Malaysia as a Regional Digital Economy Gateway

February 2026

Connecting Digital Investments and Real Estate: Malaysia's Competitive Advantage

A Collaboration between Knight Frank Malaysia and Malaysia Digital Economy Corporation (MDEC)

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Malaysia's Competitive Advantage

KEY HIGHLIGHTS IN THIS REPORT

Malaysia is positioning itself as a leading destination for digital foreign direct investment (FDI), building on its status as one of Southeast Asia's fastest-growing digital economies. Despite the recent moderation in global FDI flows, digital-related investments have remained among the most resilient segments. Malaysia has emerged as a key beneficiary of this trend, supported by strong regional connectivity, a mature infrastructure base, and a pro-investment policy environment.

This whitepaper examines global and regional digital investment trends and situates Malaysia within the broader Southeast Asian context. It analyses how digital investments are materialising across locations and property types, with particular focus on the introduction of the Malaysia Digital Location Recognition (MDLR) framework and the role of MD Nexus in providing clearer, building-level reference points for digitally enabled business premises.

Malaysia ranks second among developing economies for digital FDI, after India

- Global digital greenfield investments reached USD 360 billion in 2024, with Malaysia emerging as the second-largest developing economy recipient after India (UNCTAD World Investment Report 2025).
- Between 2H 2022 and 2H 2025, Malaysia Digital (MD) companies secured RM342.58 billion in approved investments, reflecting Malaysia's growing role in regional digital investments.

Foreign investments account for 67.7% of Malaysia's approved digital investments

- Foreign investments contributed approximately RM 231.91 billion, representing the majority of approved digital investments.
- Investment commitments are concentrated in infrastructure-led segments, particularly hyperscale data centres.

Data Centres & Cloud account for 74.6% of digital investments (RM255.51 Bil), followed by 7.6% or RM26.16 Bil in Global Business Services (GBS) / Knowledge Process Outsourcing (KPO)

- Data Centres & Cloud represent the largest share of digital investments, largely driven by foreign investors.
- GBS/KPO remains a key contributor, maintaining its established presence within Malaysia's digital investment landscape.

Digital Investments are projected to generate 114,854 jobs, of which 97% are knowledge workers

- Employment within digital activities is largely led by knowledge workers, who typically place greater emphasis on workplace quality, digital readiness, and operating standards.
- This reinforces the relevance of a clearer framework, as reflected under the newly introduced Malaysia Digital Location Recognition (MDLR), which provides reference points for business environments associated with digitally intensive activities.

95% of digital investments are concentrated in Klang Valley, Johor, and Penang

- Klang Valley remains the focal point of digital investments, accounting for approximately 75% of total investment and hosting the most diversified mix of digital activities, spanning Data Centres & Cloud, GBS/KPO, AI, and fintech.
- Johor and Penang play complementary roles, with Johor driven by large-scale data centre developments, while Penang is more closely linked to semiconductor-related digital activities.

Approximately 55% of foreign MD companies operate from purpose-built offices

- These occupiers are primarily located in purpose-built office buildings as well as office components within commercial complex.
- This indicates the importance of office premises within the current operating footprint of foreign digital companies.

Only 13% of firms operate from MD-certified premises; 15% from green-certified buildings

- This points to a gap between digital economy activity and the availability of certified business premises.
- The gap underscores the relevance of clearer, building-level benchmarks under MD Nexus in framing digitally enabled business environments.

MDLR introduces a new framework, with MD Nexus simplifying the performance standard of digital readiness at building-level

- MDLR brings greater clarity to how digital readiness and operational governance are assessed across locations and buildings through MD Hub, MD Nexus and MD Tech Zone.
- Within this framework, MD Nexus provides clearer reference points to support investors' and occupiers' evaluation of business premises and operating environments.

