

SILVER PALM HOTEL LIMITED

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ARUSHA

**A BUSINESS PLAN FOR
REGISTRATION OF RESIDENTIAL
APARTMENTS FOR LEASE PROJECT
WITH TANZANIA INVESTMENT AND
SPECIAL ECONOMIC ZONES
AUTHORITY (TISEZA)**

Prepared by:

SILVER PALM HOTEL LIMITED

DAR ES SALAAM

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1.0 EXECUTIVE SUMMARY

1.1 Introduction

SILVER PALM HOTEL LIMITED is a privately owned company incorporated under the companies Act, 2002 with incorporation number 77764 on 04/08/2010 for a purpose of carrying out Short term accommodation activities, Restaurants and mobile food service activities, Tour operator activities, Travel agency activities, transportation support activities, Travel agency activities and other accommodation.

The head office of the company is located at Makao Mapya Street, Sakina Road, plot number 406, Block number X/F, Levulosi Ward, Arusha CBD District in Arusha Region.

On other hand, the company holds a valid Business License and Tax Identification Number 110-613-792.

1.2 The Project

The feasibility study report sets out an application for the project registration so as to earn incentives from TISEZA including certificate of incentives offered by Tanzania Investment Center (TIC). Currently the company is constructing Residential Apartments for Lease at Plot Number 1088, With Title Number 21573, Msasani Peninsula, Kinondoni District in Dar Es Salaam. The company has already constructed 8 units of apartments out of 64 units planned to be constructed on the full project implementation.

The company aim to invest a total of Tanzanian Shillings 10 billion (Tsh. 10,000,000,000/=) on this project of constructing residential apartments for lease as a part of improving Commercial building sector in the country, creating new employment opportunities, and contribute to the social-economic growth and development of the nation. The total investment of this project is equal to **USD 4,123,392** by the rate of Tsh.2425.1881/=.

This project was established with different objectives. The following are among those objectives:

- ❖ To construct modern and high-quality residential apartment units that meet the increasing demand for urban housing within Dar es Salaam.
- ❖ To expand the commercial real estate sector by developing professionally managed apartments for long-term leasing.
- ❖ To increase the supply of rental units, reducing pressure on the housing market as a result of improving living standards for urban populations.
- ❖ To generate sustainable income through leasing undertakings hence strengthening the company's financial capacity and long-term business growth.
- ❖ To create employment opportunities during construction and operational phases.

- ❖ To improve urban development by cultivating the quality and availability of safe, modern, and affordable residential accommodation in Dar es Salaam.
- ❖ To support Tanzania’s socio-economic development programs by contributing to the country’s GDP, tax revenue, and overall real estate infrastructure growth.
- ❖ To attract future investments in commercial building sector through demonstration of modern building technologies and effective project management.

1.3 The Project Promoters

The project is being promoted by **SILVER PALM HOTEL LIMITED** with head office located at Makao Mapya Street, Sakina Road, plot number 406, Block number X/F, Levolosi Ward, Arusha CBD District in Arusha Region. While the project location will be at Plot Number 1088, With Title Number 21573, Msasani Peninsula, Kinondoni District in Dar Es Salaam. The shareholders of the company are;

S/NO.	NAME OF SHAREHOLDER	NATIONALITY	SHARE TAKEN
1.	MOHAMED AHMED MOHAMED	TANZANIAN	1
2.	FATUMA MOHAMED YUSUF	TANZANIAN	1
3.	HUSSEIN BARRE MOHAMED	TANZANIAN	1
4.	SILVERTOUCH INVESTMENT TANZANIA LIMITED	TANZANIA	2997

1.4 The Market

According to Tanzania Invest report, Tanzania’s national housing deficit estimated to be over three (3) million units. This has intensified the need for modern rental accommodation, particularly in major urban centers like Dar es Salaam. Dar es Salaam city continues to experience a solid and strong rise in demand for residential apartments due to rapid urbanization, population growth, and expansion of middle-income households. As more people migrate to the city results to household formation increases and increase demand for quality, secure, and well-located apartments.

Recently, rental prices and property values in Dar es Salaam have shown an upward trend, reflecting persistent market pressure and limited availability of modern residential units. Young professionals, families, and expatriates increasingly prefer leasing apartments, leading to high occupancy rates in well-developed areas. With the real estate sector projected to continue growing, investment in residential apartments for lease remains commercially attractive and strategically aligned with the city’s socio-economic development.

