

*2025 Our 44<sup>th</sup> Anniversary Year*

**SANTA MONICA PARTNERS, L.P.**  
*Founded 1982*

Tel. 914.833.0875

[www.smplp.com](http://www.smplp.com)

October 7, 2025

Dear Partner:

Partners' capital in the third quarter ended October 7th increased 1.6% and for the year increased 2.3%.

Our portfolio's results thus far this year have been unduly weighed down by our large position in Texas Pacific Land Corp. (TPL), which we began investing in 2005 at an average cost of \$9.99 per share. Over the years, we've built up this investment at an average cost of about \$81 per share for a total cost of approximately \$4.4 million. TPL last night was \$975.40 worth some \$52.7 million with an unrealized profit of approximately \$48 million as of this writing.

While the broader market has performed strongly this year, TPL has moved in the opposite direction. Its shares have declined 44% from its high made last November, reducing the value of our position by roughly \$41 million. Nonetheless, we continue to have a significant unrealized profit. For reference, TPL reached an all-time high of \$1,730 per share on November 22, 2024, when our position was valued at approximately \$93.4 million..

Despite this stock price pullback, our assessment of TPL's intrinsic value remains well above last year's peak price. As you know we are very patient, long-term investors so our conviction has led us to resist all temptation to lock in huge taxable gains prematurely. Instead, we have chosen to remain patient, as we believe the long-term profit potential is quite substantial. As we have mentioned in prior letters, for many reasons, TPL's long-term prospects, in our view, are compelling. They are also unrecognized as not one sell side firm covers TPL.

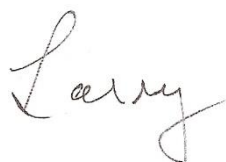
The company is uniquely positioned to benefit from future demand for data centers. The AI innovation wave is creating strong demand for infrastructure. Data centers are a critical bottleneck. With its vast and cheap land holdings and all the other necessary ingredients in sparsely populated areas -- no populated towns or cities want their electric supply impinged upon by huge data center demand -- abundant natural gas and a plentiful water supply -- all the key inputs for very large-scale data center development. There is probably no better place to locate them than on TPL property. It

is important to note that none of the above appears on the balance sheet. The first one to be announced will likely spark TPL's share price. It should be obvious that many investors will not attribute value to what they can't see but what is clearly of great value. In the meantime, TPL's existing highly profitable royalty income streams continue to grow steadily.

While TPL's substantial share price weakness has caused our portfolio to underperform, SMP has nevertheless still prospered in the year to date.

As always, we welcome your questions and your comments.

Warmly,

A handwritten signature in cursive script, appearing to read "Larry", written in dark ink.

Lawrence J. Goldstein  
(914) 833-0875 – Office  
(914) 262-9569 – Cell