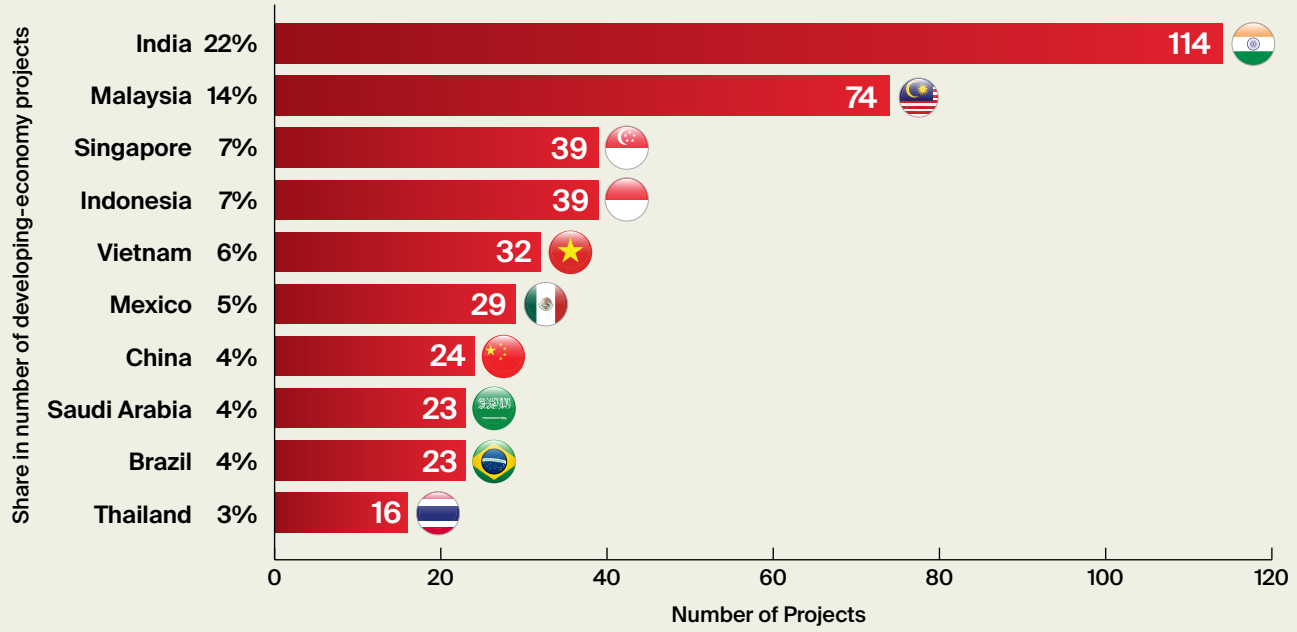
GLOBAL DIGITAL ECONOMY LANDSCAPE

Digital investments are no longer optional but a strategic imperative, fuelled by advances in cloud computing, artificial intelligence, and 5G that have redefined the way businesses compete and innovate. The COVID-19 pandemic accelerated this transformation, compressing years of digital adoption into months, and turning what began as a crisis response into a sustained cycle of technology-driven investment.

According to the World Investment Report 2025, this trend has translated into robust capital flows globally: greenfield digital investments almost tripled from USD 131 billion in 2020 to USD 360 billion in 2024, accounting for nearly a third of total greenfield projects.

The report highlights that FDI in digital projects is highly concentrated among developing economies, with **approximately 76% of digital greenfield investment directed to just 10 countries, with Malaysia emerging as the second-largest recipient after India.** These dynamics underscore that digital infrastructure, services, and solutions are not merely technological upgrades, but critical catalysts for competitiveness, resilience, and long-term economic growth.

Top developing economies by project announcements in digital economy sectors, number of projects and percentage, 2020-2024



Source: World Investment Report 2025, UNCTAD

REGIONAL COMPETITIVENESS: MALAYSIA WITHIN SOUTHEAST ASIA

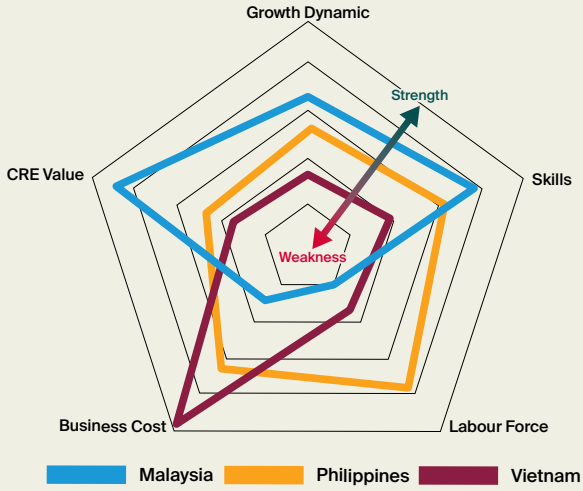
Malaysia continues to distinguish itself within Southeast Asia as a competitive destination for digital and global business services investment. Regional benchmarking points to a combination of infrastructure readiness, service depth, and market maturity that compares favourably with regional peers.

Knight Frank Asia Pacific's Offshoring Location Composite 2025 underscores Malaysia's balanced and resilient performance across key competitiveness indicators. While the Philippines leads in labour force scale and Vietnam offers lower entry-cost conditions, Malaysia stands out for its strengths in talent quality, commercial real estate value, and market growth dynamics. These attributes reflect a mature ecosystem capable of supporting both scalable operations and higher-value services.

This positioning builds on earlier findings from Knight Frank Asia Pacific's Offshoring Location Composite 2024, which identified Malaysia as an emerging global business services destination alongside the Philippines, Vietnam, and India, supported by its multilingual workforce and competitive premises market.

Collectively, these factors reinforce Malaysia's position as one of Southeast Asia's most investment-ready digital destinations.

Knight Frank: Offshoring Location Composite 2025



Source: Knight Frank Research

DIGITAL INVESTMENTS IN MALAYSIA

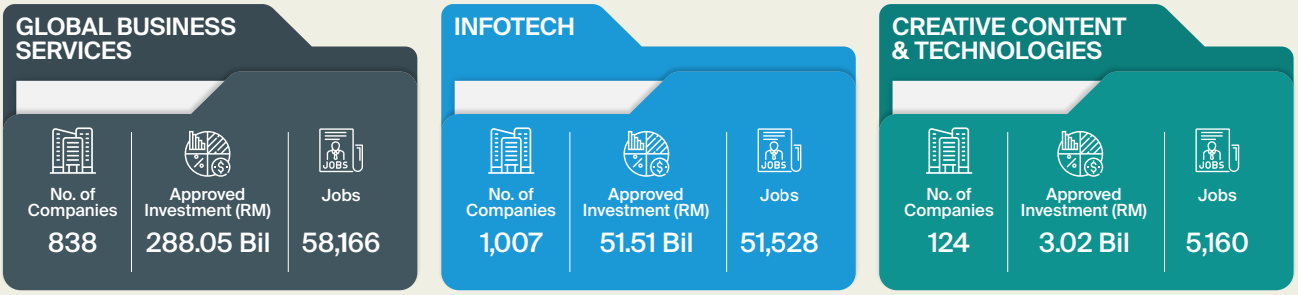
Against this global backdrop, Malaysia's digital investment trajectory reflects its growing competitiveness as a leading destination for digital FDI.

