

Enerjisa Enerji (48357)

THE WORLD BANK/IFC/M.I.G.A OFFICE MEMORANDUM

Memo

Date

11/13/2024

To

Wiebke Schloemer, Director, CATDR;

From

Sudipta Husain , SeniorInvestmentOfficer, CN5CT ; Ersin Mahmatli, InvestmentOfficer, CN5CT;

Through

Emin Bulent Ikiisik, Manager, CN5MI; Kemal Aksel, SeniorCounsel, CLEM3; Vecvagare, Laura, SeniorManager, CN5RI;

Extension

Subject

Internal Office Memorandum Turkiye: Enerjisa Enerji (48357)

Delayed Disclosure for Enerjisa Enerji

Project Basic Information

Country Turkiye	Region: Central Asia and Turkiye		Project Short Name: Enerjisa Enerji	
Project Legal Name: Enerjisa Enerji	Project Number: 48357	Project Tier: Tier II	Company Name: Enerjisa Enerji	
Company Legal Name: ENERJISA ENERJI ANONIM SIRKETI			Company ID: 1068382	Partner Tier:
Project Business Sector: V-EA - Distribution Business	Owning Department /Division: CN5CT - Regional Industry INF MCT/INF Central Asia & Turkey			

Environment Category: B - Limited		Repeat Project: No		Project Finance or Corporate Finance: Corporate Finance
IFC Gross Amount (USD): 160,000,000.00	IFC Net Amount (USD): 160,000,000.00	Product Type(s): Loan - 1, Client Risk Management - 1	Approval Process: Absence of Objection-Streamlined	Form Security Classification: Confidential

Section

Background:

The purpose of this memo is to seek delayed disclosure of the Summary Investment Information (SII), Environmental and Social Summary (ESRS), and the Environmental and Social Action Plan (ESAP) for Enerjisa Enerji A.S. (“Enerjisa” or the “Company”). Enerjisa is the largest private sector utility company in Türkiye with main operations of power distribution and retail services; and has been listed on Borsa Istanbul (BIST)¹ since 2018 with a 20% free float and has a market cap of US\$2.0 billion as of November 08, 2024. IFC will provide a corporate senior unsecured sustainability linked loan of up to US\$150 million equivalent in TRY, and a loan equivalent swap limit of US\$10 million for interest rate swap (together, the “IFC Financing”) which will be used for: (i) distribution network modernization for its distribution subsidiaries for the fourth implementation period; and (ii) reconstruction of distribution network affected in February 2023 earthquake in southeast Türkiye for the regions operated by Enerjisa subsidiary Toroslar EDAŞ.

The Company’s subsidiaries are operating power distribution network of three regions in the country (including two of the largest cities, Anatolian part of Istanbul and Ankara), supplying 22% of total power sold and serving 26% of total population via its distribution operations. The distribution operations are carried out under three concessions, earliest of which is due to expire in 2036. The Company also operates distribution operations in Southeast Türkiye in provinces including Gaziantep, Adana and Mersin – first two of which were significantly impacted by the February 2023 earthquake. Enerjisa is 40% owned by the second largest Turkish conglomerate and an existing IFC client, Sabanci group; 40% owned by prominent European energy corporation, E.ON. Ultimate holding companies of both parent are also listed in respective jurisdictions.

Rationale for Delayed Disclosure:

As a publicly listed entity, Enerjisa’s share price may be negatively affected if IFC decides not to proceed with the transaction following the public disclosure. IFC’s potential refusal to lend may be interpreted as non-confidence in the Company by the market participants and negatively impact the Company and its share performance. This issue is critical for Enerjisa, especially given the volatile macroeconomic conditions in Türkiye and high inflation. Enerjisa’s free float

¹ Stock Exchange in Istanbul

Enerjisa Enerji (48357)

shares that comprise 20% of total outstanding shares also healthily traded on BIST with the last 3-months' trading volume over shares outstanding averaging 8.6% as of November 08, 2024.

As such, at the Company's request, team's recommendation is to withhold the disclosure in order not to have an adverse impact on stock price of Enerjisa, if IFC does not approve the investment.

The two options for delaying disclosure of the SII, ESRS and ESAP under the Access to Information Policy ("AIP") are the following:

- **Option 1:** The entire SII, ESRS and/or ESAP are delayed and would not meet the 30 days' (since the Project is cat 'B') disclosure that is normally required.
- **Option 2:** Certain identifying information contained within the disclosure documents is removed in the initial disclosure, and at a later date the full SII and/or ESRS is disclosed.

Recommendations:

As Enerjisa is a major player in its sector and a leading publicly listed company in energy sector, Enerjisa might be identified from the limited disclosure package related with the proposed transaction. Based on the reasons mentioned above and the fact that a limited disclosure would not be meaningful, the team recommends Option 1 for this Project, i.e., to delay the entire disclosure of SII, ESRS, and ESAP until the signing of IFC Loan Agreement.

This is in line with paragraph 14 of the AIP (Delayed Disclosure) which allows for delays in disclosing information due to market conditions: *"IFC may delay the disclosure of certain information that it would otherwise make publicly available because of market conditions, legal or other regulatory requirements such as timing requirements relating to securities offerings, equity investments in publicly listed companies, purchases of shares in a private placement or a financial restructuring. This prerogative may be exercised by the director responsible for the Project, with respect to such information."*

Activity Log/Comments

Submit to Workflow by **Sudipta Husain (Draft Internal Office Memo)** Nov, 11 2024 03:58 AM ET

Approved by **Kemal Aksel (IOM Level 1-Clearance/Approval 1)** Nov, 11 2024 04:09 AM ET

Approved by **Wiebke Schloemer (IOM Level 1-Clearance/Approval 2)** Nov, 12 2024 02:10 PM ET

Supporting Documents