Many reforms taking place in Tanzania’s economy portray that there is an increase in demand for safe, modern, and affordable residential accommodation in Dar es Salaam and Tanzania as a whole. Many reasons has been mentioned concerned to this matter.

The following are some of the factors that have contributed to such an increase in demand;

- A growing number of people moving from rural areas to cities for work, education, and better living standards (Rapid Urbanization).
- Population Growth
- Limited Supply of Modern Apartments
- Preference for Rental Accommodation. Many residents, including young professionals, expatriates, and new urban settlers, prefer leasing over buying, due to affordability or lifestyle flexibility.
- Rise of Middle-Income Households. More households can afford modern apartments, particularly in secure, well-serviced areas, boosting demand for quality rental units.

1.5 Project Cost and Financing Plan

On this project **Silver Palm Hotel Limited** plan to invest a total capital of Tanzanian Shillings 10 billion (Tsh. 10,000,000,000/=) equal to **USD 4,123,392** by the rate of Tsh.2425.1881/=.

The following is the summary of the capital investment cost estimated.

Type of Asset	Amount of Investment in USD
Land and Buildings	2,896,375
Plant and Machinery	137,000
Vehicles	98,500
Furniture and Fittings	750,000
Pre-Expenses	22,400
Others	19,117
Working Capital	200,000
TOTAL	4,123,392

1.6 Financing.

In this project, the company agreed that the project’s cost will be financed by shareholder’s local equity contributions as well as local loan as shown below;

Local Equity	Loan
US\$ 1,623,392	US\$ 2,500,000

1.7 Employment opportunities

During the implementation of this project both in the construction phases and operational stages, Silver Palm Hotel Limited expects to create over 400 new employment opportunities for both local and foreign personnel who will be directly involved in the project implementation.

Furthermore, upon completion of all 64 apartment units, the company expects retaining at least 40 employees across various departments to support ongoing operations. The table below presents the employment opportunities available for Tanzanians after the construction of the apartments is completed.

Gender	Locals	Foreigners
Male	10	0
Female	30	0
TOTAL	40	0

1.8 Social and Economic Aspects

The proposed project will result into the following social and economic impacts:

- i. The project will creates over 400 employment opportunities during both construction and operation. This involves the engagement of engineers, contractors, artisans, security personnel, administrative staff, and service workers. Local workers will also gain an opportunity to improve their skills in construction, property management, and modern building technologies.
- ii. Increased availability of high quality, safe, modern, and affordable residential accommodations.
- iii. Growth of Local Businesses and other related Services.
- iv. The project will contribute significantly to the government revenue through various taxes, fees, commissions and other constitutional duties. Continuous rental operations will further expand taxable income streams.
- v. The presence of new and well-designed apartments enhances the urban development and modern infrastructure improvement.

- vi. Modern housing developments promotes better living conditions, safety features, recreational facilities and environmental management. These improvements raise the Improvement of living standard of the people and general community welfare.
- vii. The project chains with national urban development goals by contributing to systematic settlement planning as a result of strengthening government housing and urban planning policies.
- viii. A well-arranged residential project in a prime cities like Dar es Salaam, enhances Tanzania's reputation as a stable and attractive investment destination. This will let into positive impact on attraction of foreign direct investment.

1.9 Conclusion and Recommendations

The Executive Summary highlights and indicate the proposed project will be financially and economically viable. The project will greatly contribute in Tanzania's growing economy. It is expected to contribute significantly to the social and economic progress by increasing the provision of reliable housing services. It is recommended that the project be permitted the required institutional and financial support to pave the way for its efficient implementation.

2.0 THE PROMOTERS

The promoter in this project is **SILVER PALM HOTEL LIMITED** with head office located at Makao Mapya Street, Sakina Road, plot number 406, Block number X/F, Levolosi Ward, Arusha CBD District in Arusha Region. As shown earlier on the table of shareholders information, the shareholders of the company are Tanzanians.

Silver Palm Hotel Limited is a privately owned company incorporated under the companies Act, 2002 with incorporation number 77764 on 04/08/2010 for a purpose of carrying out short term accommodation activities, restaurants and mobile food service activities, tour operator activities, travel agency activities, transportation support activities, travel agency activities and other accommodation.

