THE DETERMINANTS OF CAPITAL STRUCTURE:
ANALYSIS OF REAL ESTATE INVESTMENT TRUST (REITs)
AND PROPERTIES COMPANIES LISTED IN BURSA
MALAYSIA

By
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ABSTRAK


Katakunci: Struktur Modal, Leveraj, Amanah Perlaburan Hartanah
ABSTRACT

Capital structure refers to the way a corporation finance its assets through some combination of equity, debt or hybrid securities. It is primarily comprises of long term debt, preferred stock and net worth. It also can be quantified by taking how much of each type of financing a company holds as a percentage of all its financing. Most of the companies raise funds by equity or debt. This study was set out to focus on the determinants of capital structure for the properties and real estate investment trust (REITs) companies that listed in the Bursa Malaysia. By using trade off and pecking order theories as theoretical background, 54 sample firms were analyzed. The data was collected for a 10 year time period (2001 – 2010). Leverage was used as dependent variable and six market variables were used as independent variable for the analysis; growth opportunities, profitability, size of the firm, tangibility, volatility and liquidity. Result of multiple linear regression found that, profitability, size of the firm, tangibility, volatility and liquidity were determinants of capital structure of Real Estate Investment Trust (REITs) in Malaysia. It appears that less profitable, larger, more tangible, less volatile and less liquid firms are more likely to have higher leverage level.

Keywords: Capital Structure, Leverage, Real Estate Investment Trust (REITs)
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<td>Permodalan Nasional Berhad</td>
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<td>Pecking Order Theory</td>
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<td>Ordinary Least Square</td>
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<td>Statistical Package of Science Social</td>
<td>SPSS</td>
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<td>Growth Opportunities</td>
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<td>Volatility</td>
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<td>Variance Influence Factors</td>
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CHAPTER 1:
INTRODUCTION

1.1 HISTORY OF REAL ESTATE INVESTMENT TRUST (REITs)

Real estate investment trust (REITs) is one of the investment funds that designed to invest in several of real estate properties. It seems like a stock or bond mutual fund but for real estate investment trust, the money provided by the investors is invested in any of the property trusts. Real estate investment trust (REITs) in Malaysia is at an infant stage but nowadays the involvement and interest of investors towards REITS show an increase due to encouraging government incentives and revised in Securities Commission Guideline 2005.

1.1.1 Development of listed property trusts in Malaysia

Before year 2005, real estate investment trusts in Malaysia known as Listed Property Trust (LPT). The regulatory framework for listed property trust (LPT) in Malaysia was approved by the Central Bank of Malaysia in 1986, with the principal legislation governing their establishment and operation being the Companies Act 1965 and the Securities Industry Act 1983. Specific Securities Commission
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REFERENCES


