Press Release 12 September 2022

Maybank to move its head office to Menara Merdeka 118

- *Relocation anticipated to be in first quarter of 2025*

Maybank today announced that it will move its corporate head office from Menara Maybank in Jalan Tun Perak, Kuala Lumpur to Menara Merdeka 118. This follows a signing ceremony between Maybank and Permodalan Nasional Berhad (PNB) for a tenancy agreement of an initial term of three years and renewal for a further six terms of three years per term, which overall totals 21 years, in the second tallest building in the world and the tallest in Southeast Asia.

Group President and CEO of Maybank, Dato' Khairussaleh Ramli said the strategic decision to relocate its head office was made following careful and robust deliberations of its future operational requirements. Key considerations included workspace requirements that support the new normal and fulfil the Bank's sustainability ambitions.

"As we progressively embrace hybrid work arrangements and virtual office setups, we consciously want to occupy optimal workspaces in buildings that are supported by modern technology infrastructure and environmentally progressive, in line with new global standards of sustainability in buildings. These considerations are critical to our leadership ambitions in the area of digitalisation and sustainability and fits into our desire to promote good practices in every aspect of our operations," he said.

He added that Menara Merdeka 118 was the best fit for these considerations, especially given its MSC status and aspirations to achieve Platinum Sustainability standards. This globally recognised state-of-the-art building was also chosen as it is befitting of Maybank's global brand position and aligned to its aspiration of further strengthening its regional and global leadership. This building is owned by PNB's wholly-owned subsidiary PNB Merdeka Ventures Sdn Bhd.

PNB President and Group Chief Executive, Ahmad Zulqarnain Onn said that upon the completion of Menara Merdeka 118, it will set a new industry benchmark as the first building in Malaysia targeting to achieve triple green platinum certifications in Leadership in Energy and Environmental Design (LEED), Green Building Index (GBI) and Green Real Estate (GreenRE).

"With the triple green platinum certifications, Menara Merdeka 118 will be the foremost green building in Malaysia and the industry leader in sustainability in design, architecture and build. Our history as an independent nation began here. Merdeka 118 will honour our history by integrating culture, history, community and business in and around the precinct."

"PNB is delighted to welcome Maybank as the anchor tenant to Menara Merdeka 118, which will be Kuala Lumpur's newest global landmark. Having an established and proudly homegrown brand such as Maybank on board is an important addition in complementing Menara Merdeka 118's vision to be a truly Malaysian icon in the heart of KL," he said.

Dato' Khairussaleh said that as part of the evaluation for a new head office that began in 2019, the Bank considered several options including refurbishing the 35-year old Menara Maybank, constructing a brand new head office or renting office space from a new building that already met its future operational requirements.

"We considered the cost-benefit of upgrading Menara Maybank to meet among others operational and efficiency advantages, and the latest standards of sustainability. To do so would incur significant investments, not to mention the maintenance costs and the need to temporarily relocate our offices and employees into various locations within the Klang Valley. In addition, there would be various operational risks and business disruption to our customers."

Since Maybank is not in the business of property development, the Bank saw it prudent to pursue the tenancy option while evaluating the best options for its current head office, Menara Maybank, which it owns and will become largely vacant with the move to Menara Merdeka 118. As a result, both parties have entered into a lease agreement for a period of 10 years on a triple net basis for Menara Maybank, concurrently with the tenancy agreement for Menara Merdeka 118.

The agreements were signed today by PNB's Ahmad Zulqarnain and Maybank's Dato' Khairussaleh. Also present at the signing ceremony were the Group Chairman of PNB Tun Arifin Zakaria and Chairman of Maybank Tan Sri Dato' Sri Zamzamzairani Mohd Isa.

As the anchor tenant of Menara Merdeka 118, Maybank has been offered naming and signage rights over the building, which will enhance its brand visibility on one of the tallest buildings in the world. Maybank will occupy 33 floors and is expected to house some 5,900 employees in this new building, which will be accessible by a dedicated entrance for the convenience of employees, customers and visitors. All existing offices within Menara Maybank will relocate to the new building on a staggered basis starting first quarter of 2025. The KL Main Branch in Menara Maybank, however, will remain and there will be no impact to customers who have accounts in this branch.

Also relocating to Menara Merdeka 118 are selected Maybank subsidiaries currently based in Dataran Maybank including Maybank Islamic, Maybank Investment Bank and Maybank Asset Management. Maybank's total occupancy of 650,000 square feet at Menara Merdeka 118 will be less than its current net lettable area of 1.09 million square feet at Menara Maybank, in line with the Bank's strategy to use workspace optimally and smartly while incorporating social distancing measures among other SOPs, given its adoption of new age work practices of remote working. Maybank staff will also have access to shared amenities within this building and easy access to surrounding public transportation, which were key deliberations for the Bank in supporting its staff welfare and wellbeing.

The lease agreement for Menara Maybank will commence in the last quarter of 2025. Under the triple net basis agreement, PNB will be the master lessor of Menara Maybank and bear all expenses related to the building including maintenance, insurance and taxes. This lease agreement allows Maybank to realise rental income while deferring the disposal of Menara Maybank to a later date when the real estate market recovers further, allowing the Bank to maximise the value of this building.

As a company with reputable real estate management capabilities, PNB will leverage its expertise to manage Menara Maybank as well as source for new tenants, ensuring the building continues to generate revenue after the relocation of Maybank's operations. Additionally, the agreement includes an option to sell Menara Maybank should it add value to both parties.

Ahmad Zulqarnain said the leasing agreement was an integral part of the tenancy agreement of Menara Merdeka 118.

“The leasing of Menara Maybank is a win-win solution for both parties. Maybank is able to transition from an owner-occupied property and relocate to Merdeka 118 while PNB will be asset managing Menara Maybank as part of its domestic core property portfolio, currently totaling 40 assets in Malaysia and 13 assets internationally.”

Dato’ Khairussaleh said that Maybank completed this combined transaction of the tenancy and lease agreements on commercial terms that are fair and reasonable as well as mutually beneficial to both Maybank and PNB.

“Maybank’s evaluation not only consisted of rigorous internal assessments, reviews and deliberations, which were taken to the highest levels namely the Audit Committee of the Board (ACB) and the Board itself, but also included the views from two independent international property valuers namely Savills and Knight Frank. Although the listing requirements did not require us to appoint independent valuers, the ACB and Board nevertheless sought the views of two independent valuers to guide them in their decision-making in line with good governance practices and to safeguard the interest of minority shareholders.”

Maybank will pay an initial monthly gross rent of RM10.60 per square foot (psf) for the first six years, with subsequent adjustments for inflationary costs. The translates to an effective rental rate of RM8.92 psf, which is lower than the gross rent and within the fair market rates of RM8.48 psf and RM8.93 psf as assessed by the independent valuers. The net effective rental rate is commonly used as a measure of expected income from a tenant.

For now, Maybank’s current head office remains at Menara Maybank in Jalan Tun Perak with no change to its operations and services. The Bank will make the appropriate announcements to all its stakeholders with the relevant details of the move closer to the relocation date in 2025.

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