3.0 THE PROJECT

Silver Palm Hotel Limited intends to invest a total amount of USD 4,123,392 in the development of modern residential apartments for lease in Dar es Salaam. This investment aims to improve Tanzania's commercial building sector by increasing the supply of quality urban housing, generating sustainable rental income and supporting national economic growth. The project is also expected to create new employment opportunities during both construction and operational phases where will contribute to overall social-economic development of the country.

Currently the company has already constructed 8 units of apartments out of 64 units planned to be constructed on the full project implementation.

3.1 Description

Total amount of Tanzanian Shillings 10 billion (Tsh. 10,000,000,000/=) estimated to be invested on this project of constructing residential apartments for lease. This investment of this project is equal to **USD 4,123,392** by the rate of Tsh.2425.1881/=. This project is one among the projects implemented in Tanzania aiming on improving Commercial building sector in the country, creating new employment opportunities, and contribute to the social-economic growth and development of the nation.

In summary the project entails the following;

- Construction of modern 64 residential apartment units for leasing.
- Formation of a property management system for leasing and tenant services.
- Expansion of supporting infrastructure such as parking, water, electricity, and security systems.

- Creation of direct and indirect employment opportunities during construction and operation.
- Use of quality construction materials and professional building standards.
- Contribution to the growth of the commercial building and real estate sector in Dar es Salaam.

3.2 Project Location

The company's project operations will be at Plot Number 1088, With Title Number 21573, Msasani Peninsula, Kinondoni District in Dar Es Salaam Tanzania.

3.3 Objectives

This project was established with following micro-objectives: -

- ❖ To construct modern and high-quality residential apartment units that meet the increasing demand for urban housing within Dar es Salaam.
- ❖ To expand the commercial real estate sector by developing professionally managed apartments for long-term leasing.
- ❖ To increase the supply of rental units, reducing pressure on the housing market as a result of improving living standards for urban populations.
- ❖ To generate sustainable income through leasing undertakings hence strengthening the company's financial capacity and long-term business growth.
- ❖ To create employment opportunities during construction and operational phases.
- ❖ To improve urban development by cultivating the quality and availability of safe, modern, and affordable residential accommodation in Dar es Salaam.
- ❖ To support Tanzania's socio-economic development programs by contributing to the country's GDP, tax revenue, and overall real estate infrastructure growth.
- ❖ To attract future investments in commercial building sector through demonstration of modern building technologies and effective project management.

3.4 Revenue Projection and Cost Estimates

The following schedule provides a summary of the forecasted revenues during the first five years of project implementation and its costs.

REVENUE AND COSTS PROJECTIONS ANALYSIS FOR FIRST 5 YEARS

	YEAR 1 (USD)	YEAR 2 (USD)	YEAR 3 (USD)	YEAR 4 (USD)	YEAR 5 (USD)
Sales Revenue	1,920,000	2,016,000	2,116,800	2,222,640	2,333,772
Cost of Sales	768,000	806,400	846,720	889,056	933,509
GROSS PROFIT	1,152,000	1,209,600	1,270,080	1,333,584	1,400,263
<u>OPERATING COSTS:</u>					
Overhead Cost:	57,600	60,480	63,504	66,679	70,103
running expenses	92,160	96,768	101,606	106,687	112,021
Salaries and wages	115,200	120,960	127,008	133,358	140,026
Depreciation	205,000	194,750	185,013	175,762	166,974
Marketing Costs	28,800	30,240	31,752	33,340	35,007
Utility costs	17,280	18,144	19,051	20,004	21,004
Insurance	61,500	61,500	61,500	61,500	61,500
Total Expenses	577,540	582,842	589,434	597,330	606,635
PROFIT BEFORE TAX	574,460	626,758	680,646	736,254	793,628

3.5 Environmental Aspects

Tanzania has environmental regulations governing all investments operated within her territories to ensure environmental preservation. This project will comply with all national environmental laws and regulations governing construction activities in Tanzania. This include all laws and regulations under the Environmental Management Act and NEMC requirements. The company conducted a full Environmental Impact Assessment and implement an approved Environmental Management Plan to ensure sustainable and environmentally responsible development. The project will follow municipal land-use, observe occupational health and safety standards, and

ensure proper management of waste, noise, dust, and water resources throughout the construction and operational phases.