Malaysia continues to position itself as a leading destination for digital investment, attracting RM 342.58 billion in approved projects between 2H 2022 and 2H 2025 through 1,969 Malaysia Digital (MD) status companies. Foreign investments accounted for 67.7% (RM 231.91 billion) of this total, reflecting Malaysia's ongoing integration into global digital value chains, while local investments contributed 32.3%, underscoring the rise of domestic players in the ecosystem.

The Global Business Services (GBS) cluster dominates, with RM 288.05 billion in approved investments, representing 84.1% of the total. This segment is heavily foreign-driven, consistent with Malaysia's role as a regional hub for shared services and outsourcing. By contrast, investments in the Information Technology (Infotech) cluster amounted to RM 51.51 billion, while the Creative Content & Technologies cluster accounted for RM 3.02 billion, both of which are largely led by domestic firms.

This profile highlights two key dynamics: foreign investors are driving Malaysia's positioning in GBS and large-scale digital services, while local firms are increasingly active in infotech and creative industries, adding diversity to the ecosystem. Together, they reflect a digital economy that is both globally integrated and domestically vibrant, providing a strong base for long-term growth.

Approved MD Status companies, breakdown by cluster, 2H 2022 – 2H 2025



Source: MDEC

Note:

- Global Business Services (GBS) refers to companies that manage centralised and integrated service delivery models that encompass shared services, knowledge-based and business process outsourcing services, and centres of excellence for multiple business units located in geographically dispersed locations.
- Information Technology (InfoTech) refers to companies involved in the design, development, implementation and technical services of any computing-based information systems. For example, businesses in software analytics, development, systems integration, artificial intelligence, Internet of Things (IoT), and data analytics.
- Digital Creative Content (DCC) companies are engaged in the creation, delivery and enhancement of digital content. This includes the use of creative technologies for the development, production and distribution of digital content, and complementary tools, products, services and platforms. For example, companies in broadcasting, content distribution, game development, animation, interactive comics and edutainment content.

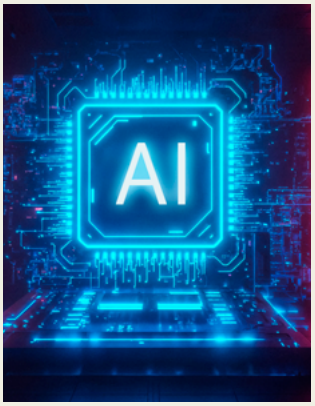
Primary Drivers of Digital Investments

The Malaysia Digital framework recognises 20 approved activities across three clusters. These activities form the foundation for how digital investments are classified and benchmarked, ranging from frontier technologies such as AI, blockchain, and autonomous systems, to critical enablers like data centres, cybersecurity, and network architecture.

Among these activities, four key digital activities (each recording more than RM10 billion) stand out as the primary drivers of Malaysia's digital investment landscape:

Data Centre & Cloud

Global Business Services (GBS) and Knowledge Process Outsourcing (KPO)



Artificial Intelligence (AI)

Financial Technology

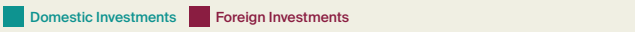
Data Centre & Cloud

Backed by RM 255.51 billion in approved investments across 349 companies, this segment forms the backbone of Malaysia's digital infrastructure. Investment is predominantly foreign-led, driven by hyperscale campus developments in Johor and Klang Valley, while local firms participate more actively in cloud service provision.

The segment comprises both the development of physical data centre facilities — housing servers and computing hardware — and cloud services such as Infrastructure as a Service (IaaS), Software as a Service (SaaS), and Platform as a Service (PaaS).

Foreign commitments are concentrated in large-scale campuses, while local firms are building capabilities in related services. Though job creation is modest, spillovers into construction, engineering, and utilities reinforce its role as a foundational enabler for the wider economy.

RM 255.51 Bil	349	11,978
Approved Investments	MD Companies	Jobs



Notable Key Players > • ByteDance • STACK Infrastructure • Aolani Cloud

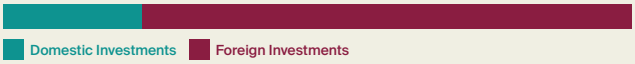
Source: MDEC

Global Business Services (GBS) or Knowledge Process Outsourcing (KPO)

With RM 26.16 billion in approved investments across 337 companies, GBS/KPO remains one of Malaysia's most competitive clusters. It is supported by the country's multilingual workforce, cost advantages, and established track record as a regional hub for outsourcing and shared services. This segment is also the largest job generator among digital activities, reflecting the sustained strength of service-led growth.

Foreign investors contributed RM 20.39 billion of total approvals, largely from multinational corporations consolidating regional hubs. Local firms, meanwhile, accounted for RM 5.77 billion, reflecting the rise of homegrown service providers that complement global operations.

