

GFM Services buys into contractor tasked with building Rest and Service Area along KL-Karak Expressway for RM9m

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KUALA LUMPUR (March 15): GFM Services Bhd is spending RM9 million to take over a company that has been awarded the rights to develop a Rest and Service Area (RSA) along the Kuala Lumpur-Karak Expressway.

The development rights were awarded on May 27 last year by the Malaysian Highway Authority, said GFM in a filing with Bursa Malaysia on Wednesday (March 15).

GFM, using internally generated funds, will be buying 100% interest in Atmajaya Arvino Sdn Bhd from Ahmad Nasri Abdul Gani.

The acquisition is meant to diversify its income base in synergy with its core business in integrated facilities management expertise, said GFM.

“The acquisition is also a move to deepen GFM’s presence in the highway RSA business and tap into growing demand for highway services in Malaysia.

“The Karak Highway is an essential transportation link between the East Coast and West Coast [of Peninsular Malaysia], and the RSA’s strategic location caters to the needs of both long-haul drivers and other road users,” it said.

“GFM wish to create a niche business of serving highway users, as part of the company’s mission in providing premium public offerings, realising that the ecosystem is underserved,” it added.

In the statement, GFM said the estimated development cost of the RSA is approximately RM40.0 million, which will be funded by internally generated funds.

As of end-2022, the group had cash balances of RM98.9 million.

GFM said the project, which is anticipated to commence in 2024 and will be completed in two years, will feature a one-stop complex with facilities and amenities, such as a food hall and restaurants, washrooms, prayer room, an agricultural retail hub (AgroBazaar) and two petrol stations.

GFM group managing director Ruslan Nordin said, “We have been exploring prospects in this sector, and are excited about the potential benefits it brings. This aligns with our aim of expanding the group’s portfolio and increasing our income streams.”

The RSA is situated at kilometre 68.7, where motorists from both the East Coast Expressway and Karak-Tampin Highway will pass through en route to Kuala Lumpur, said GFM.

Based on a traffic study, the group said, traffic volume in 2023 is projected to be 10.4 million vehicles per year, and it is expected to grow in the years ahead.

“Considering the RSA’s strategic location and high traffic volume, GFM is confident that this project is an attractive investment opportunity for it to expand its presence in the highway RSA business.

“The RSA will provide GFM with multiple recurring income streams from various sources, including retail rentals and operations of the petrol station. Leveraging the group’s facilities management expertise, GFM will become the facility manager of the premises upon completion, further adding to the group’s order book,” it said.

Shares in GFM closed unchanged at 18.5 sen on Wednesday, giving the group a market capitalisation of RM127.74 million.

Source:

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