



Moody's Investors Service

Rating Action: **Moody's upgrades AIMSAMPIREit to Ba2; outlook stable**

Global Credit Research - 28 Dec 2009

Singapore, December 28, 2009 -- Moody's Investors Service has today upgraded AIMS-AMP Capital Industrial REIT's ("AIMSAMPIREit", formerly known as MacarthurCook Industrial REIT or "MI-REIT") corporate family rating to Ba2 from Caa1. The rating outlook is stable. This concludes the rating review initiated on November 9, 2009.

"The upgrade reflects AIMSAMPIREit's remarkably improved liquidity profile and capital structure following the successful completion of its recapitalization plan and refinance of the maturing Singapore dollar loan," says Kaven Tsang, a Moody's AVP/Analyst.

"The issuance of new units -- including the new issuances to AMP Capital ("AMP") and other cornerstone investors, as well as the subsequent rights issues -- have materially enhanced the REIT's capital structure, with its debt/capitalization leverage falling to 30% currently from 47% as of September 2009," says Tsang.

"AIMSAMPIREit has applied part of the new proceeds from the issuances to complete the acquisition of the 4A International Business Park ("IBP"), and will also acquire four new properties from AMP. These new properties are cash flow generative and will to some extent support its income diversification and debt service coverage," he adds.

In addition, its liquidity profile has substantially improved without material refinancing needs in the near term. The new S\$175 million term loan is its major borrowing and will be due in December 2012.

Moody's expects AIMSAMPIREit's projected debt/EBITDA and EBITDA interest coverage to improve in the coming 1-2 years to 5.5-6x from 6.5-7x historically and to 3-3.5x from 2.5-3x. Though this set of ratios are comparable with some investment grade S-REITs, they are tempered by the REIT's small operating scale, weak track record in liquidity management, and limited financial flexibility given its narrow banking relationship and the fact that the majority of its assets are encumbered.

While AMP's established market presence and solid track record in real estate investment and management could benefit AIMSAMPIREIT as it pursues growth and seeks new funding, AMP still needs to establish a track record in managing the REIT's business as planned.

The stable outlook reflects Moody's expectation that AIMSAMPIREit will maintain a prudent capital structure while it expands, such that adjusted debt/total assets will be maintained at below 35% over time.

For the rating to be upgraded, the REIT will have to 1) demonstrate a sustained track record in managing its business growth with a prudent mix of long-term debt and equity financing; 2) substantially strengthen its business scale; and 3) successfully spread out its debt maturity profile.

On the other hand, rating downgrade pressure could emerge if AIMSAMPIREit fails to term out its debt maturity profile in the coming two years, such that its exposure to refunding risk increases as the majority of its debt and a material portion of its leases will mature at the same in FY2012/13.

The last rating action with regard to AIMSAMPIREit was taken on 9 November 2009 when the REIT's corporate family rating was put on review for possible upgrade.

The principal methodology used in rating AIMSAMPIREit was Moody's 'Rating Methodology for REITs and Other Commercial Property Firms,' published in January 2008, and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab.

Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Headquartered in Singapore, AIMSAMPIREit is a real estate investment trust that owns and invests in a portfolio of industrial properties. The company reported investment property assets of approximately S\$494 million as at 30 September 2009.

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