



**MARA INSTITUTE OF TECHNOLOGY  
SCHOOL OF BUSINESS AND MANAGEMENT  
SHAH ALAM**

**WHY PROPERTY TRUST IS NOT POPULAR IN MALAYSIA**

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## ABSTRACT

The Americans has considered the tremendous growth of property trusts (REITs) over the years as a phenomenon. Whereas, Malaysians are experiencing the emergence of property trust as a recent prodigy.

Property trust is a relatively new financial instrument in Malaysia. Although Bank Negara Malaysia approved the development of property trusts in October 1986, the first property trust, AMFPT, was only listed at the KLSE three year later on 23 November 1989.

This study is on the perpetuating issue of why property trust is not popular in Malaysia. It is aimed to analyse the facts in an attempt to understand the reasons behind the issue.

The industry's risk, return and performance are the major areas of the study. They were gauged and compared against other investment vehicles. This study concentrates on the usage of Beta coefficient, standard deviation, variance and other approach to determine the position of risk incurred by the proposed industry. The performance measure for the five years performance used in this study are the Treynor's, Sharpe's and Jensen's measure.

The major evidence drawn from this study showed that despite of its high beta coefficient and underperformed the market performance, there is a strong relationship between the industry and the market return.

The industry requires a gestation period before the market pays serious attention to them. There is definitely more room for further growth and by the continuous monitoring and evaluation by the Securities Commission and Bank Negara Malaysia with the support from the growing capital market, the industry will continue to grow and prosper in the future.

## TABLE OF CONTENTS

ACKNOWLEDGEMENT	i
ABSTRACT	ii
LIST OF TABLES	iii
LIST OF APPENDICES	v
LIST OF ABBREVIATIONS	vii
TABLE OF CONTENTS	ix

### CONTENTS

#### CHAPTER ONE

1.0	INTRODUCTION	1
1.1	Introduction	1
1.2	Objectives Of The Study	3
1.3	Scope And Limitation	4
1.4	Organisation Of The Report	5

## CHAPTER TWO

2.0	PROPERTY TRUST	7
2.1	What Is Property Trust?	7
2.2	Legal Framework Of The Property Trust	9
2.2.1	The Shareholders	9
2.2.2	The Trustee	9
2.3.3	The Fund Manager	10
2.3	Advantages Of Property Trust	11
2.3.1	Taxation	11
2.3.2	Diversification	11
2.3.3	Liquidity	12
2.3.4	Security	12
2.3.5	Professional Management	12
2.3.6	Flexibility	13
2.4	Advantages Of Property Trust Over Direct Investment Into Properties	13
2.5	Advantages Of Property Trust Over Listed Property Companies	14
2.6	Conclusion	16