

**MKWABI INVESTMENT COMPANY  
LIMITED**

**FEASIBILITY STUDY**

**FOR**

**MODERN SUPERMAKET AND  
RESTAURANT PROJECT**

**MKWABI INVESTMENT COMPANY LIMITED  
P.O.BOX 12776  
TANGA.**

## **1.0 BACKGROUND TO THE STUDY**

### **1.1 Introduction**

MKWABI INVESTMENT COMPANY LIMITED is proposing modern restaurant Project located Dar es Salaam city. Briefly, the project concept includes the following components.

- Construction of supermarket, office and restaurant building.
- Kitchen with modern freezer
- Bar and a restaurant
- A barbecue/conference hall
- The size of investment was US\$2,300,000

### **1.2 Methodology**

Preparation of the Business Plan is based on primary data provided by the project sponsors. The rest of the report covers the following chapters;

- 2.0 Executive Summary
- 3.0 Project Background Information
- 4.0 Project Concept
- 5.0 Proposed Investment Cost and Financing
- 6.0 Market Analysis
- 7.0 Financial Projections
- 8.0 Management and Organization Structure
- 9.0 Proposed Implementation Schedule
- 10.0 Risk & Issues Analysis
- 11.0 Recommendation.

## **2.0 EXECUTIVE SUMMARY**

2.1 The project promoter of this document is **MKWABI INVESTMENT COMPANY LIMITED –Supermarket and Restaurant Project.**

2.2 Based on a Market Survey for medium restaurant in Dar es Salaam, it is evident that the restaurant can occupancy 50 to 80 pax at once while that will can accommodate more than 200 pax at once.

2.3 The Project Payback Period is 5 years and 8 months which is attractive to the sponsors.

### **3.0 PROJECT BACKGROUND INFORMATION**

#### **3.1 Incorporation:**

**MKWABI INVESTMENT COMPANY LIMITED** is a private limited liability company registered and incorporated under companies Act 2002 of the laws of the United Republic of Tanzania and was issued with a Certificate of Registration No. 121760 of 23<sup>rd</sup> November 2015 in Dar es Salaam.

#### **3.2 Property Location and Site**

The property in Upanga Dar es Salaam. The Site is a high density residential cum commercial development area.

#### **3.3 Status of Project Implementation**

The main building will comprise of one floors which will be mainly commercial building/cum hotel building. The promoters of the project have decided to erect a one storey building which main activity will be restaurant development.

#### **3.4 Financing**

The proposes **MKWABI INVESTMENT COMPANY LIMITED (Supermarket and Restaurant Project)**, will be financed out of equity funds.

### **4 PROJECT CONCEPT**

#### **Ground Floors:**

The Ground Floor will accommodate Supermarket, Counter, Office, a small Store, Bar area and a Dining Hall. And some shops to be rented to people. The rear building will accommodate a kitchen to be fitted with wall and base units and stainless sinks on the left side from the main entrance. On the right side of the main entrance on the rear building provision is made for public toilets. Ladies toilets will be fitted with rooms each with a low level WC, wash hand basin, wall mirror and ½ tiled walls.

#### **First Floor**

First Floor features include

- Emergency rest Room
- Laundry Counter
- Change room

A typical Double Room will have an entrance small room to be fitted with wall wardrobe, a toilet to be fitted with a low level WC, wash hand basin, towel rail, wall mirror, an air conditioner and ceiling fan. The rooms will have wall and floor tile finishes.

## 4.2 Proposed Services

- a) Dining Services
- b) Beer and Beverages
- c) Laundry Services
- d) Banquet/Conference Hall
- e) Supermarket

## 5 PROPOSED INVESTMENT COST AND FINANCING

Total Capital Investment Cost for the Proposed MKWABI INVESTMENT COMPANY LIMITED Supermarket and Restaurant Project is US\$2.5 million and its break is as follow;

		US\$
S/No	ITEMS	TOTAL
1	Building and Civil Works	1,900,000
3	Furniture and Fitting	160,000
4	Motor Vehicles	200,000
5	Pre-operational Expenses	70,000
6	others	40,000
7	Initial Working Capital	200,000
	<b>GRAND TOTAL</b>	<b>2,370,000</b>

### 5.1 Working Capital Requirements:

#### Stocks:

##### Food Stuffs

Stocks are assumed at 7 days cost of food stuffs. Consideration is given to the fact that the Hotel is within walking distance to Kariakoo market where fresh food supplies are available.

