

October 31, 2022



Diversified Closes Securitized Financing

BIRMINGHAM, AL / ACCESSWIRE / October 31, 2022 /Diversified Energy Company PLC (LSE:DEC) ("Diversified" or the "Company") is pleased to announce that on 27 October 2022 Diversified and Oaktree Capital Management, L.P. ("Oaktree") jointly closed an ESG-aligned asset backed securitization ("ABS") of certain co-owned producing natural gas and oil assets located in Oklahoma (the "Assets"). This fourth ESG-aligned financing in 2022 is linked to key performance indicators ("KPI") based on emissions reduction targets. Diversified had previously pledged its portion of the Assets as collateral under the Company's Sustainability-Linked Loan ("SLL")^(a). Diversified will use its ABS proceeds to repay all outstanding borrowings under its SLL and for general corporate purposes, resulting in current liquidity of approximately \$300 million^(b), inclusive of the financing of the ConocoPhillips acquisition announced on 28 July 2022.

Transaction Highlights

- Key terms:
- ABS VI note amount of \$460 million (\$215 million net to Diversified representative of its 51.25% ownership interest in the collateral assets and net of certain fees, discount, and cash interest reserve)
- Fixed coupon of 7.50%
- BBB+ investment-grade rating (Fitch Ratings, Inc.)
- Fully-amortized maturity of September 2031^(c)
- Sustainable Fitch provides a Second Party Opinion that the ABS's KPIs align with the International Capital Markets Association (ICMA) framework for sustainability-linked bond principles^(d)
- Favorable hedge structure:
- Long-dated natural gas swaps at a weighted average price of \$5.09/MMBtu
- Long-dated oil swaps at a weighted average price of \$68.71/bbl
- Other long-dated natural gas basis swaps, natural gas liquids swaps and natural gas collars

Rusty Hutson, Jr., CEO of the Company, commented:

"With four successful ABS transactions this year, collectively for more than \$1.1 billion at a 5.7% weighted-average interest rate, we continue to demonstrate our access to competitively financing high-quality assets amidst a challenging capital markets backdrop, volatile commodity prices and rising interest rates. We are pleased to see existing investors participate in this financing as we welcome several new investors to our series of successful securitizations. With its fully-amortizing and investment-grade fixed-interest rate structure, the ABS product remains an attractive financing tool that insulates us from higher interest rates, avoids bullet maturities and systematically reduce our borrowings as we align the cash profile of our business with institutions seeking to invest in a long-life cash flow stream

backed by high-quality assets."

Bank of America Securities Inc. acted as Sole Structuring Agent, Sole Ratings Advisor, and Left Lead Placement Agent. Goldman Sachs & Co. LLC acted as Joint Lead Placement Agent. Donovan Ventures, LLC acted as Sole Analytics Advisor and Joint Lead Placement Agent.

Footnotes (for Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2022 Interim Report):

- (a) The Company expects to complete its scheduled SLL fall redetermination of the SLL's borrowing base in November, which will incorporate the closing of ABS and the closing of Diversified's acquisition of additional assets from ConocoPhillips.
- (b) Calculated as the revised, undrawn borrowing base of \$150 million and inclusive of cash on hand and letters of credit, while pending an increase for recently acquired assets from ConocoPhillips.
- (c) Legal final maturity of November 2039.
- (d) The KPI-linked notes include certain emissions reduction targets based on targets from the Company's 2021 Sustainability Report. The notes' coupon can increase if emissions targets are not met starting with the first measurement period in 2026.

For further information, please contact:

Diversified Energy Company PLC

+1 973 856 2757

Doug Kris
www.div.energy

dkris@dqoc.com

FTI Consulting
US & UK Financial Public Relations

DEC@fticonsulting.com

About Diversified Energy Company PLC

Diversified Energy Company PLC is an independent energy company engaged in the production, marketing and transportation of primarily natural gas related to its synergistic US onshore upstream and midstream assets.

SOURCE: Diversified Energy Company PLC

View source version on accesswire.com:

<https://www.accesswire.com/722975/Diversified-Closes-Securitized-Financing>