UNIVERSITI TEKNOLOGI MARA

DETERMINANTS OF PERFORMANCE: EVIDENCE FROM REAL ESTATE INVESTMENT TRUSTS (REITS) COMPANY IN MALAYSIA

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ABSTRACT

This study seeks to investigate the determinants of performance by analyzing the performances of Real Estate Investment Trusts (REITs) Malaysian firms, measured by return on asset (ROA). This report offers the results of a study of Ten Malaysian Companies conducted between 2011 and 2020. There were a total of 100 observations used in this study. A performance indicator is created by combining the following independent variables: Long-term debt (LTD), asset tangible (TANG), Sales, earning per share (EPS) and fixed asset (FA). The return on asset (ROA) serves as the dependent variable in this analysis.

This study has used panel data and employed descriptive analysis, correlation analysis, multicollinearity test, normality test and regression analysis. Research findings reveal that from the regression analysis, long-term debt (LTD) has a positive insignificant relationship and asset tangible (TANG) has a negative significant relationship with return on asset (ROA). Meanwhile, the other 3 independent variables which are, sales, earnings per share (EPS) and fixed asset (FA) shows positive and significance relationship with dependent variable, return on asset (ROA).

Key words: Performance, return on asset (ROA), long-term debt (LTD), asset tangible (TANG), Sales, earnings per share (EPS), fixed asset (FA)

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CHAPTER 1: INTRODUCTION

1.1 Chapter Review

The discussion in this chapter starts with an introduction to real estate investment trusts (REITs) in Malaysia and then moves on the study's background, problem statement, research objectives and research questions will be illustrated in the following subtopics. The chapter then goes on to explain the importance of the study in order to provide a clear image of the research's objective. This chapter also requires a great overview of the report's overall. Last but not least, this chapter ends with a glossary of important words for particular variables to assists comprehension of this study.

1.2 Introduction

Prior to 1960, the greatest way to invest in real estate was to own the property physically (Lee Kwan Hyen, 2017). Besides, according to Alias & C.Y. (2011), financial professionals can also invest in publicly listed real estate equities or land-related bond securities for quick bonds developed to grow land businesses. With the introduction of Real Estate Investment Trusts, a broad range of interest in land areas has been generated in accordance with the monetary revolution. A real estate investment trust (REIT) is a company that owns or pays for real estate (Lee Kwan Hyen, 2017).

REITs allow anyone to invest in the development of large-scale properties in the same way that they would invest in other businesses, such as through the purchase of stock or the submission of offers. Investors in real estate investment trusts (REITs) receive an offer of income generated by land speculation without actually purchasing or financing any properties, in contrast to investors who benefit from owning stocks in various partnerships. Furthermore, in order to fully benefit