##### Beer and Beverages

Beer and Beverages stocks are taken at 1 month's purchases.

##### Debtors

Debtors are assumed at 1 month's sales.

##### Cash

Cash requirement is based on 1-month salaries and administrative costs.

##### Creditors:

Creditors are assumed at 1 month's purchases (Cost of Sales)

## 5.2 Proposed Financing Plan:

The proposed Financing Plan of Capital Investment Cost of US\$ 2.5 million. And the initial Working Capital Requirements of US\$ 100000 as indicated below:

		US\$
S.No.	ITEM	TOTAL
1.	Shareholders Equity	2,370,000
6.	GRANDTOTAL	2,370,000

## 6 MARKET ANALYSIS

### 6.1 Description of the Business Sector Environment

Recent economic indicators on Tanzania show that the private sector is generally efficient as most companies strived for efficiency to remain competitive in the young expanding market oriented economy.

### 6.2 General Market Outlook of Supermarket and Restaurants– Sub-sector in Dar es Salaam

The City of Dar es Salaam is the principal port, commercial and administrative Centre in Tanzania. It is the largest city in Tanzania, accommodating well over 5,000,000 people by year 2018 population estimates.

It is the gateway to neighboring countries of Malawi, Zambia, Democratic Republic of Congo (Eastern Province), Rwanda, Burundi and Uganda. United Nations Agencies. It is the Centre for a number of multinational companies in fields such as petroleum, communications, mineral prospecting transit trade, etc.

Dar es Salaam port is a traditional general cargo port with bulk oil facilities. The port handles freight for land locked Zambia, but also used by Malawi and the DRC. Along with the railway line is a pipeline (TAZAMA) and a highway (TANZAM) all leading to Zambia.

In view of its economic importance, most of the business traffic to Tanzania passes through Dar es Salaam, implying therefore that, there will be a corresponding growth in the number of business and Government and State visitors.

In the regard, given the potential demand for accommodation, there is a need for timely establishment of hotel accommodation and their facilities.

A part from these economic features, Dar es Salaam boasts of extensive palm fringed white beaches protected by coral reefs.

Though the developed beached are about 19 km out of the City Centre, they are an attraction to City Dwellers and are extensively utilized by visitors staying in the city hotels.

Dar es Salaam City is gaining popularity as transit point for modern packages combining beach and safari tours. In this respect, many tourists visiting Tanzania and especially the Southern Tourist Circuit to places like Zanzibar, the Selous Game Reserve, Mikumi an Ruaha National Park find Dar es Salaam the most ideal transit point.

### **6.3 Potential Demand for Restaurant Visitors**

#### **Market Size & Growth Trends**

Urban population & consumer base

- Dar es Salaam is Tanzania's largest city with a metro population around ~6.7–7.5 million, offering a substantial base of potential diners.
- Food service market growth (Tanzania overall)
- The Tanzanian food market (including restaurants) is projected to grow strongly; e.g., expected food market revenues at about US\$133 million in 2025 with robust CAGR through 2030.
- Restaurant delivery & digital demand
- Restaurant delivery revenue in Tanzania is forecast to rise (about US\$6 million in 2025, growing annually) — reflecting rising urban convenience demand.
- Growth in app-based food ordering (like Yamee, Goget Food) indicates expanding demand for take-out/ghost kitchen models.

#### **Consumer Segments & Demand Drivers**

Local middle class & urban professionals

- A growing middle class and working professionals in Dar es Salaam increasingly dine out for convenience and social experiences.
- Expatriates & international visitors
- Expat communities place high value on premium and fusion cuisine, spending more per visit than the average local diner.
- Tourism boost
- Tanzania's tourism is recovering and growing, with international arrivals increasing and targets of 8 million tourists by 2030. Visitors often

contribute to dining demand, especially in coastal urban hubs like Dar es Salaam.

- More hotel rooms and hospitality infrastructure (e.g., Radisson opening restaurants and bars) also support restaurant foot traffic.

Youth & convenience culture

- Younger consumers and busy professionals favour fast service, delivery, and takeaway — influenced by rising smartphone use and digital platforms.