RM26.16 Bil	337	39,428
Approved Investments	MD Companies	Jobs



Notable Key Players > • Sea • Allianz Technology

Source: MDEC

Artificial Intelligence (AI)

Artificial Intelligence is rapidly emerging as a growth frontier, attracting RM 18.19 billion in approved investments across 421 companies. Unlike infrastructure-heavy clusters, AI is knowledge-intensive, driving adoption of data analytics, automation, and innovation-led solutions across industries. The segment is characterised by a strong pipeline of high-skilled roles, underscoring Malaysia's transition towards value-added digital activities.

Foreign investors contributed RM 6.84 billion, while local firms committed RM 11.35 billion. This indicates that Malaysia's AI ecosystem is still domestically led, with local startups and enterprises spearheading adoption.

RM 18.19 Bil	421	22,068
Approved Investments	MD Companies	Jobs

Notable Key Players > • Gobuilders Netsoft • Collektr • Eduplay

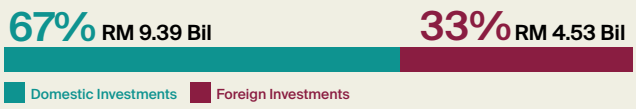
Source: MDEC

Financial Technology

Fintech has recorded RM 13.92 billion in approved investments, driven by activities in digital payments, lending platforms, compliance technologies, and blockchain-enabled services. Unlike data centres, this cluster features strong domestic participation, supported by a clear regulatory framework under Bank Negara Malaysia.

Foreign firms accounted for RM 4.53 billion, while local players contributed RM 9.39 billion, underscoring that fintech growth is domestically anchored, shaped by Malaysia's financial ecosystem.

RM 13.92 Bil	135	8,641
Approved Investments	MD Companies	Jobs



Notable Key Players > • TNG Digital • Ryt Bank • AIA Digital+ • Shoraka Suyula Platform

Source: MDEC

Companies are required to submit applications for the award of MD Status through the MD Application System, which includes the provision of data on projected financial performance for the next five years, among others. Each application for the award of MD Status will be assessed by MDEC and thereafter presented to an approval committee comprising representatives from the Government for deliberation, consideration and decision. The above data represents the aggregated figures from companies that were awarded the Malaysia Digital Status for the reporting period ("Approved MD Status Companies").

Mapping Malaysia's Digital Investment Blueprint

Geographical and Cluster Distribution of Digital Investments

With RM 342.58 billion in digital investments approved for 1,969 MD companies between 2H 2022 and 2H 2025, it is estimated that 114,854 jobs will be created. With Malaysia's digital economy scaling rapidly, the growth is expected to reshape the built environment. The next section highlights the premises occupied by digital investors — offering insight into where opportunities are emerging for investors.

Distribution of Digital Investments in Malaysia (2H 2022 – 2H 2025)

Sources: Malaysia Digital Economy Corporation (MDEC), Knight Frank Malaysia Research
Note: The geographical and cluster distribution is analysed based on the registered addresses of MDEC-certified companies and does not necessarily reflect their actual operational locations.

Digital investment in Malaysia is highly concentrated in three areas — Klang Valley, Johor, and Penang — which together account for 95% of total approved MD companies between July 2022 and December 2025. Each has developed a distinct cluster profile, shaped by the local ecosystem strengths.

Klang Valley

Klang Valley has attracted the most diversified mix, spanning data centres and cloud services, GBS and KPO, Artificial Intelligence, and fintech. This points to a maturing ecosystem, where infrastructure development is complemented by ancillary services such as SaaS, PaaS, and AI-driven solutions. Much of this service-led segment is driven by local firms, highlighting the rise of domestic champions alongside foreign-led infrastructure projects.

Klang Valley
RM 256.63 Bil
Approved Investments

1,656
MD Companies

101,746
Jobs

Top Digital Investments

Data Centre & Cloud	RM 176.98 Bil
GBS/KPO	RM 24.44 Bil
Artificial Intelligence	RM 16.62 Bil
Fintech	RM 13.74 Bil

Penang

Penang has positioned itself as Malaysia's digital–manufacturing integration hub. Investments are focused on data centres, cloud services, and integrated circuit (IC) design, reinforcing its role in the semiconductor and electronics ecosystem. Unlike Klang Valley and Johor, Penang's DC and cloud commitments are entirely services-driven, with no facility construction. Here, local firms are strong in IC design while foreign players contribute to digital infrastructure, creating a balanced, solutions-oriented ecosystem.

Penang
RM 41.33 Bil
Approved Investments

117
MD Companies

6,042
Jobs

Top Digital Investments

Data Centre & Cloud	RM 38.1 Bil
IC Design	RM 1.1 Bil
GBS/KPO	RM 0.8 Bil

Johor

Johor has emerged as Malaysia's hyperscale infrastructure and AI hub, supported by land availability, power capacity, and proximity to Singapore. The state has attracted strong commitments in data centres, cloud, and AI. These projects are largely foreign led hyperscale deployments, reinforcing Johor's role as a regional campus destination. Alongside this, growing activity in AI and GBS is beginning to add depth to the state's digital ecosystem, supported by spillover opportunities for local supply chains in construction, engineering, and utilities.