3.6 Constraints and Government Policy

3.6.1 Constraints

Commercial building and residential apartment sector in Tanzania is heavily facing various challenges. The following are the main key challenges;

- ❖ High Construction and Material Costs. Rising prices of building materials and skilled labour result into increase overall project investment requirements.
- ❖ Limited infrastructures such as inadequate roads, drainage systems, and unreliable utility services increase development and operational costs.
- ❖ Limited access to long-term financing. Project promoters face challenges in obtaining affordable, long-term credit facilities needed for large-scale construction projects.
- ❖ Regulatory and approval processes. Delays in obtaining building permits and other certification, often slow down project implementation.
- ❖ Scarcity of urban land in cities. Shortage and limited availability of well-located land in major cities like Dar es Salaam drives up acquisition costs for new housing projects.
- ❖ Wide market information gaps: Shortage of reliable real estate records on demand, rental prices, and occupancy trends makes investment planning more difficult and risky.

The above challenges can be solved by adopting cost-efficient construction methods, sourcing materials locally, and partnering with financial institutions to secure flexible long-term financing. Streamlining project planning and engaging early with regulatory authorities can reduce approval delays, while investing in on-site infrastructure such as water storage, backup power, and proper drainage helps overcome utility and infrastructure limitations. Careful site selection and conducting regular market studies or working with real estate experts will improve access to reliable market information hence well investment decisions will be attained.

4.0 TRENDS ON COMMERCIAL BUILDING AND RESIDENTIAL APARTMENT

Currently, Dar es Salaam experiencing rapid urbanization and population growth, which continues to rise demand for modern residential apartments and well-planned commercial buildings. This city remains as Tanzania's economic center, attracting businesses, expatriates, and local professionals who want quality, secure, and strategically located housing. As land becomes scarce in prime areas such as Masaki, Upanga, Oysterbay and Mbezi Beach, projects promoters are progressively investing in vertical developments including high-rise apartments and mixed-use buildings. This trend is driven by rising middle-income households, lifestyle changes and professionally managed residential units. The market also shows a strong shift toward modern

facilities such as elevators, backup power systems, security technologies, and recreational amenities.

At the same time, the commercial building sector is undergoing transformation due to increased business activity, tourism growth and investment inflows into retail, office, and hospitality spaces. Investors are focusing on mixed-use properties, combining residential apartments with retail outlets, office spaces and lifestyle services to maximize land value and rental income. Demand for such developments continues to rise as investors seek stable, long-term returns and tenants appreciate convenience and security.

However, despite the positive trends, the market still faces challenges such as high construction costs, infrastructure gaps in some areas and regulatory requirements. Overall, the market situation strongly supports this project, as the demand for well-designed, professionally managed residential apartments remains consistently high in Dar es Salaam providing a favorable environment for investment.

5.0 CAPITAL INVESTMENT AND FINANCING PLAN

5.1 Investment Plan and Investment Breakdown

Silver Palm Hotel Limited expects to invest a total amount of USD 4,123,392 in the development of modern residential apartments for lease in Dar es Salaam. The main financing sources are shareholders' local equity and local loan.

USD 2,896,375 will be spent on land and buildings while USD 137,000 will be invested on plant and machinery. On other hand, company intend to invest amount of USD 750,000 on furniture and fittings, USD 98,500 on vehicles, USD 22,400 on pre-expenses, USD 19,117 on other expenses and the rest is a working capital. The following is the summary of the capital investment cost estimated.

Type of Asset	Amount of Investment in USD
Land and Buildings	2,896,375
Plant and Machinery	137,000
Vehicles	98,500
Furniture and Fittings	750,000
Pre-Expenses	22,400
Others	19,117
Working Capital	200,000
TOTAL	4,123,392

5.2 Financing Plan

It is estimated that a total of US \$ 4,123,392 will be required to acquire the various assets as shown in the table above on project investment breakdown.

The capital cost will be financed by the company itself through equity contribution and bank loan as shown on the table below.

Local Equity	Loan
US\$ 1,623,392	US\$ 2,500,000

6.0 MANAGEMENT AND ORGANIZATION POLICY

6.1 Management

The company policy is to have adequate work force to manage its operations efficiently. **Silver Palm Hotel Limited** believes in keeping on board only the very essential manpower strength, to develop them into highly motivated and sincere company team for the best and efficient operations of the company.