### **Trends Affecting Demand Patterns**

#### **Dining Experience Diversity**

- Interest in international, fusion, and local Tanzanian cuisine shows consumption diversification – from fast casual to premium dining.

Convenience & Delivery

- Apps and delivery services are reshaping dining habits, with ghost kitchens and digital ordering becoming more mainstream.

Events & Social Dining

- Food carnivals and cultural food events attract crowds and raise interest in dining out.

Health & Menu Innovation

- Globally noted trends toward healthier and specialized menus (vegetarian, vegan, organic) can influence urban restaurant demand here too.

Demand Variations / Seasonal Patterns

Tourist seasonality

- Demand from international visitors may peak seasonally (holiday times), tied to tourism patterns.

Weekends & celebrations

- Restaurants typically see higher bookings on weekends and festive periods — important when estimating weekly revenue cycles.

Weather impact

- Rainy seasons can temporarily reduce market foot traffic, influencing dine-in customer counts.

Location & Demand Geography within Dar es Salaam

- Areas with high foot traffic or near business districts, shopping hubs, entertainment spots, and hotels are likely to attract more walk-in restaurant customers.
- Proximity to hotels, offices, and tourist spots supports both walk-in and dine-out traffic.

## Competitive & Market Gap Insights

Fragmented market

- Many small eateries exist, but gaps remain in consistent quality, specialized offerings, and premium experiences.

Local vs. global offering imbalance

- Upscale restaurants with local twist or Tanzanian-authentic fusion concepts are under-served, showing a niche opportunity.

Digital engagement

- Many existing restaurants lack strong digital marketing or online ordering adoption — a demand opportunity.

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## **6.6 The proposed MKWABI INVESTMENT COMPANY LIMITED**

### **6.6.1 Marketing Strategy**

**MKWABI INVESTMENT COMPANY LIMITED** under consideration is a new project. The management of the hotel will use the most powerful tool, the media, to promote sales. In this respect, a little more expenditure on advertising is expected to bear fruits within a short period of time. A competent Restaurant Manager will be recruited to assist the Managing Director in this important task of promoting sales.

### **6.6.2 Pricing and Distribution**

The main objective for a pricing and distribution strategy is to make profits. The services that will be offered at the hotel will be priced and offered on account of the quality of the services and the target market such that the guests and all casual visitors at the hotel realize the value for money paid for the services.

## **6.7 Competition:**

Looking at the list of Arusha based Hotels; one can easily identify middle class hotels with economy range hotel accommodation, a category within which the proposed **MKWABI INVESTMENT COMPANY LIMITED** will be slotted.

To narrow down the list of competitors, we disregard all beach hotels, all tourist class hotels as well as suburban Dar es Salaam hotels. Competition is present and strong as can be evidenced by the concentration of hotels in the Arusha Municipal as listed in Annex 1 referred to earlier.

### **6.7.1 Competing Factors**

- a) Range of Services offered:
- Delivery
  - Restaurant Services
  - Bar Services

### **Competent Management**

The quality and type of services offered reflect the efficiency in terms of professionalism and experience of management

There are a lot of other competing factors, but which are relevant to Class 'A' hotels of tourist standard. Factors such as the presence of parking by, presence of swimming pools, etc. which are disregarded in this analysis because the category of hotels under consideration are of economy class.

### **6.7.2 Tariffs, Food Prices and Taxes**

The proposed **MKWABI INVESTMENT COMPANY LIMITED** will charge competitive tariffs and food prices as well as prices for other services. The tariffs charged for room accommodation will include a levy (Hotel Levy) of 20% and 5% service charge which are not prohibitive.

## **6.8 SWOT Analysis on Competition:**

### **6.8.1 Strengths:**

The proposed **MKWABI INVESTMENT COMPANY LIMITED** is designed to offer quality accommodation, restaurant services and laundry services. Proposed tariffs are very competitive. The Hotel will recruit a seasoned Hotel Manager who is expected to lead a team of highly motivated workforce.

The Managing Director has a sister company, selling beer and beverages on agency. The new hotel undoubtedly benefits part of that experience by ensuring that appropriate procurement and selling strategies are shared.

