

GFM Services To Develop Sungai Muda R&R Via RM23 Million Acquisition

By **Nurul Huda** - February 15, 2024

GFM Services Bhd has announced its plan to develop Sungai Muda Rest & Service Area (Sungai Muda R&R) via a proposed acquisition of 100%-stake in Era Gema Bina Sdn Bhd for RM23 million.

Era Gema has been awarded the rights by the Malaysian Highway Authority (LLM) to undertake the proposed development of an R&R on a 1.74 hectares land located at Sungai Muda, Penang.

Of the 1.74 hectares, 1.4 hectares are freehold land owned by Era Gema, and the remaining 0.34 hectares are from the existing lay-by known as 'R&R Sungai Muda (Northbound)', which will be upgraded and incorporated as an integrated development.

GFM also planned to become the facility manager of the premise upon completion of the R&R.

In a statement today (Feb 15), the integrated facilities management service provider said it had entered into share sale agreement for the proposed acquisition, which is expected to be completed by the end of 2024.

“The purchase consideration involves RM4.6 million upon execution of the agreement, with the balance RM18.4 million upon the completion of the proposed acquisition.

“The estimated land and development cost of the R&R is approximately RM78 million, which will be financed via a combination of GFM’s internal funds and through capital market fund raising, if required,” it added.

The group said the acquisition will enable the group to develop, operate and maintain the Sungai Muda R&R in Penang, situated along the northbound lane of the PLUS Malaysia Berhad (PLUS) North-South Expressway (NSE).

GFM group managing director Ruslan Nordin said this proposed acquisition represents a strategic move for the group to bolster its presence in the R&R business.

“We are excited to tap into this opportunity, as Era Gema has secured the initial approvals to develop the R&R. This significantly expedites our progress, allowing us to commence development earlier.”

He said the venture aligns with GFM’s vision to expand our portfolio and diversify income streams.

“Moreover, we are delighted to play a contributing role towards LLM’s initiative to further improve the Malaysia’s highway infrastructure and overall experience for travellers on the highway,” added Ruslan.

The upcoming R&R will be designed with a ‘Refresh, Relax, Rejuvenate, and Recharge’ placemaking concept featuring a range of amenities including ample parking space; a food hall and restaurants; Pekan Sehari – for local products kiosks; a prayer room; washrooms; and a petrol station.

It was designed with the aim is to create an attractive and unique pit-stop, providing various resting activities and a wide array of food choices for travellers.

The R&R is also strategically located approximately 5 kilometres from the Kepala Batas town centre, 15 kilometres from Butterworth, and 12 kilometres from Sungai Petani's town centre, along the Northbound side of the NSE.

Ruslan said with the anticipated growing number of vehicles travelling on the NSE, the R&R will provide an alternative option to relieve congestion at adjacent rest areas during peak period of public and festive holidays.

According to a traffic study, the daily traffic volume on the NSE that passes through this development is anticipated to be around 40,000 on weekdays and around 36,000 on weekends in 2026, with traffic volume projected to increase over 4% per year.

“The strategic location of the R&R, coupled with the growing traffic volume, make this project an attractive investment prospect for the group to deepen our presence in the highway sector.

“GFM will also benefit from multiple recurring income streams, including retail rentals, sales surcharge, and operations of the petrol station.

“Leveraging on our facilities management expertise, GFM will also become the facility manager of the premise upon completion, further replenishing our orderbook,” he added.

The development is slated to commence in 2025 and is expected to be completed within a two-year timeframe.