The company has a team qualified and experienced functional managers in the areas of hotels operations, modern housing and apartments operations and finance and administration. Other senior and middle level staffs are available for the operations of the company. The personnel for the project phase are also qualified, well-seasoned and possessing considerable project experience.

6.2 Management Policy

The day to day operations are managed by the Managing Director, assisted by Managers in areas of Finance and Administration. The managing director is the overall in charge of company operations. An Accounts Assistant is available to assist in Accounting, Procurement and Finance functions. The Marketing Unit is responsible for both the countrywide and regional wide marketing for the services offered by the company. The job responsibilities include market planning and development, sales promotion and sales co-ordination. The Company's operation is therefore professionally managed.

7.0 SWOT ANALYSIS

A proper SWOT analysis is necessary in order to position the business to maximize our strength, advantage on the opportunities that will be available to us, mitigate our risks and be equipped

to confront our threats. In order to achieve this, **Silver Palm Hotel Limited** employed the service of an expert Human Resource and Business Analyst with preference in residential apartments and leasing sector to help the company to conduct a detailed SWOT analysis and to help us create a business model that will help on achieving our business goals and objectives. Here below is a summary from the result of the SWOT analysis that conducted on behalf of **Silver Palm Hotel Limited**.

7.1 Strengths

Company's strength on this project include;

- ❖ Prime Location Advantage. Dar es Salaam, especially areas like Masaki, Oysterbay and Mbezi, has consistently high demand for quality apartments.
- ❖ Strong Capital Base. Investment of USD 4.1 million enhances capacity to build high-standard, competitive apartments.
- ❖ Contribution to Employment. Project creates direct and indirect jobs during construction and operation phases boosting social acceptance.
- ❖ Growing Rental Market. The project benefits from a strong and stable demand for modern residential units among expatriates, business professionals, and middle-income households.
- ❖ Modern Design and Features. Provision of security, parking, backup power, water systems, and recreational facilities increases rental attractiveness.

7.2 Weaknesses

- ❖ Dependence on Imported Inputs. Reliance on foreign construction materials may cause delays and cost fluctuations.
- ❖ High Construction Costs. Prices of materials, imported equipment and contractors are rising project costs.
- ❖ Long Payback Period. Real estate investments often take several years to recover full costs.
- ❖ High Utility Requirements. Reliable water, electricity, and security systems significantly increase operational costs.
- ❖ Regulatory Processes. Environmental approvals, permits and compliance certification demand time and cost.

7.3 Opportunities

- ❖ Rising Urbanization. Rapid population growth in Dar es Salaam continues to push demand for apartments.
- ❖ Government Support for Real Estate. Policies encouraging private investment in construction and urban development.

- ❖ Growth of Tourism and Other Related Sectors. This ensures consistent demand for high-quality rental units in Dar es Salaam.
- ❖ Increasing Middle Class Population. Rising of the number of middle earned capital people in big cities like Dar es Salaam, encourage more people to afford premium and mid-range housing units.
- ❖ Potential for Future Expansion. Availability of nearby plots enables future phases of development.

7.4 Threats

- ❖ Economic Instability like Inflation and exchange rate fluctuations can increase construction and operational costs hence became a threat to the project.
- ❖ Governing Changes such as new taxes, levies or building regulations may slow development or increase costs.
- ❖ Market Competition. Increasing number of new apartments in high-demand areas.
- ❖ Infrastructure Challenges: Unreliable utilities such as water or electricity can affect tenant satisfaction.
- ❖ Environmental Risks like coastal erosion and other climatic issues may impact into increase on construction and insurance costs.
- ❖ Interest Rate Fluctuations. Higher financing costs may affect cash flows and project sustainability.

8. CONCLUSION AND RECOMMENDATIONS

The foregoing discussion highlights the significant social, economic, and financial benefits that the proposed residential apartment project is expected to contribute to the country. The project demonstrates strong potential to enhance the commercial building sector, create new employment opportunities, and support sustainable urban development within Dar es Salaam. The preliminary financial analysis further indicates that the investment is financially viable and capable of generating stable returns over the project's lifespan.

In view of these findings, it is hereby recommended that the project sponsors **Silver Palm Hotel Limited** be given the necessary institutional support and facilitation from relevant authorities to guarantee the successful and timely implementation of the project. Providing efficient guidance, streamlined approvals, and a conducive investment environment, will enable the company to execute the project efficiently and maximize its positive contribution to the national economy and community development.