

# IJInvestor Awards 2022 – Utilities, Americas

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**Angus Leslie Melville**

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BlackRock Real Assets' investment into Centric Infrastructure Group in the US wins Americas Acquisition of the Year in the Utilities category at the IJInvestor Awards 2022.

BlackRock acquired an 80% control interest in the company, with the remaining equity owned by Centric's founding family, legacy investors, and management team.

Centric was sourced on a proprietary basis through a bilateral discussion with the seller, and BlackRock's energy expertise with regulated utilities was deemed pivotal by the independent panel of judges for the role it played in due diligence and structuring.

One judge lauded BlackRock's "bold entry into the LatAm market – which was very impressive" while another said of the acquisition: "It's always noteworthy when an organisation goes into a new market... and with a real transaction like this... that makes it award-worthy."

BlackRock made its investment in Centric – an owner/operator of a natural gas utility and a fiber-to-the-home business delivering critical infrastructure to a growing customer base.

Located primarily in Texas, Centric is an attractive opportunity to own a regulated natural gas utility and its fibre-to-the-home (FTTH) business contributes to closing the digital divide, which aligns closely with BlackRock's conviction that digitalisation is one of the key structural megatrends that underpin significant infrastructure market opportunity.

Centric partners with real estate developers to secure access to supply both natural gas and fibre services to large residential communities in Texas, an area with high population growth and newbuild home activity.

It creates a reliable base of new customers, whose homes are connected to Centric's gas distribution system and fibre network during development of these communities and are added as new customers once the homes are occupied.

This strategy has driven significant growth, whereby Centric's contracted backlog of potential new gas customers has increased nearly 10x since 2018 to more than 200,000 customers today.

Centric's business model and extensive partnerships with developers creates an attractive platform to continue to grow the business.

The synergies from jointly distributing gas and fiber service create a competitive advantage for Centric by enabling lower costs and ease of adoption for customers, while also meaningfully reducing carbon-intensive equipment usage by combining gas and fiber during the development of residential communities.

On the finance side, the submission points out: "The transaction occurred with a concurrent amendment to the credit

agreement, which upsized its revolver capacity. Subsequently, BlackRock relationship banks were included in a 2022 upsize of the credit facility, unlocking additional capital.

“The team also increased Centric’s interest expense hedges, which in late 2022 appear to have materially reduced the ongoing interest expense for several years to come.”

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