### **6.8.2 Weakness:**

The proposed **MKWABI INVESTMENT COMPANY LIMITED (Supermarket and Restaurant Project)** has limited services such as Conference Hall, swimming pool, squash, tennis courts to attract international visitors. Since it is a new project, management may require at least one year promoting the business.

The Hotel structure, therefore allows for the construction of an additional floor for Banquet cum Conference Hall.

### **6.8.3 Threats**

Strong competition is likely to stay in view of the thrust o modernization, expansion and new investment in hotels.

## **7 MANAGEMENT AND ORGANIZATION STRUCTURE**

### **7.1 Proposed Management of Management Structure:**

The Proposed management structure is such that there will be a Managing Director as Chief Executive Officer

Under the CEO, there will be a Hotel Manager who is expected to be well trained and experienced in Hotel Management. The Manager will report directly to the Managing Director. There will also be the post of Hotel Accountant to assist the Managing Director on all financial matters of the Hotel. The Accountant is expected to be well trained and fully registered with the professional accounting bodies.

There will be a supervisor to ensure efficient handling of operations. Subordinate staff will include the Store-keeper, Secretary and the Head of Laundry Section. There will also be support staff including attendants, Cooks, Waiters and Security Guards.

Training is an important aspect in the handling and operations of the Hotels.

The Hotel Manager will prepare the appropriate training programme both on the job training and training outside from various institutions.

## **8 FINANCIAL PROJECTIONS**

### **8.1 Forecasted Revenue Considerations:**

The main revenue centers considered in this evaluation include.

- i. Food Revenue
- ii. Beer and Beverages Revenue
- iii. Conference and Banquet Hall
- iv. Other Income
  - Laundry Services
  - Telephone Services

### **8.2 Revenue Assumptions:**

### 8.2.1 Accommodation Revenue

The main assumptions on revenue are summarized in the Table 2 below:

**Table 2: Forecasts of Accommodation revenue**

ITEM	US\$		
	Year 1	Year 2	Year 3
Rooms Occupancy Rate	70%	80%	100
Rooms Available Daily	28	32	40
Room Nights (365 Days)	40,220	11,680	14,600
Revenue at US\$90	919,800	1,051,200	1,314,000
Room Tariff per Year	919,800	1,051,200	1,314,000
Less: Hotel Levy 20%	183,960	210,240	262,800
Service Charges – 5%	45,990	10,512	13,140
<b>Net Accommodation Revenue</b>	<b>689,850</b>	<b>830,448</b>	<b>1,038,060</b>

### 8.2.2 Food Revenue:

Food Revenue forecasts have 4 major components as summarized below:

- a. Lunch
- b. Dinner
- c. Casual visitor and
- d. Snacks, teas and bites

The specific assumptions are presented in tabular form as follows.

**Tables 3: Forecasted Food Revenue**

S/NO	ITEMS	Year 1	Year 2	Year 3
i	LUNCH <ul style="list-style-type: none"> <li>• 50% of hotel guests will take lunch</li> <li>• Revenue ( assume US\$5=per meal</li> </ul>	5,110	5,840	7,300
		25,550	29,200	36,500
Ii	DINNER <ul style="list-style-type: none"> <li>• 80% of hotel guests will take dinner</li> <li>• Revenue (price per meal US\$5=)</li> </ul>	8,176	9,344	11,680
		40,880	46,720	58,400
iii	CASUAL VISITORS	20,440	23,360	29,200
iv	SNACKS, TEAS AND BITES <ul style="list-style-type: none"> <li>• Estimated at 30% of Food Revenue</li> </ul>	26,061	29,784	37,230
	<b>TOTAL FOOD REVENUE</b>	<b>112,931</b>	<b>129,064</b>	<b>161,330</b>

### 8.2.3 Beer and Beverages Revenue

Beer and Beverages are products served from the Bar as a revenue center. Beverages will include beer, all hard drinks, soft drinks, cigarettes and mineral water.

This revenue center is expected to generate 120% of total food revenue annually. Accordingly, beer and beverages revenue is estimated at US\$ 135,517 in the first year, US\$154876 in the second year and US\$ 193,596 in the third and subsequent years.

### 8.2.5 Other Income

Other income is expected from laundry services which will remain open to residents and non – residents. Some income is also expected from telephone services.

