



اَوْنِيُوْرْسِيْتِي تِيْكْنُوْلُوْجِي مَارَا

UNIVERSITI TEKNOLOGI MARA  
CAWANGAN KELANTAN

# **A STUDY ON MALAYSIA REAL ESTATE INVESTMENT TRUSTS AND STOCK RETURN DETERMINANTS**

**NURNAZAHYAH BINTI KHAMIS  
2009340063**

**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA (UiTM)  
KOTA BHARU CAMPUS, KELANTAN**

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## LETTER OF TRANSMITTAL

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Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA  
Kota Bharu Campus  
Wisma KUB, Jalan Sultan Ibrahim  
15050 Kota Bharu  
Kelantan Darul Naim

January 2012

The Head of Program  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA Kota Bharu Campus  
Wisma KUB, Jalan Sultan Ibrahim  
15050 Kota Bharu  
Kelantan Darul Naim

Dear Sir,

### SUBMISSION OF PROJECT PAPER (FIN 667)

Attached is the project paper titled "A STUDY ON MALAYSIA REAL ESTAE INVESTMENT TRUSTS AND STOCK RETURN DETERMINANTS" to fulfill the requirement as needed by the Faculty of Business Management,Universiti Teknologi MARA.

Your valuation for this project paper is highly appreciated.

Thank you.

Yours sincerely,

.....  
NURNAZAHYAH BINTI KHAMIS  
2009340063  
Bachelor of Business Administration (Hons) Finance

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*“In the name of Allah, The most Gracious and Merciful”*

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## ABSTRACT

Real Estate Investment Trusts play important roles in economic development and enhancement towards country. The rate of country's economic development become greater, the growth in investment gives confident and country vision by 2020, in conjunction with the government effort to liberalize and boost property asset values in Malaysia. Hence, this study is conducted regarding REIT Stock Return Determinants in Malaysia. This study are to examine and investigate the effect of selected variables towards REITs stock returns, REIT Index in Malaysia whether there is significant or not significant relationship between interest rate (BLR), money supply (M1) and exchange rate (MYR/USD) with the REITs stock returns (REIT Index). By using Simple Linear Regression Model, this study attempts to identify the variable that the most influence the REIT stock returns movement and volatility. From the findings, the researcher can conclude that two (2) of independent variables; interest rate (BLR) and money supply (M1) have no significant relationship with REIT stock returns (REIT Index). It also consistent with previous research addressing interest rate changes only, such as Devaney (2001), found no significant impact on REIT's returns. Previous research done by Chen, Hsieh, Vines and Chiou (1998) find that the economic risk factors such as GDP, industrial production, and money supply do not impact Equity REIT returns. Meanwhile there is a significant relationship between exchange rate (MYR/USD) and the REIT stock returns (REIT Index). This study supports the results of Ajayi and Mougoue (1996) for US and UK market and Granger et al. (2000) for Asian Market, exchange rate and stock prices affect each other. Finally, an analysis on the performance of REIT Stock Return Determinants is successful since the researcher achieved all the objectives of the study and can identify the variable that determine the Malaysia REIT stock returns volatility.

## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL</b>	ii
<b>DECLARATION OF ORIGINAL WORK</b>	iii
<b>ACKNOWLEDGEMENT</b>	iv
<b>ABSTRACT</b>	v
<b>TABLE OF CONTENTS</b>	vi
<b>LIST OF TABLE</b>	x
<b>LIST OF FIGURE</b>	xi
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 Chapter Description	1
1.2 Background of the Study	1
1.3 Overview of Malaysia Real Estate Investment Trusts (MREITs)	4
1.4 Problem Statement	7
1.5 Objectives of the Study	9
1.6 Theoretical Framework	10
1.7 Hypothesis	13
1.8 Significance of the Study	14
1.8.1 To the Researcher	14
1.8.2 To the Investor	14
1.8.3 To the Government	14