purchase a product offered by the EM CONCEPTS or as the basis for any other investment decision. Nothing in this Country Profile constitutes a solicitation, invitation, recommendation or offer to purchase, sell or otherwise deal in any products offered by EM CONCEPTS or to provide any investment service or investment advice, and should not be interpreted as such.

Content of Country Profile

While the EM CONCEPTS takes care to ensure that the information in this Country Profile is accurate and up to date at the time of publishing, the information in this Country Profile is provided 'as is' without any warranty of any kind. EM CONCEPTS is not responsible and will not be responsible for any loss or damage arising out of any inaccuracy or any omission of any information in this Country Profile.

The information in this Country Profile does not purport to be comprehensive or to contain all the information that a prospective buyer may need. No representation, warranty or undertaking, express or implied, is or will be made or given in relation to the accuracy or completeness of the information in this Country Profile. Any responsibility or liability for any such information is expressly disclaimed.

EM CONCEPTS undertakes no obligation to provide you with access to any additional information, or to update, or to correct any inaccuracies, which may become apparent in this Country Profile.

All information posted in this Country Profile is subject to change without notice. In addition, these Terms may be changed at any time without prior notice. EM CONCEPTS will make such changes by posting them in this Country Profile and they will take effect immediately upon being posted.



Knowledge, Performance, Integrity

EM Concepts Ltd

Registered Office:

2 London Wall Buildings

Moorgate

London

EC2M 5UU

t: +44 (0) 207 448 5155

e: enquiries@emconcepts.co.uk

w: www.emconcepts.co.uk

For more information on this development or for any other investment in Emerging Markets please call us, email us, visit us on the web or make an appointment for a one to one consultation.