

AFS ENERGY LIMITED

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BUSINESS PROPOSAL FOR ESTABLISHMENT OF OIL, PETROCHEMICAL AND LPG STORAGE FACILITIES



Executive Summary

AFS ENERGY LIMITED is a locally registered Tanzanian company, incorporated on 31st October 2024. The company now seeks to expand its investment portfolio by developing a state-of-the-art Oil, Petrochemical, and LPG Storage Facility. The purpose of this proposal is to seek approval and registration with the Tanzania Investment Centre (TIC) for issuance of a Certificate of Incentives.

The proposed project is strategically aligned with Tanzania's industrial and energy sector development goals. The facility will be located in Dar es Salaam, with an initial capital investment of USD 5,000,000 (USD 4,500,000 equity and USD 500,000 working capital). The project anticipates direct employment of at least 100 individuals (60 men and 40 women) and indirect employment of over 100 individuals across the logistics, maintenance, and security value chains. The facility will help alleviate current storage constraints and enhance the national supply chain resilience of petroleum products.

We take pride in our intention for compliance with country laws and regulations as well as great care for the environment. The company in Tanzania has demonstrated satisfactory financial capability, operational efficiency, compliance with country laws and regulations, as well as great care for the environment.

Our aim in this investment venture is to improve our country's economy, as clearly demonstrated by the sixth phase government under the leadership of H.E Dr. Samia Suluhu Hassan, President of the United Republic of Tanzania.

In this purpose, AFS ENERGY LIMITED 's support will be demonstrated through increased government revenue through tax payments, creation of jobs, support for improving the balance of trade, acquisition of debt funding while enjoying low leverage.

Thus, our existence in this space will have considerable multiplier effects and mutual benefits among all stakeholders in the region. With competent management, financial strength, compliance with government laws and regulations, and our great care for sustainable business through environmental care and a give-back policy through our intense Corporate Social Responsibility.

Chapter One

AFS ENERGY LIMITED Profile

1.1 History and Background

AFS ENERGY LIMITED was founded in 2024 and has been involved in the trading and distribution of petroleum products including diesel, petrol, kerosene, and lubricants. The company has progressively built a strong footprint in the Tanzanian downstream petroleum sector, supplying fuel to both private and public sectors, including industrial clients, construction firms, and retail stations.

1.2 Vision and Mission

- **Vision:** To become a leading and trusted petroleum logistics and storage solutions provider in East and Central Africa.
- **Mission:** To deliver reliable, safe, and innovative storage services for oil and gas products through cutting-edge technology, strategic partnerships, and skilled workforce.

1.3 Core Values

- Integrity: Transparent dealings and adherence to ethical practices.
- Reliability: Consistently delivering on promises with precision and care.
- Transparency: Upholding the highest safety standards for employees, clients, and cargo.
- Innovation: Leveraging technology for efficiency and customer satisfaction.
- Sustainability
- Professionalism
- Gender Equality

1.4 Registered Office

AFS ENERGY LIMITED registered office in in Plot No. 2199/6, Block 6, Ilala District, Dar es Salaam, Tanzania.

1.5 Objectives

- To establish a modern and compliant oil and gas storage facility that meets international safety and operational standards.
- To support national energy infrastructure by enhancing domestic fuel storage and distribution capabilities.
- To foster job creation and contribute to community development through direct and indirect employment.
- To encourage skills, transfer and technical training for local workforce in petroleum infrastructure management.
- To attract both local and international partnerships through a transparent, efficient, and reliable investment framework.

Chapter Two

Project Description

2.1 Project Overview

The project aims to construct a modern, high-capacity petroleum storage and distribution terminal designed to meet the growing energy demands of Tanzania and the East African region. This facility will play a critical role in strengthening the energy value chain by serving as a secure and technologically advanced depot for receiving, storing, and dispatching petroleum products, LPG, and petrochemical substances.

