



PermRock Royalty Trust (PRT)

Updated August 27th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	\$2.23	5 Year CAGR Estimate:	10.0%	Market Cap:	\$27 M
Fair Value Price:	\$1.59	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	08/31/2026
% Fair Value:	140%	5 Year Valuation Multiple Estimate:	-6.6%	Payment Date:	09/15/2026
Dividend Yield:	8.9%	5 Year Price Target	\$2.33	Years of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Energy	Rating:	Sell

Overview & Current Events

PermRock Royalty Trust (PRT) is a trust formed in November 2017 by Boaz Energy, a company that is focused on the acquisition, development and operation of oil and natural gas properties in the Permian Basin. The trust derives all its cash flows from profits from the sale of oil and natural gas production from these properties and distributes dividends monthly. PermRock trades with a market capitalization of \$27 million. The stock went public in May 2018.

The Permian Basin is the most prolific oil producing area in the U.S. The properties of PermRock consist of long-life reserves in mature, conventional oil fields, with shallow, predictable decline rates. The trust can pump additional oil via water-flooding techniques, while it can also identify new reserves in the area in the upcoming years.

On March 31, 2025, Boaz Energy completed the sale of the oil and gas properties underlying the Trust to T2S Permian Acquisition II LLC.

On August 14th, 2026, PermRock Royalty reported second quarter 2026 results for the period ended June 30, 2026. Net profits income received by the trust was \$698K, compared to \$1.55 million in the prior year. The average realized sale price of oil increased by 22% year-over-year, while natural gas sunk 42%. Distributable income for the trust came to \$409K, down 66% from \$1.20 million in the prior year period and distributable income per unit ("DIPU") of \$0.03 was seven cents short of \$0.10 in the prior year.

Total cash reserves as of June 30th, 2026, were \$1 million, identical to June 30th, 2025.

Year-to-date, the trust has declared \$0.1113 in distributions.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
DIPU	---	---	---	\$1.28	\$0.73	\$0.16	\$0.61	\$1.01	\$0.42	\$0.39	\$0.20	\$0.29
DPU	---	---	---	\$1.28	\$0.73	\$0.16	\$0.61	\$1.01	\$0.42	\$0.39	\$0.20	\$0.29
Units¹	---	---	---	12.0	12.0	12.0	12.0	12.0	12.2	12.2	12.2	12.5

PermRock previously guided for production growth, however, oil and natural gas production volumes have declined every year since 2019. Still, the average realized sales price was higher for both oil and natural gas in 2021 and 2022, but declined in 2023 and 2024. In 2025, while its sale price of oil fell 14%, natural gas increased 3.5%

T2S, the new owner of PermRock's properties, expected to drill one injector well and one producer well in Crane County, Texas in 2025. However, T2S decided to postpone this to a later date citing considerations of market visibility and the stability of oil and gas prices.

Management believes that it can grow production rates via expanded water-flooding operations and drilling of additional wells. Nevertheless, the results of the trust are extremely sensitive to the price of oil and hence it is impossible to predict future earnings with any degree of accuracy. The oil glut in 2020 due to the coronavirus ravaged commodity prices but prices soared in 2022 due to the ongoing war in Ukraine, and are again now in 2026 as a result of the Iran crisis. As with other O&G royalty trusts, this one is highly dependent on commodity prices. Significant increases

¹ Unit count in millions

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in oil and natural gas sales prices led to blowout results in 2022 and 2023, which was a cyclical peak in the company's results.

We estimate 8% annual growth in distributable income per unit into 2031 driven by an increase in oil price which will be partly offset by declining volumes.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/DI	---	---	---	4.6	6.8	10.3	10.8	8.3	9.6	10.2	11.2	8.0
Avg. Yld.	---	---	---	9.5%	13.0%	4.9%	5.4%	9.6%	10.9%	10.9%	8.9%	12.5%

PermRock is currently trading at a P/DI ratio of 11.2 based on our estimated DIPU for 2026. As the trust has a short history and it is highly exposed to the price of oil, we prefer to be conservative and assume a fair earnings multiple of 8.0. PermRock is trading above our assumed fair value, thus we expect a -6.6% headwind to total annual returns from a contracting valuation.

