

GFM Services, Amzass collaborate to upgrade Bemban lay-bys in Melaka

By NST Business - September 20, 2021 @ 6:57pm



GFM Services Bhd (GFM) and Amzass (M) Sdn Bhd (Amzass) form a joint venture (JV) to collaborate and complete upgrade the northbound and southbound Bemban lay-bys in Melaka.

KUALA LUMPUR: GFM Services Bhd (GFM) and Amzass (M) Sdn Bhd (Amzass) have formed a joint venture (JV) to collaborate and complete upgrade the northbound and southbound Bemban lay-bys in Melaka.

In an exchange filing today, the integrated facilities management service provider said the upgrade would transform the lay-bys along the PLUS Malaysia Bhd's North-South Expressway into rest and service areas (RSA).

The Malaysian Highway Authority has given Amzass permission to upgrade the existing facilities at the Bemban lay-bys and build a petrol station on both sides of the proposed RSA.

The Bemban lay-bys are situated in Melaka, between the RSA of Ayer Keroh, Melaka and Pagoh, Johor.

This JV is according to the heads of agreement entered between the two parties for GFM to acquire up to 70 per cent-stake in Amzass, which the JV agreement will regulate.

GFM said the JV company (JVCo) would be incorporated, whereby the former will own a 40 per cent equity stake in the JVCo, while Amzass holds the remaining 60 per cent stake.

GFM and Amzass will also enter into an options agreement whereby GFM will have the right to exercise the call option to acquire an additional 30 per cent stake in the JVCo, bringing GFM's stake in the JVCo to 70 per cent.

GFM executive vice-chairman Ruslan Nordin said today marked an exciting milestone for the company to expand its concession assets portfolio to include a public RSA facility.

"This project has been on our radar and part of our strategic plans to accelerate the group's growth. We are pleased to partner with Amzass as we see a multitude of commercial benefits arising from this venture, enabling us to enlarge the group's scope of services and fortify our position in the concessions segment," he said in a statement today.

Currently, the Bemban lay-bys are equipped with basic facilities such as washrooms, surau and roadside food stalls.

"It is our ambition to develop the lay-bys into a modern and contemporary RSA featuring full facilities, to deliver an optimum experience to visitors. With a combined gross floor area of 20,000 sq m, the proposed two-storey RSAs will have a more extensive commercial space with various food and retail stalls, kiosks, outlets.

"Apart from having a food hall, we intend to bring in major convenience and food and beverage (F&B) chains and locally established restaurant brands to cater to a wide pool of travellers. We are confident that our initiatives will attract a large crowd to the RSA," he added.

GFM will also construct a petrol station on both sides of the Bemban RSA under the dealer-owned, dealer-operate (DODO) arrangement, where GFM will build, own and operate these petrol stations.

High-power electric vehicle (EV) charging stations will also be built, offering on-the-go convenience to drivers who want to recharge their EVs during their travels.

He said the RSA and petrol station construction is likely to commence in 2022 with an estimated capital expenditure of RM80 million, which will be funded by GFM's internally generated funds and bank borrowings.

As of June 30, 2021, GFM has cash balances of RM76.5 million.

"We expect the project to be completed and start contributing from 2023 onwards, barring any unforeseen circumstances.

"This venture is expected to broaden our recurring revenue streams from various sources, such as sales of F&B, sales surcharge, rental fees and utility charges from vendors and tenants, among others. In addition, once construction is completed, GFM will become the facility manager of the premises, further expanding our facilities management orderbook."

He said the design of the proposed RSA would also incorporate smart technology with green building characteristics.

"We will leverage on the expertise of our associate company, Tanand Technology Sdn Bhd, which is an Internet of Things (IoT) solutions provider.

"We have experience in providing total asset lifecycle solutions to greenfield development of public infrastructures that incorporate environmental social and governance elements to make the facilities carbon neutral.

"The PLUS North-South Expressway links major cities and towns in Western Peninsular Malaysia and is a significant mover of people and goods. The traffic volume has grown, with up to 550 million vehicles travelling on the highway in 2017.

"About 25,000 travellers visit the RSAs daily, translating to a total of more than 9 million visitors per year. As a result, the rest stops can become congested, especially during peak periods such as public holidays and festive seasons.

Ruslan said the addition of this RSA under the company's stability further reinforces its position as a premier facilities management group.

"It is in line with our strategy to source for value-accretive opportunities that complement our core business.

"This also provides a platform for us to pursue similar projects in the future. Looking ahead, we remain focused on strengthening our competitiveness as we endeavour to deliver superior returns to our shareholders and our customers.

Source:

<https://www.nst.com.my/business/2021/09/729056/gfm-services-amzass-collaborate-upgrade-bemban-lay-bys-melaka>