It will include:

- Storage tanks for petroleum products (diesel, petrol, kerosene) with a total capacity of up to 30 million liters, engineered to API 650 standards for optimal safety and durability.
- LPG storage bullet tanks with a combined capacity of 2,500 metric tonnes, designed to support domestic and commercial gas distribution.
- Petrochemical storage units with specialized coatings and containment systems to safely handle volatile substances and industrial additives.
- Ancillary infrastructure including pumping stations with flow control systems, multi-bay loading gantries for simultaneous truck loading, automated firefighting systems, spill containment pits, and advanced control rooms integrated with SCADA systems.
- Perimeter fencing and a comprehensive security installation including surveillance cameras, guard posts, intrusion detection alarms, and biometric access control for restricted zones.

The facility is envisioned not only as a commercial venture but also as a strategic national asset that will bolster supply chain stability, reduce import demurrage costs, and improve the reliability of petroleum distribution throughout the country.

2.2 Project Location

Dar es Salaam, due to its proximity to the port and accessibility to the national pipeline and road network, is an ideal location for the project. The proposed land, approximately 5 acres, is strategically positioned to serve as a central hub for petroleum logistics.

2.3 Proposed Storage Capacity

Based on similar facilities in Tanzania such as GBP, Oryx Energies, and Lake Oil terminals, our planned capacity is:

- Petroleum Products: 30,000,000 litres across multiple vertical tanks
- LPG: 2,500 metric tonnes in bullet tanks

- Petrochemicals: 5,000,000 liters for specialty chemicals and additives

2.4 Employment Projection

- **Direct Employment:** 100 staff (60 men, 40 women) including engineers, technicians, operators, safety officers, and administrative staff.
- **Indirect Employment:** 100+ individuals in logistics, maintenance, cleaning, catering, civil works, and security services.

2.5 Project Objectives

- Enhance local storage capacity for petroleum products to reduce reliance on third-party facilities
- Support security of supply and mitigate risk of fuel shortages in the market
- Contribute to the Government of Tanzania's objective of becoming an energy logistics hub in East Africa
- Create employment and foster technical skills transfer in the petroleum infrastructure sector

2.6 Products and Services

AFS ENERGY LIMITED is committed to delivering a wide range of petroleum logistics and handling solutions tailored to the needs of the Tanzanian market and beyond. Our offerings are designed to enhance operational efficiency, reduce turnaround times, and provide scalable, secure storage solutions for a variety of petroleum and petrochemical products. The company aims to become a preferred service provider for both local and international oil marketers and industrial clients by maintaining high standards in quality, safety, and customer service.

- **Bulk storage for third parties (B2B clients):** Providing secure and accessible storage for petroleum and petrochemical products, allowing third-party companies to reduce their own infrastructure costs and ensure supply continuity.



- **Tank leasing to Oil Marketing Companies (OMCs):** Flexible and long-term tank leasing options for OMCs seeking dependable storage close to key transport corridors and markets.



- **Product handling, injection, and throughput services:** End-to-end management of product transfers, blending, and redistribution through calibrated flow meters and automated systems to ensure accuracy and traceability.



- **LPG bottling and distribution for domestic and commercial use:** Reliable and safe LPG bottling services using industry-compliant filling lines and quality assurance procedures. Distribution networks will serve homes, restaurants, institutions, and industrial users.



- **Blending, additive injection, and storage of petrochemicals:** Customized solutions for storing and handling specialty chemicals, including additive injection systems to support differentiated fuel products and industrial blends tailored to client specifications.



2.7 Technology and Compliance

The project will utilize international standard API 650 compliant vertical storage tanks, pressure-rated ASME LPG bullets, and automation systems for safety and operations. It will be designed according to NFPA, EWURA, OSHA, and NEMC guidelines. Firefighting systems will include foam monitors, hydrants, and automatic alarms.

Chapter Three

Project Financials

3.1 Capital Investment Structure

The initial capital investment for the proposed storage facility project is structured to ensure sound financial planning and operational feasibility. AFS ENERGY LIMITED intends to initiate the development using a combination of equity capital and working capital sourced locally. This foundation allows the company to cover all pre-development costs, such as feasibility studies, site selection, licensing applications, legal documentation, and early-stage design and planning.

