



Prostar Capital acquires a controlling stake in South Korea's largest independent pure-play city gas distributor

Strategic investment in Korean gas distribution by midstream energy infrastructure specialists

SEOUL, 4:00PM KT, May 18, 2017 – Prostar Capital Ltd (“Prostar”), a private equity firm that invests in midstream energy infrastructure, together with funds and accounts managed by BlackRock Infrastructure Solutions Group, today acquired over 95% of the shares of Kyungnam Energy Co. Ltd (“Kyungnam Energy”). Prostar acquired the stake in Kyungnam Energy from the existing controlling stakeholders.

Kyungnam Energy was established in 1972 and is the largest independent, pure-play city gas distributor in South Korea. It has an exclusive license to supply gas to nine cities/counties in the Gyeongsangnam-do province (“GSND”) in the southeast of the Korean peninsula. Kyungnam Energy supplies city gas to over 600,000 residential, 900 industrial, and 50,000 commercial customers in GSND through a pipeline network spanning 1,995km and including Changwon and Gimhae, the two largest cities in the province by population. Kyungnam Energy currently employs more than 250 people and sold over 38,000Tj of gas in 2016.

GSND is an important industrial and commercial centre that contributes 6.5% of South Korea’s annual GDP. Total demand for gas in GSND is, according to the Korea City Gas Association, expected to grow at more than 2.8% p.a. to 2020. This growth requires substantial ongoing capital investment in network expansion. Prostar will seek to support the local management team of Kyungnam Energy to further develop the network and continue to safely and efficiently supply gas to its customers in the GSND.

The investment was made via a consortium comprising the Prostar Asia-Pacific Energy Infrastructure Fund, together with funds and accounts managed by BlackRock Infrastructure Solutions Group. Prostar led the acquisition on behalf of the consortium and will manage the consortium’s investment going forward. Acquisition financing was provided by Korea Development Bank and KEB-Hana Bank.

Prostar’s investment has been made through its newly established platform vehicle dedicated to building a diversified portfolio of investments in the gas distribution sector across the Asia-Pacific region.

About Prostar Capital

Prostar is a private equity firm established in 2012 that invests capital on behalf of a group of institutional investors across the midstream energy value chain with a focus on the Asia-Pacific region. The team is comprised of experienced professionals with investment, operational and regional expertise in energy infrastructure and, in particular, in gas distribution. The firm is a US SEC registered investment adviser operating from offices in Greenwich (Connecticut, USA), Hong Kong and Sydney. For more information on Prostar, see www.prostarcapital.com.

About BlackRock Real Assets

BlackRock, the largest investment manager in the world, sits at the intersection of global capital and Real Asset investing opportunities. With deep industry expertise, demonstrated access to proprietary deals and a purely fiduciary mindset, our experienced investment professionals leverage BlackRock's unparalleled risk management capabilities, global reach and deep local presence to deliver compelling investment opportunities to meet our clients' needs. BlackRock provides investors with Private Real Estate Debt & Equity, Real Estate Securities and Infrastructure Debt & Equity via funds, co-investments and managed accounts, and currently has US\$30 billion plus in invested and committed Real Estate and Infrastructure assets and capital. BlackRock's over 300-person team is based in 23 offices globally.

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