Johor
RM 42.73 Bil
Approved Investments

91
MD Companies

3,996
Jobs

Top Digital Investments

Data Centre & Cloud	RM 40.3 Bil
Artificial Intelligence	RM 0.9 Bil
GBS/KPO	RM 0.5 Bil

Others

The remaining states account for only 5% of MD companies, with activity largely domestically led (86%). **Key areas include GBS, AI and advanced telecommunications, reflecting the exploration stage of digital activities beyond the core hubs.** Though smaller in scale compared to Klang Valley, Johor, and Penang, these states play a supporting role in enabling local firms to participate in national growth. They are best viewed as complementary markets, while large-scale foreign investments remain concentrated in the three primary clusters.

Other States

RM 1.89 Bil

Approved Investments

105
MD Companies

3,070
Jobs

Top Digital Investments

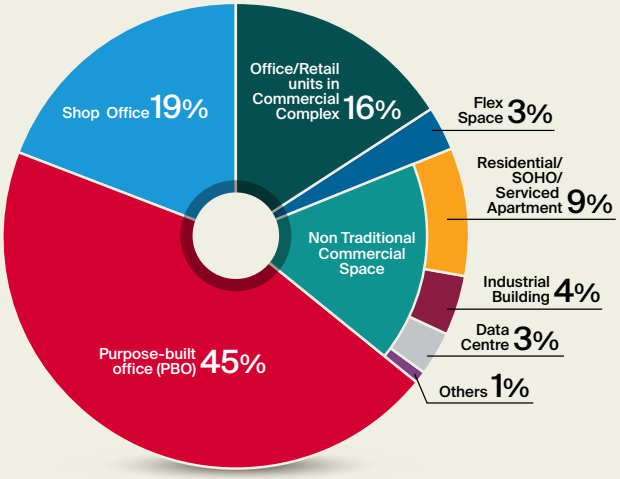
GBS/KPO	**RM 0.4 Bil**
Artificial Intelligence	**RM 0.3 Bil**
Big Data Analytics (BDA)	**RM 0.3 Bil**

Occupier and Type of Premises

Commercial space remains the main choice of business premises for digital investors in Malaysia. **The majority of companies operate from purpose-built office towers (PBOs) (45%)**, shop offices (19%), or office units in commercial complex (15%), reflecting the importance of Malaysia's office premises.

Only 17% are based in non-traditional commercial formats or other uses such as residential / shop office home office (SOHO) / serviced apartments (SA), office within industrial buildings, data centre or other mixed-use premises.

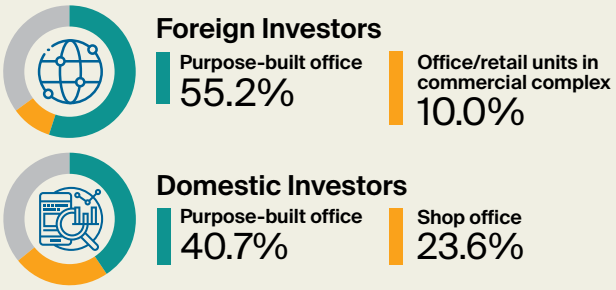
Type of Space Occupied by Digital Investor (2H 2022 - 1H 2025)



The maturity of digital activities plays a role in shaping premises preferences. Digital activities that have achieved greater commercial scale and regulatory integration, such as artificial intelligence, GBS/KPO, and fintech, tend to exhibit a stronger concentration in PBOs, underscoring the role of quality office environments as a key enabler of Malaysia's digital economy. By contrast, digital activities at earlier stages of market adoption, including but not limited to the Internet of Things (IoT), creative media technologies, and autonomous technologies, display more diverse premises usage, reflecting greater flexibility requirements and the role of adaptive formats in supporting experimentation and early-stage growth. Data centre investments stand apart as a distinct asset class, concentrated in dedicated facilities rather than offices. This spectrum of demand illustrates Malaysia's capacity to serve both established global-scale operations and fast-evolving digital verticals within the same ecosystem.

Premises preferences also reflect company maturity and entry strategy. **Foreign firms strongly favour PBOs (55%), reflecting a preference for purpose-built and compliant workplaces**, with smaller shares in shop offices, office units in commercial complex, and flex space. Local firms are more evenly spread: 41% in PBOs but with significantly higher use of shop offices, office units in commercial complex, residential or SOHO-type premises, and offices in industrial buildings. It is also observed that new foreign entrants typically start with flex space in PBOs, ensuring compliance and international standards while keeping commitments light. Local startups more often begin in shop offices or office within mixed-used developments, reflecting cost sensitivity before moving into PBOs as they scale.

Foreign vs Domestic Investors: Type of Space Most Commonly Occupied (2H 2022 - 1H 2025)



Only 13 % of firms are in MD-certified premises, and 15% in green-certified buildings, with just 10% in both. This reflects not only the greater flexibility allowed since the liberalisation of MD policy in 2022, but also supply constraints, as only 35% of PBO stock in Malaysia is currently MD-certified. Much of Malaysia's office stock was developed before ESG and tech-readiness standards became mainstream, meaning that certified options remain concentrated in a limited number of Grade A towers in key states, for instance green-certified building accounted for 21% of PBO stock in Klang Valley. Encouragingly, majority of the new office supply in Klang Valley, Johor, and Penang is increasingly designed to be tech-ready and ESG-aligned, signalling that certified and sustainable space will expand in the coming pipeline.