- **Equity Capital (local): USD 4,500,000** — This capital contribution reflects the shareholders' commitment and ownership stake in the venture. It will finance core administrative functions, early-stage consultations, and stakeholder engagements.
- **Working Capital: USD 500,000** — Dedicated to supporting the day-to-day operational needs of the business in the early phases, including staff recruitment, logistics planning, community engagement, and compliance assessments.

Together, the **total initial phase investment amounts to USD 5,000,000**, which is in line with the minimum capital threshold set by TIC for locally owned investment projects seeking incentives. This well-structured capital base reflects both financial readiness and institutional credibility, positioning GSM Energies to attract further strategic financing and partnerships in subsequent phases of the project.

3.2 Long-Term Investment Plan

To realize the full potential of this strategic energy infrastructure project, AFS ENERGY LIMITED has outlined a phased long-term investment roadmap. This approach ensures that capital expenditure is efficiently deployed in a way that mitigates risk while maximizing developmental impact and operational readiness. Each phase is designed to sequentially build upon the previous, ensuring that by project completion, the facility is fully equipped and compliant with both local and international standards.

Phase	Activity	Estimated Cost (USD)
Phase 1	Licensing, Feasibility, Land & Legal: This phase covers preliminary expenses including acquisition of land, environmental impact assessments (EIA), engineering design approvals, regulatory licensing with EWURA, OSHA, and NEMC, and initial legal documentation and planning.	150,000

Phase 2	Civil Works and Tanks Construction: This is the most capital-intensive phase, involving site preparation, civil engineering works such as concrete foundations, bund walls, pipeline corridors, and construction of petroleum storage tanks (to API 650 standard) and LPG bullet tanks (to ASME standard).	3,000,000
Phase 3	LPG & Petrochemical Equipment: This phase includes procurement and installation of LPG bottling lines, vapor recovery units, additive injection systems, petrochemical blending tanks, and safety instrumentation. The equipment will enable value-added services and expand our product offerings.	1,000,000
Phase 4	Automation, Security & Compliance: The final phase involves automation of pumping, blending, and monitoring systems using SCADA and PLC technology, installation of fire suppression and leak detection systems, surveillance cameras, perimeter fencing, and compliance audits for commissioning.	850,000

In total, the proposed long-term investment totals USD 5 million, structured to ensure that the facility will meet both current demand and future scalability needs. Each phase has been carefully costed and scheduled to align with the company's operational milestones and anticipated funding availability.

3.3 Revenue Streams

AFS ENERGY LIMITED anticipates multiple revenue streams from its storage and logistics operations, ensuring a diversified income model and financial sustainability of the facility. These streams will not only provide consistent cash flow but also position the company as a full-service provider in the oil and gas storage sector.

- Tank leasing to third-party OMCs and resellers: The facility will lease storage tanks to Oil Marketing Companies and fuel resellers who require bulk storage near the port and distribution hubs. This model ensures long-term lease agreements and recurring income.
- Throughput fees per litre for storage turnover: Every litre of product entering and leaving the tanks generates throughput charges, forming a steady income linked to volume activity. This stream scales with market demand and regional distribution dynamics.
- Sales of bottled LPG and blending services: Revenue will be generated through LPG bottling lines that cater to domestic and industrial consumers. Blending services for petrochemicals and additives will offer an additional high-margin product segment.

- Maintenance, calibration, and add-on technical services: Specialized services including tank cleaning, metering calibration, degassing, and safety system audits will be offered to internal and third-party clients. These services are essential for compliance and reliability, creating another niche revenue avenue.

3.4 Financial Viability

The financial outlook of the project is promising, supported by conservative yet realistic assumptions based on industry benchmarks and market research.

