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**A STUDY OF ISLAMIC REAL ESTATE
INVESTMENT TRUSTS IN MALAYSIA:
PERFORMANCE ANALYSIS**

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Dear Sir/Madam,

SUBMISSION OF PROJECT PAPER (FIN 667)

It is my pleasure that I present my thesis entitles “**A STUDY OF REAL ESTATE INVESTMENT TRUST IN MALAYSIA: PERFORMANCE ANALYSIS**” for your kind evaluation as required by the Faculty of Business Management, UiTM.

Your kindness in accepting the unbounded thesis is highly appreciated.

Thank You.

Yours faithfully,

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ABSTRACT

Real Estate Investment Trusts or more commonly known as REITs is one of the investment tools that are renowned for the nature of low risk, low volatility, moderate returns, and high liquidity for investors. REITS invest primarily in real properties and tend to receive regular rental incomes from real properties owned and managed by the Trust. Previous researcher had already done research on the performance of M-REIT with Bursa Malaysia stock index with the result that the correlation between M-REIT and Bursa stock index is low. However, the other study found that the average systematic risks of REITs were slightly higher than the market portfolio during the pre-crisis and crisis period but were significantly lower in the post-crisis period. Therefore, this study examines the performance of Islamic Real Estate Investment Trusts (Islamic REITs) in Malaysia which are Al'Aqar Healthcare REIT, Al-Hadharah Boustead REIT and Axis REIT using Sharpe's Index measurement for the monthly period from January 2007 to December 2011. The Islamic REITs stock prices were benchmarked against the market proxy which is the FBMKLCI. Analysis reveals that the Islamic REITs experienced positive monthly return from January 2007 until December 2011. Compared to market indices (FBMKLCI), all the Islamic REITs are under-performed. Time series regression analysis indicates that Islamic Real Estate Investment Trust was significant and positively related to the performance of FTSE Bursa Malaysia Composite Index (KLCI).

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