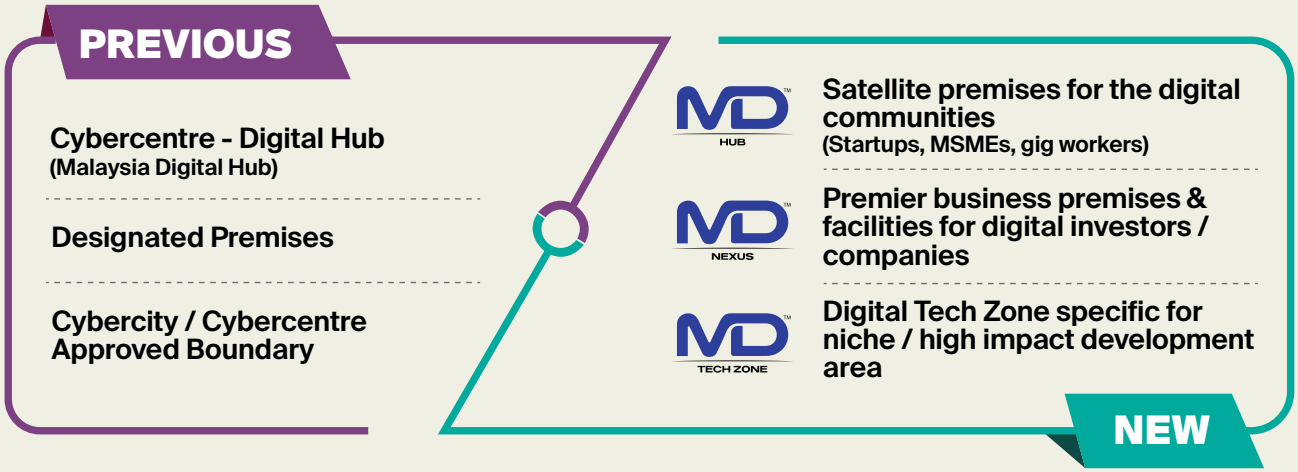
Malaysia's premises market demonstrates that the country is already equipped with premium commercial space capable of supporting digital investors. Grade A towers remain the anchor choice, meeting the compliance and operational standards sought by global firms, while flexible formats accommodate startups and scaling domestic players. The limited presence of MD-certified and green buildings reflects supply constraints rather than demand, with new office developments in Klang Valley, Johor, and Penang increasingly incorporating sustainability and digital-readiness features. As the digital economy grows, the real test will be how knowledge-worker jobs translate this foundation into expanding demand for certified, sustainable, and tech-enabled premises.

MALAYSIA DIGITAL LOCATION RECOGNITION (MDLR)

As Malaysia advances its digital economy agenda and positions itself as a regional digital gateway, the Malaysia Digital Economy Corporation (MDEC) has introduced the Malaysia Digital Location Recognition (MDLR) framework to ensure continuity and relevance of the nation's digital initiatives, with effect from 1 January 2026.

The transition to the MDLR framework aims to drive AI-enabled economic growth, refresh the MD brand with stronger, validated standards, and respond to industry demand for a more relevant and future-ready recognition model.

Transition of MD Cybercity/Cybercentre to Malaysia Digital Location Recognition (MDLR)



MDLR introduces a more structured approach to recognition by applying defined criteria at the location and asset level. The framework also responds to increasing demand from industry stakeholders to provide a supportive environment to support different user profiles and operational needs within Malaysia's digital economy, which takes into consideration on the operational requirements, infrastructure readiness, and compliance considerations which are critical to digital and knowledge-based activities.

Under the MDLR framework, recognition is structured across three categories (i.e. MD Hub, MD Nexus, and MD Tech Zone), with each serving distinct user groups within Malaysia's digital economy.

- **MD Hub:**
  Functions as a satellite premises, supporting broader digital communities such as startups, Micro, Small, and Medium Enterprises (MSMEs), and gig workers, typically through flexible or shared workspaces;
- **MD Nexus:**
  Applies to premier business premises, designed to meet the operational and compliance requirements of digital investors and established digital companies, such as office buildings;
- **MD Tech Zones:**
  Designated development areas, purpose-planned for niche or high-impact digital technology activities, for example business parks.

Based on the MDLR framework published by MDEC, recognition is awarded to applicants that meet defined qualifying criteria and comply with the performance standards. These criteria and standards focus on business environment, infrastructure and enhanced value proposition offered.

Qualifying Criteria and Performance Standard Across Three MDLR Categories

HUB	NEXUS	TECH ZONE
Criteria	**Qualifying Criteria**	
• Pervasive of High-Speed Broadband Environment for the Digital Communities • Collaboration with Key Ecosystem Partner	• Driven by MD Nexus Stakeholders • Premises and Infrastructure Readiness • Vibrancy of Business Environment • Enhanced Value Proposition / USP	• Driven by MD Tech Zone Stakeholders • Enabling Regulatory Support • Enabling Infrastructure & Services • Enhanced Value Proposition / USP
	Performance Standard	
	• Digital Infrastructure • Electrical Supply • Vibrancy of Business Environment • Enhanced Value Proposition / USP	• Digital Infrastructure • Essential Utilities • Vibrancy of Business Environment • Enhanced Value Proposition / USP

Source: MDEC

MDLR BENEFITS

The MDLR framework is accompanied by a defined set of benefits intended to support the effective functioning, visibility, and long-term relevance of recognised digital locations and buildings. Some of the key benefits associated with MDLR recognition include:

Government Endorsement

Formal government recognition:
MDLR is the only official location recognition framework aligned with Malaysia's digital economy agenda, serving as a common reference point for public- and private-sector stakeholders.