- Estimated annual revenue in year 1: USD 600,000 — This is derived from a combination of tank leasing contracts, initial LPG sales, and limited throughput services during ramp-up.
- Estimated annual growth: 15% YoY for 5 years — Driven by expanding demand, increased capacity utilization, and the onboarding of more clients.
- Break-even projected in Year 3 — With controlled operational expenditure and phased scaling, the company expects to reach its break-even point by the third year of operations.
- Net Profit Margin target: 20% by Year 4 — As the client base grows and fixed costs are absorbed over larger volumes, the business expects strong profitability and operational leverage.

Chapter Four

Economic and Social Impact

4.1 Employment Creation

The project will directly hire skilled and unskilled labor across key operational departments including engineering, plant operations, health and safety (HSE), quality assurance, and administrative support. These roles will offer meaningful employment to Tanzanians with varying levels of expertise, from technicians and logistics operators to managerial and executive positions. The company is committed to supporting local communities by prioritizing the hiring of individuals from neighboring districts where possible.

Additionally, AFS ENERGY LIMITED will implement a structured hiring policy to promote diversity and inclusiveness in the workforce. At least 35% of positions will be allocated to women, with dedicated efforts to increase female representation in technical and supervisory roles through targeted recruitment campaigns and training programs. By the end of the first year of operations, it is projected that over 270 individuals (direct and indirect) will have benefited from employment opportunities generated by the project.

4.2 Skills Development and Capacity Building

We will engage local training institutions such as VETA, DIT, and other accredited technical colleges to source, train, and upskill interns, junior technicians, and entry-level engineers. GSM Energies will also offer on-the-job training programs and certification workshops for operational staff, ensuring they are aligned with international petroleum handling standards. A staff development fund will be established to sponsor key personnel for external training, safety certifications, and specialized courses in SCADA operations, hazardous materials handling, and emergency response.

Our long-term goal is to build a competent local workforce capable of sustaining high-efficiency operations with minimal reliance on expatriate expertise. This commitment will also contribute to national goals of industrialization and human capital development.

4.3 Local Procurement

Wherever feasible, the company will prioritize sourcing building materials, spare parts, safety equipment, fuels, and general supplies from local Tanzanian SMEs, contractors, and vendors. We aim to allocate at least 60% of our procurement budget to domestic suppliers. By working closely with regional chambers of commerce and supplier directories, GSM Energies will ensure that local businesses are well-informed about procurement opportunities.

In addition to enhancing the local value chain, this approach will reduce logistical costs, promote entrepreneurship, and build long-term partnerships that empower local economies. We will also include contract clauses that incentivize suppliers to hire local labor and meet quality and sustainability standards.

4.4 Government Revenue Contribution

The facility will generate both direct and indirect revenue for the government through various taxes, levies, and compliance fees, in line with Tanzanian laws and fiscal policies. These contributions will include:

- **VAT and Excise Taxes:** Applied on all taxable goods and services procured or sold by the company.
- **Skills Development Levy (SDL):** Mandatory contribution to support national vocational training initiatives.
- **PAYE on staff salaries:** Collected from all salaried employees, boosting national income tax collections.
- **EWURA regulatory fees:** Paid for licenses, inspections, and quality assurance services rendered by the Energy and Water Utilities Regulatory Authority.
- **Corporate Tax on profits:** Paid annually as per Tanzania Revenue Authority regulations.

These contributions are expected to grow progressively as the business scales and expands its storage and service capacity across Tanzania and the East African region.

4.5 Risks and mitigations

As with any large-scale infrastructure project, the proposed storage facility is subject to various operational, regulatory, financial, and environmental risks. AFS ENERGY LIMITED has proactively identified key risks and developed robust mitigation strategies to ensure business continuity, safety, and regulatory compliance.

The recent development agenda in the country has brought industrial development back as one of the country's policy priorities. Policy makers have made it a point to lead the process of transforming the country's economy from low productivity and low growth to high productivity and dynamic economy, associated with structural change and sustained income growth.