The income expected from these services is estimated at 10% of accommodation revenue. Total Forecasted Revenue:  
The Hotel’s income per annum is the aggregate of in come forecasts on accommodation, meals, beer and beverages and other services as summarized below:

### 8.3 Cost of Sales

#### 8.3.1 Assumptions:

##### Cost of Sales assumed as follows:

- i. Accommodation Cost – 10% Accom. Revenue
- ii. Food Cost- 50% of REVENUE
- iii. Beer and Beverage Revenue
- iv. Conference / Banquet Hall -10%  
Conference Hall Revenue  
Other costs -35% of other income

#### 8.3.2 Estimates of Cost of Sales ( Direct Costs)

S.No	ITEMS	1	2	3
1.	Accommodation	68,985	83,045	103, 806
2	Food	56, 466	64,532	80,665
3	Beer and Beverages	88,086	100,669	125,837
4.	Conference/Banquet Hall	1,080	1,080	1,080

5.	Other Costs	4,312	4,551	4,791
	<b>TOTAL</b>	<b>218,929</b>	<b>253,929</b>	<b>316,179</b>

**8.3.3 Mixed and Semi –fixed costs:**

**a. Fixed and semi-fixed costs include:**

- i. Salaries and Wages
- ii. Administrative Costs
- iii. Interest on loan
- iv. Depreciation

**b. Administrative Costs**

Administrative Costs

Administrative Costs have been estimated at current market prices.

The costs are worked out as follows.

**Table 6: Estimated Administrative Costs:**

<b>S.NO.</b>	<b>ITEMS</b>	<b>PER ANNUM</b>
1	Insurance Premium	3,600
2	Electricity and Water	8,400
3	Business License and Fees	2,400
4	Property Tax	2,400
5	Land Rent	600
6	Fumigation	1,200
7	Promotion Expenses	1,200
8	Printing and Stationery	9,600
9	Postage Fax and Telephones	1,800
10	Director's Fees	8,400
11	Repair and Maintenance	4,800

### **8.3 Projected Financial Results:**

#### **8.4.1 Projected Profit and Loss Statement:**

The Project registers good operating profit levels of US\$ 0.663m in the first year, US\$0.805m in the second year and US\$ m in the third and subsequent years.

#### **8.4.2 Project Cash flow Statement:**

The project's liquidity position is seen good right from the first year of operations when it records a net cash flow of US\$0.479M liquidity continue to show a rising trend to the effect that in the tenth year accumulated cash flow amounts to US\$4.890.

### **8.5 Cost of Externalities**

Provision is made for the cost of externalities. Waste water disposal system will be constructed and will be connected of the public main sewerage system.

Hard wasted will be collected in dust bins and subsequently by the City Authorities. The Hotel Management will, therefore be very keen on whatever symptoms of environmental pollution.

### **8.6 Development Value**

8.6.1 The project when implemented will create 100 new jobs. These people are beneficiaries of health support over and above financial benefits allocated to them. In turn, the standard of living of the workers and their immediate families will rise.

### **8.6.2 Government Revenue**

The project is beneficial to the government, as it will collect revenue in the form of taxes to the maximum of US\$0.863M.

## **9 PROPOSED IMPLEMENTATIONS SCHEDULES**

According to the detailed schedule of project implementation project implementation s expected to commence as soon as the project is registered by the centre and also the approval of the capital goods by TRA.

The specific project implementation activities are attached.

## **10 RISKS AND ISSUES ANALYSIS**

### **10.1 Profitability**

Project profitability is generally satisfactory. This is because revenue trends, net present values, etc. The assumptions on room occupancy rates are fairly realistic in the wake of stiff competition.

#### **RECOMMENDATION:**

In view of the analysis and findings of this project proposal it is only plausible to assist the sponsors to complete the project.

**MKWABI INVESTMENT COMPANY LIMITED  
PROPOSED FINANCING PLAN**

**US\$**

<b>S.NO.</b>	<b>ITEMS</b>	<b>TOTAL</b>
1	Building and Civil Works	1,900,000
3	Furniture and Fitting	160,000
4	Motor Vehicles	200,000
5	Pre-operational Expenses	70,000
6	others	40,000
7	Initial Working Capital	200,000
	<b>GRAND TOTAL</b>	<b>2,370,000</b>

**FINANCIAL STATEMENTS**