Industry-Led reference:
The framework establishes a consistent set of standards covering core infrastructure, digital readiness, and sustainability considerations aligned with TNB, MCMC, and MTFSFB standards.

Strategic Collaboration with MDEC

Strategic engagement with MDEC:
Recognised locations are supported through collaboration between MDEC and relevant stakeholders, including regulators, infrastructure providers, and industry partners, enabling ongoing alignment with policy direction and industry developments.

Strategic promotion through MDEC's channels:
MDLR-recognised locations will be positioned through MDEC's engagement channels and partner networks, supporting outreach to digital companies and investors.

Strategic Collaboration with Stakeholders and Private Sectors

Global investment outreach:
Improving visibility of MDLR-recognised locations/ buildings through structured engagement with investment promotion agencies, targeting regional and international digital investors.

Global market positioning:
Strategically positioning MD-Locations within the industry through collaborative promotion with private sectors including real estate consultants

Towards AI Nation 2030

Future-ready standards for infrastructure and adoption:
MDLR standards are structured to support the development of robust digital infrastructure and the adoption of digital services, aligned with national priorities for advanced digital and AI-enabled activities.

Ongoing relevance through standards evolution:
The framework allows for continuous refinement of standards to reflect evolving investor expectations and ensure sustained relevance within Malaysia's digital ecosystem.

Collectively, the benefits associated with MDLR recognition introduce clearer reference points around location and asset readiness, differentiation, and long-term relevance for digital economy activities. These reference points intersect with how developers position assets, how investors assess risk and durability, and how occupiers evaluate operational suitability.

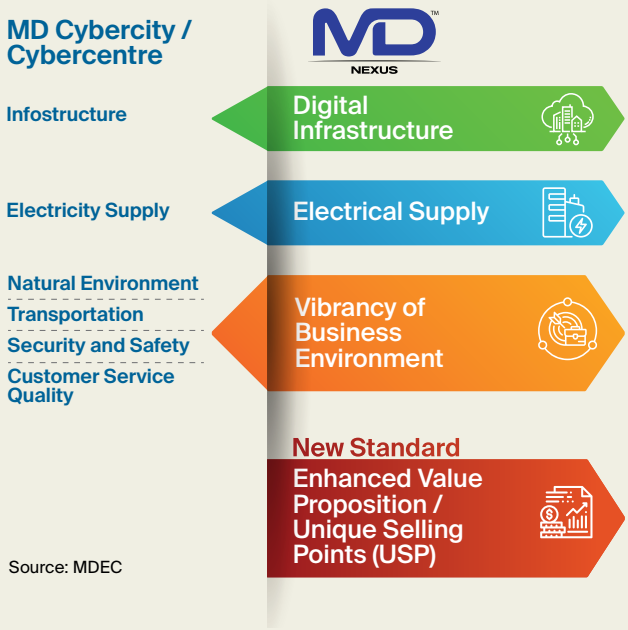
MD Nexus: Premier business premises & facilities for digital investors

This framework streamlines the performance standards, reducing the number of criteria from six to four compared to the earlier framework. The clearer structure makes the assessment easier to understand for developers and investors, and better reflects how digital occupiers assess locations and buildings today.

The comparison highlights how the MD Nexus standards place greater emphasis on building-level and operational considerations relative to the MD Cybercity and Cybercentre model. While the earlier framework assessed a broader range of environmental and service-related factors, the revised standards consolidate these under the business environment dimension, while continuing to prioritise digital infrastructure readiness and power availability. In addition, a new standard is introduced to capture the unique value proposition of individual premises.

In practical terms, this shift aligns the framework more closely with the key considerations used by digital occupiers and investors when determining where to invest and establish their businesses, supporting commercial decision-making related to site selection, development feasibility, leasing potential, and capital deployment.

Performance Standards: MD Cybercity / Cybercentre vs. MD Nexus



Source: MDEC

MALAYSIA'S DIGITAL FUTURE: READY FOR THE NEXT WAVE OF INVESTMENT

Malaysia's digital investment ecosystem is anchored by a strong policy foundation under Malaysia Digital (MD), complemented by national strategies such as the 13th Malaysia Plan (13MP), MyDIGITAL, and the National AI Roadmap. Together, these initiatives provide investors with policy clarity and targeted support for digital-ready activities, while continuing to evolve in response to industry needs.

The introduction of MDLR framework further strengthens this ecosystem by providing clearer, building- and location-level recognition of digitally enabled business environments. This policy framework is reinforced by measures to strengthen infrastructure and sustainability. Within the office market, new supply across the Klang Valley, Johor, and Penang is increasingly green-certified and tech-ready, supporting international standards for both investors and occupiers.

On the talent front, over 97% of jobs generated from MD-approved investments are knowledge-based roles, underpinning sustained demand for high-quality office space. Programmes under MyDIGITAL and the National AI Roadmap continue to expand Malaysia's professional and technical talent pool, ensuring workforce readiness for data-intensive and technology-driven sectors.