Currently the domestic value addition is limited by the dependence of imported intermediate goods, signifying limited inter-industry linkages that are important for promoting domestic manufacturing base and employment. Various technological, financial, policy, and administrative constraints remain unresolved and therefore, limiting faster industrial growth and transformation.

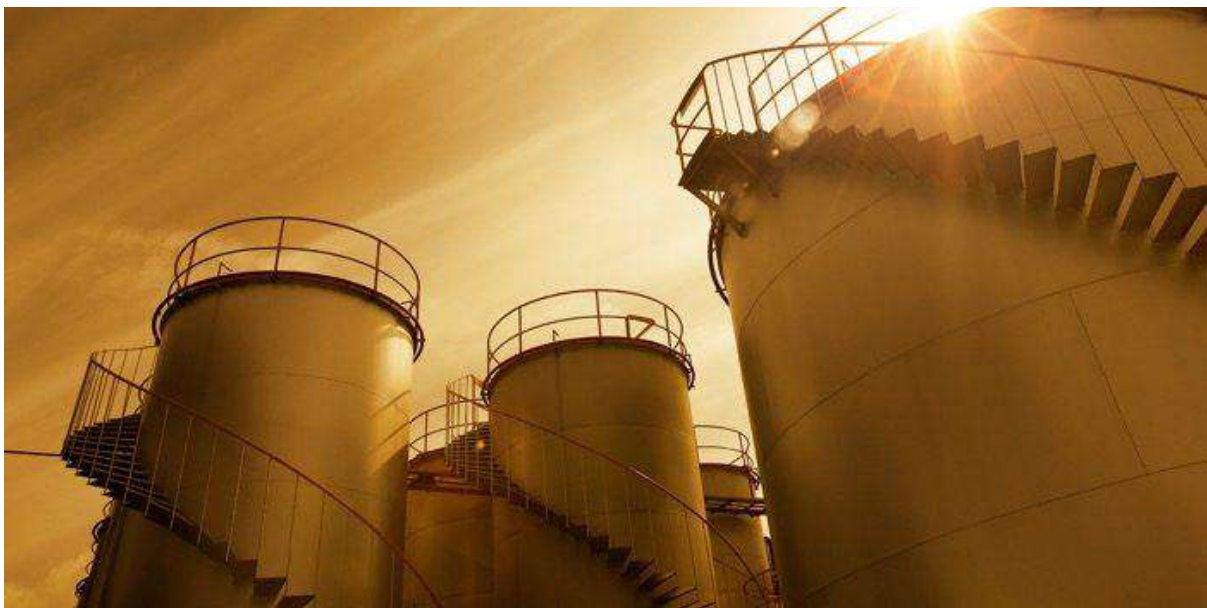
Risk	Mitigation Strategy
Regulatory Delays	Early engagement with relevant government agencies such as TIC, EWURA, OSHA, NEMC, and municipal authorities to secure approvals ahead of schedule. Employ a regulatory compliance team to monitor timelines and document requirements.
Environmental Hazards	Conduct a comprehensive Environmental and Social Impact Assessment (ESIA) and implement a certified Environmental Management Plan. Install spill containment systems and fire suppression technology in all storage zones.
Safety and Health Incidents	Invest in ongoing training of all personnel in HSE protocols. Implement best-in-class health and safety practices and obtain third-party safety audits to ensure compliance with international safety standards.
Supply Chain Disruptions	Establish strategic partnerships with multiple suppliers for construction materials, equipment, and spare parts. Maintain buffer stocks for essential items to reduce downtime during supply interruptions.
Financial Shortfalls	Maintain a phased investment plan and secure lines of credit from local financial institutions to bridge any funding gaps. Ensure transparent budgeting and establish internal controls on all capital expenditures.

4.6 SWOT Analysis

A comprehensive SWOT analysis highlights the strategic position of AFS ENERGY LIMITED and offers insight into internal competencies and external conditions affecting the proposed investment.