Safety, Quality, Competitive Advantage, & Recession Resiliency

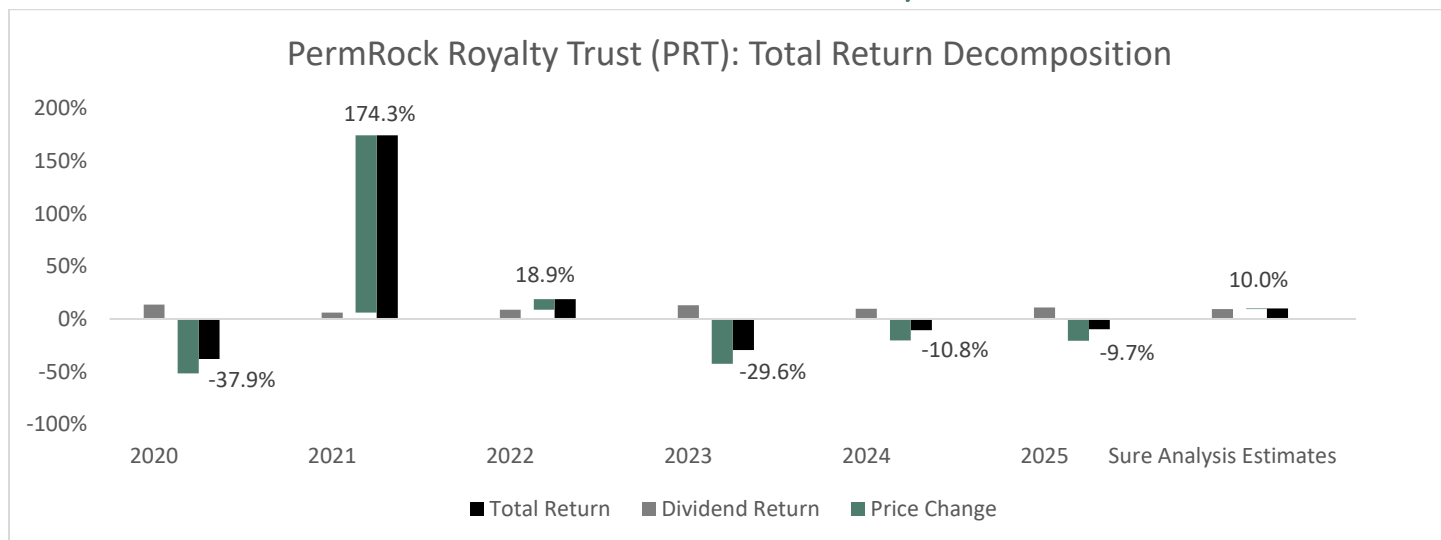
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	---	100%	100%	100%	100%	100%	100%	100%	100%	100%

The properties of PermRock are in the Permian Basin, the most prolific oil producing area in the U.S. However, a trust may be a poor way to gain exposure to the booming production in the area. An operating oil & gas company, either in corporate or MLP form, even if it is not active in this particular oil field, may produce better overall returns in the long term. The large increases in crude oil prices have led to great revenue benefits for the trust and its operations. Suspending the dividend for a few months in 2020 was a cautious move, and with the current outlook, it may not surpass its prior dividend level in the intermediate term.

Final Thoughts & Recommendation

PermRock Royalty Trust operates in a highly cyclical industry, which renders its results and distributions very volatile from year to year. We forecast annualized total returns of 10.0% over the next half decade stemming from the 8.9% yield and 8.0% distributable income per share growth, partly offset by a 6.6% valuation headwind. Nevertheless, due to its nonexistent dividend growth streak, PermRock earns a sell rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	32	16	18	10	3	8	13	7	6	6
Gross Profit	14		5							
Gross Margin	42.6%		27.8%							
SG&A Exp.	3	1	3	1	1	1	1	1	1	1
Operating Profit	6	16	0	9	2	7	12	6	5	4
Operating Margin	19.5%	96.0%	0.5%	90.3%	72.5%	90.5%	93.3%	87.1%	85.8%	80.4%
Net Profit	-2	16	-6	9	2	7	12	6	5	4
Net Margin	-7.6%	96.0%	-35.2%	84.6%	59.9%	90.5%	93.3%	87.1%	85.8%	84.1%
Free Cash Flow	-20		-45							

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	0	94	119	90	89	86	82	77	74	28
Cash & Equivalents			1				2	1	2	1
Accounts Receivable	0	0	4	0	0	0	0	0	0	0
Total Liabilities	0	1	53	1	0	1	1	0.4	0.6	0.2
Accounts Payable			3							
Long-Term Debt	0	0	36	0	0	0	0	0	0	0
Shareholder's Equity	0	92	66	90	89	85	81	77	73	28
D/E Ratio	0.00	0.00	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-4.0%	33.3%		9.6%	2.13%	8.4%	14.7%	7.9%	6.8%	9.3%
Return on Equity	-7.3%	33.8%		9.7%	2.14%	8.5%	14.8%	7.9%	6.9%	9.3%
ROIC	-4.7%	33.8%		9.7%	2.14%	8.5%	14.8%	7.9%	6.9%	9.5%
Shares Out.			12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
Revenue/Share	2.61	1.33	1.44	0.86	0.26	0.67	1.08	0.59	0.49	0.46
FCF/Share	-1.67		-3.68							

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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