



**THE IMPACT OF FIRM FACTORS TOWARDS RETURNS
ON REAL ESTATE INVESTMENT TRUST IN MALAYSIA**

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CHAPTER 1: INTRODUCTION

1.1 Introduction

In this chapter will be discussed about the background of study, problem statement, research objective, research questions, significant of study, and scope of study. This research is about the factors that affecting the returns of REIT in Malaysia. In background of study, this paper will discuss on the selected factors towards the returns on REITs. The independent variables that had been chosen to conduct this study are firm specific factors. In firm specific factors, the variables include the Net Asset Value (NAV), size of market capitalization, leverage, portfolio value, and Fund from Operation (FFO).

1.2 Background of Study

REIT is a company that managed and financed their pooled investment towards income producing real estate. There are three types of REITs which are equity, mortgage, and hybrid. According to Shen (2011), Real Estate Investment Trusts, known as REITs, are entities that invest in different kinds of real estate or real estate-related assets, including shopping centers, office buildings, hotels, and mortgages secured by real estate. This type of investment is similar as invest in unit trust where it

ABSTRACT

Previous research had studied performance of Real Estate Investment Trust (REITs) in different aspect. Some researchers had successful conduct a study about the relationship between REITs returns and market factors, and some are the relationship between REITs returns and firm specific factor. This study tends to combine the variables which showed the effect of market factors plus with firm specific factors towards the REITs returns. To get the closer result, this study took 10 REITs portfolio that listed in Bursa Securities Commission, for the period 2007 until 2015. The quantitative data are collected and extracted from annual reports of each the REITs companies. This study used regression analysis to find the relationship between the variables.

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