Strengths	Weaknesses
Strong brand presence and market recognition in Tanzania's petroleum sector.	Capital-intensive nature of infrastructure development may limit immediate scalability.
Existing business relationships with major fuel distributors and government clients.	Dependence on timely regulatory approvals for construction and operation.
Strategic project location in Dar es Salaam, close to port and distribution networks.	Initial reliance on limited equity and working capital in early stages.
Highly experienced management team with technical, financial, and regulatory expertise.	Relatively low public awareness of GSM Energies' shift into infrastructure operations.

Opportunities	Threats
Increasing demand for petroleum storage due to economic and industrial growth.	Market competition from existing storage and logistics providers.
Government incentives and national industrialization agenda supporting energy infrastructure.	Fluctuations in global fuel prices impacting operational margins.
Potential to expand services regionally to other East African markets.	Policy or tax changes affecting profitability or operating procedures.
Integration with future pipeline infrastructure to scale throughput efficiency.	Environmental incidents or safety violations that could damage reputation.



Chapter Five

Project Implementation Plan

5.1 Implementation Timeline

The implementation timeline has been carefully structured to guide the project from conceptualization to full operational readiness. It spans feasibility analysis, regulatory clearances, site development, procurement and installation of equipment, and final commissioning. This timeline ensures adequate time for quality assurance and risk mitigation at every phase.

Activity	Timeline
Feasibility Study & Approvals	Q3 2025
Land Acquisition & EIA	Q4 2025
Civil Works & Tank Construction	Q1–Q4 2026
Equipment Installation	Q3 2026
Commissioning & Operations	Q1 2027

Each stage is interconnected, allowing for iterative reviews and resource reallocation as needed. Regular milestone evaluations will be conducted to track progress and manage any deviations effectively.

5.2 Project Team and Partners

The success of this infrastructure project depends on leveraging expertise from both local and international stakeholders. AFS ENERGY LIMITED has carefully selected a multidisciplinary team of partners who bring a wealth of experience in petroleum infrastructure, compliance, engineering, and automation:

- Local Engineering Firm for Civil Works – responsible for geotechnical analysis, structural foundations, access roads, and utilities integration.
- EPC Contractor for Storage Tanks – accountable for turnkey delivery of API-standard petroleum tanks and ASME-certified LPG bullets.
- Environmental Consultant (NEMC registered) – will oversee all environmental assessments and ensure alignment with sustainability goals.
- Financial Partner (local bank) – to facilitate project financing and provide trade finance, letters of credit, and disbursement schedules.
- Automation System Vendor (international) – to supply SCADA control systems, tank gauging, electronic flow metering, and safety interlocks.

This integrated team approach ensures each aspect of the project is handled by specialists, reducing risk and increasing operational efficiency.

5.3 Risk Assessment and Mitigation

A risk management framework has been developed to identify, evaluate, and mitigate risks throughout the life cycle of the project. This approach follows ISO 31000 and industry-specific best practices to ensure the project's long-term sustainability and safety.

Risk	Mitigation Strategy
Regulatory delays	Proactive communication with government bodies, early application for permits, and assignment of a compliance officer.
Safety hazards	Recruitment of certified HSE officers, comprehensive staff training, and deployment of modern safety equipment and procedures.
Environmental damage	Full EIA followed by execution of mitigation strategies; installation of oil-water separators, fire suppression systems, and waste management protocols.
Cash flow delays	Financial planning with contingency margins, phased investment, and credit facilities with local banks.

This risk strategy is monitored continuously and revised as new operational data or external factors emerge, ensuring resilience and readiness throughout the implementation.

Chapter Six

Conclusion and Request

AFS ENERGY LIMITED seeks the support of the Tanzania Investment Centre through the issuance of a Certificate of Incentives for the development of its proposed petroleum and LPG storage facility. The project aligns with national development goals, will create numerous jobs, enhance energy security, and generate revenue for both public and private sectors.

We humbly submit this proposal for your favourable review and look forward to a collaborative partnership in bringing this project to fruition.