Malaysia offers the core fundamentals sought by digital investors — policy clarity, infrastructure readiness, talent depth, and suitable real estate. With frameworks such as MDLR enhancing transparency and alignment between policy intent and physical assets, the country is strengthening its positioning not only for current digital investment needs, but also for the next phase of growth in Southeast Asia's digital economy.

MERDEKA 118: THE FIRST BUSINESS PREMISES RECOGNISED UNDER MD NEXUS

Menara Merdeka 118 is the first office building recognised under the MD Nexus category of the MDLR framework, reflecting its strong digital infrastructure and readiness to support modern, resilient, and technologically advanced office environments, ensuring operational reliability and uninterrupted business continuity. Owned and built by PNB Merdeka Ventures Sdn. Bhd., a wholly owned subsidiary of Permodalan Nasional Berhad, the office forms part of an iconic mixed-use development in the heart of Kuala Lumpur. Beyond premium Grade A office spaces, Merdeka 118 integrates world-class amenities including Southeast Asia's highest observation deck, 118 Mall, and Park Hyatt Kuala Lumpur, creating a connected, future-ready ecosystem that appeals to global corporations, regional headquarters, and forward-looking businesses seeking a prestigious address within a dynamic urban environment.

From the building perspective Merdek 118 demonstrates how the MD Nexus framework translates into building design and operations. The office building reflects the alignment between policy intent, building design, and operational practices, providing clarity on how digital readiness and long-term relevance are assessed within Malaysia's digital economy agenda.

Digital Infrastructure

Merdeka 118 is provisioned with fibre-optic infrastructure deployed as structured cabling, supported by a single-mode fibre backbone and dedicated risers' systems put in place to support the distribution of telecommunications services within the building. Broadband connectivity is available within the building and capable of supporting high-bandwidth applications, with uplink capacity exceeding 500 Mbps.

Selected Key Features:

- Provision of fibre-optic within the building
- Dedicated riser systems
- Fibre up-link is more than 500 Mbps
- In-building mobile coverage supporting 4G services, with 5G enablement underway.

Electrical Supply

Electricity supply at Menara Merdeka 118 is engineered for high reliability and 100% redundancy through a sophisticated dual-source configuration. The building receives power via dual-source, dual-feeder arrangement from two distinct PMUs. For immediate localized backup, the building utilizes Automatic Transfer Switches (ATS) to facilitate changeovers between power sources, supported by on-site emergency generators for critical operations.

Selected Key Features:

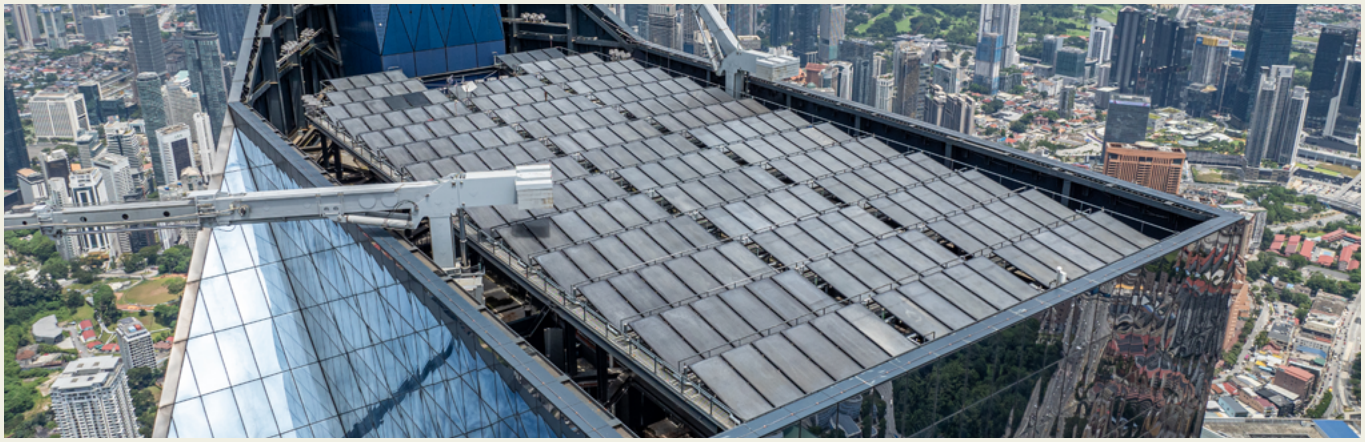
- A dual-source, dual-feeder configuration. 100% Redundancy (2N) with dual PMU sources
- Rapid Changeover: Availability of ATS
- On-site Backup: Emergency generators supporting critical building operations.

Vibrancy of Business Environment

Menara Merdeka 118 has obtained Leadership in Energy and Environmental Design (LEED) Platinum certification and is working towards Platinum certification under both the Green Building Index (GBI) and Green Real Estate (GreenRE). In parallel, the building is targeting WELL certification, aligning with increasing occupier and investor emphasis on sustainability, employee social wellbeing, and workplace quality.

Selected Key Features:

- Green Building Certification including LEED Platinum Certified, GBI Platinum (Provisional), GreenRE Platinum (Provisional), WELL Platinum (Targeting)
- Key sustainable practices including: solar panels, rainwater harvesting and district cooling with thermal energy storage
- Design-led sustainability features including zoned daylight sensors, low-emissivity glass, and LED lighting



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