

February 7, 2022



Diversified Energy Closes Securitised Financing

BIRMINGHAM, AL / ACCESSWIRE / February 7, 2022 Diversified Energy Company (LSE:DEC) is pleased to announce its closing on February 4, 2022 of a sustainability-linked asset backed securitisation ("ABS") involving certain of its Appalachian assets ("Assets"). The Assets were previously pledged as collateral under the Company's Revolving Credit Facility ("RBL") led by KeyBank National Association and are substantially similar to assets securitised in the Company's previous ABS transactions. The Company will use the ABS proceeds to reduce its RBL borrowings and create additional liquidity.

Highlights of the transaction include:

- Attractive key terms
- ABS note amount of \$365 million (\$349 million, net of a certain transaction costs and \$12 million restricted cash interest reserve for the Notes that reduces to \$8 million in 2Q22).
- Fixed coupon of 4.875% (Notes issued at par)
- Rating of BBB (Fitch Ratings, Inc.)
- Scheduled fully-amortised maturity of November 2030^a
- Moody's ESG Solutions^b has provided an ESG Assessment on Diversified Energy. The coupon rate on the sustainability-linked financing will be tied to Diversified Energy's ESG Assessment from Moody's ESG Solutions.
- Favourable hedge structure
- 2022 to 2026 natural gas swaps sold at a weighted average price of \$3.34/MMBtu
- 2027 and 2028 natural gas puts purchased at a strike (floor) price of \$3.00/MMBtu
- 2022 to 2025 NGL swaps sold at a weighted average price of \$37.82/bbl
- Assets constitute 53.7% of Appalachia assets currently pledged under the RBL
- Leverage neutral - ABS proceeds reduce outstanding RBL borrowings and increase liquidity
- RBL borrowing base of \$550 million on the remaining RBL collateral pool
- Proforma as of December 31, 2021, liquidity approximates \$316 million^f

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

"We are pleased to close our third ABS note that demonstrates expanding investor support of a financing structure that fits well with the Company's production-focused strategy. Fully amortizing in less than nine years, the ABS structure remains consistent with our stated commitment to systematic debt reduction as we generate strong cash flow. Having issued ABS notes in both 2019 and 2020 to exceptional investors, we now welcome several new quality institutional investors to the Diversified story. The increased liquidity with this transaction positions us to further our pursuit of accretive, meaningfully-sized acquisitions without the need to issue new equity, all while maintaining our leverage targets."

Also, incorporating our ESG score from Moody's ESG Solutions into the coupon of the notes aligns with our steadfast commitment to improving all aspects of our ESG performance. We look forward to pursuing additional ABS transactions this year given a favourable commodity price backdrop and increasing investor demand for oil and gas ABS financings underpinned by high-quality assets coupled with a proven operator."

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 April 2039

(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 \$550 million less borrowings of approximately \$234 million inclusive of cash on hand and letters of credit

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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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