

GFM to buy highway rest and service area rights holder for RM23mil

By [S. BIRRUNTHA](#) - February 15, 2024 @ 8:00pm

KUALA LUMPUR: Integrated facilities management service provider GFM Services Bhd has entered into a share sale agreement to takeover Sg Muda, Penang North-South Expressway (NSE) rest and service area rights holder, Era Gema Bina Sdn Bhd, for RM23 million.

The acquisition will enable the company to develop, operate and maintain the Rest and Service Area (RSA) at Sungai Muda, Penang, situated along the Northbound lane of PLUS Malaysia Bhd's NSE.

The proposed acquisition is expected to be completed by the end of 2024.

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

Of the 1.74 hectares, 1.40 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 group managing director Ruslan Nordin said this proposed acquisition represents a strategic move for the company to bolster its presence in the RSA business, a sector which GFM has been actively exploring due to its significant growth potential.

"We are excited to tap into this opportunity, as Era Gema has secured the initial approvals to develop the RSA.

"This significantly expedites our progress, allowing us to commence development earlier," he said in a statement today.

Ruslan added that this venture aligns with GFM's vision to expand its portfolio and diversify income streams.

Moreover, he said the company is happy 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.

With the anticipated growing number of vehicles travelling on the NSE, the proposed Sungai Muda RSA is expected to provide an alternative option to relieve congestion at adjacent rest areas during peak period of public and festive holidays.

"The strategic location of the RSA, coupled with the growing traffic volume, make this project an attractive investment prospect for the company to deepen our presence in the highway RSA 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," Ruslan said.

According to GFM, the estimated land and development cost of the RSA is approximately RM78.0 million, which will be financed via a combination of the company's internal funds, and/or through capital market fund raising, if required.

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