

February 24, 2022



Diversified Closes 2nd Securitized Financing of 2022

BIRMINGHAM, AL / ACCESSWIRE / February 24, 2022 Diversified Energy Company (LSE:DEC) ("Diversified", or the "Company") is pleased to announce that on February 23, 2022 it closed a sustainability-linked asset backed securitization ("ABS") of certain Barnett Shale assets ("Assets") in North Texas. This financing represents the Company's second sustainability-linked ABS and fourth ABS since late 2019 demonstrating the increasing depth of investors for this product. The Assets were previously pledged as collateral under the Company's Revolving Credit Facility ("RBL") led by KeyBank National Association and represent the Company's first ABS transaction involving assets outside of its Appalachia operating area. Diversified will use the ABS proceeds to reduce its RBL borrowings resulting in liquidity of more than \$400 million pro forma as of December 31, 2021.

Transaction Highlights:

- Key terms
 - ABS note amount of \$160 million (\$152 million, net of a certain transaction costs and \$5 million restricted cash interest reserve for the notes)
 - Fixed coupon of 4.95% (notes issued at par)
 - Rating of BBB (Fitch Ratings, Inc.)
 - Scheduled fully-amortized maturity of September 2030^a
- Moody's ESG Solutions^b has provided an ESG Assessment on Diversified. The coupon rate on the sustainability-linked financing will be tied to Diversified's ESG Assessment from Moody's ESG Solutions.
- Favorable hedge structure
 - Long dated natural gas swaps at a weighted average price of \$3.36/MMBtu
 - Long dated NGL swaps at a weighted average price of \$33.34/bbl
 - Natural gas puts purchased in outer years; providing price floor and exposure to increased prices
- Assets constitute 9% of assets previously pledged under the RBL
 - RBL borrowing base of \$500 million (reduction of \$50 million) on the remaining RBL collateral
 - Leverage neutral - ABS proceeds reduce outstanding RBL borrowings and increase liquidity
 - Pro forma as of December 31, 2021, liquidity approximates \$418 million^c, up more than 30% from the Company's pro forma liquidity following its securitization announced last month

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

"We are pleased to close our fourth ABS in less than a month of closing our third ABS. This transaction represents the first group of assets we securitized outside of our Appalachia

area, demonstrating our ability to securitize assets at low, fixed rates across both of our operating regions. As with our most recent ABS and reflective of our broad ESG commitments, we are delighted to again be incorporating our ESG score from Moody's ESG Solutions into the coupon of the notes.

Pro forma for this transaction, our year-end 2021 liquidity is the highest in Diversified's history, strengthening our ability to transact attractive acquisition opportunities without relying on new equity contributions. Having significantly expanded our portfolio of producing assets last year with our entry into the Central Region, we look forward to pursuing additional ABS transactions this year given a favorable commodity price backdrop and increasing investor demand for securitization of well operated oil and natural gas assets."

Donovan Ventures, LLC acted as sole structuring advisor and placement agent for the transaction.

Footnotes (for Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2020 Annual Report):

(a) Legal final maturity of February 2037

(b) This ESG Assessment was originally conducted by V.E., which is now part of Moody's ESG Solutions

(c) Calculated as the revised borrowing base of \$500 million less borrowings of approximately \$82 million (inclusive of cash on hand and letters of credit) pro-forma as of December 31, 2021

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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

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