

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

M. Marin
312-265-9211
mmarin@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

Tejon Ranch (TRC-NYSE)

TRC: 2Q25 Highlights; Company Encouraged by Terra Vista Leasing Trends

TRC's operating results in the farming and ranch segments are seasonal and impacted by weather, crop conditions and other external factors and real estate results are sometimes impacted by land sales, as they were in 2Q25. Over time, Terra Vista rental revenue is expected to help offset fluctuations in other operating segments arising from weather, crop & commodity prices and other external factors, as recurring monthly rental receipts comprise a growing component of the company's total revenue and earnings.

Current Price (8/15/25) \$17.46
Valuation \$26.25

OUTLOOK

Terra Vista began accepting new tenants in early May as part of the Phase 1 opening off a planned 495 total residential units once fully completed. TRC is optimistic about the trends in leasing activity; as of June 30, 2025, 49% of 84 delivered units were leased. The housing is expected to deliver convenience and affordability, as well as proximity to LA, which are factors that are expected to drive demand from Kern county and other residents, including TRCC employees and others. Once it is fully completed, we expect Terra Vista to create predictable recurring revenue streams over time that can help offset the lumpiness of results from other segments.

SUMMARY DATA

52-Week High \$19.82
52-Week Low \$14.71
One-Year Return (%) 8
Beta 0.63
Average Daily Volume (sh) 108,532

Shares Outstanding (mil) 27
Market Capitalization (\$mil) \$470
Short Interest Ratio (days) N/A
Institutional Ownership (%) 61
Insider Ownership (%) 23

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/S using 2025 Estimate N/A
P/S using 2026 Estimate N/A

Risk Level Low,
Type of Stock Small-Value
Industry Real Estate Ops

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2022	\$21.0A	\$9.3A	\$31.5A	\$12.0E	\$73.8E
2023	\$12.3A	\$6.1A	\$10.2A	\$16.2A	\$44.7A
2024	\$7.4A	\$5.7A	\$10.9A	\$17.9A	\$41.9A
2025	\$8.2A	\$8.3A	\$9.5E	\$13.9E	\$40.0E

EPS / Loss Per share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2022	\$0.16A	-\$0.03A	\$0.38A	\$0.01E	\$0.54E
2023	\$0.07A	\$0.01A	-\$0.01A	\$0.06A	\$0.12A
2024	-\$0.03A	\$0.04A	-\$0.07A	\$0.17A	\$0.10A
2025	-\$0.05A	-\$0.06A	\$0.01E	\$0.06E	-\$0.06E

Quarters might not add to annual reflecting rounding

Disclosures on page 7

2Q25 HIGHLIGHTS

Terra Vista development Phase 1 opening, with tenants in initial units...

Tejon Ranch Company (NYSE:TRC) reported 2Q25 results earlier this month. Revenues came in at \$8.3 million, up 46% from \$5.7 million in 2Q24. A roughly doubling of revenue in the company's commercial / industrial real estate segment was the primary driver of the 2Q25 advance. The segment benefited from \$2.4 million revenue associated with a performance obligation related to a 2022 land sale.

The company's results in the farming and ranch segments are seasonal and impacted by weather, crop conditions and other external factors. Farming segment revenue was \$607k, up compared to \$142k in 2Q24 due to improved almond prices and more crops available for sale.

Adjusted EBITDA was \$5.7 million compared to \$5.1 million in 2Q24. Following an additional \$2.4 million of professional fees and consulting expenses incurred in connection with the contested board election and proxy fight, TRC registered a net loss of \$1.7 million or (\$0.06) per share, compared to net earnings of \$0.9 million or \$0.04 in 2Q24.

Terra Vista rental revenue expected to help offset fluctuations in other operating segments arising from weather, crop & commodity prices and other external factors

The company expects fluctuations in commodity prices and prices and production in its farming and mineral resources segments, as well as the timing of land sales and leasing in its commercial developments, among other factors likely will continue to contribute to potential interim operating fluctuations. Over time, however, as recurring monthly rental and leasing receipts comprise a growing component of the company's total revenue and earnings, we would expect this to help smooth out the fluctuations.

[Terra Vista](#), TRC's multi-family residential complex adjacent to the Outlets at Tejon, began leasing activities. California has some of the highest rental rates nationwide. TRCC is located in Kern County, which is experiencing a severe shortage of housing like much of the state, including of apartment units, and of logistics space. Terra Vista's 495 units are designed to be affordable studio, one, and two-bedroom apartment homes to address the need for more affordable housing in California. Statewide, there is a severe shortage of residential property that has led to a housing shortage problem, particularly affordable housing.

Terra Vista began accepting new tenants in Phase 1 in early May. In total, Phase 1 includes 228 of the planned 495 residential units with 84 units delivered by the end of 2Q25. The company is optimistic about the trends in leasing activity; as of June 30, 2025, 49% of the 84 delivered units were leased. Once it is fully completed, *Terra Vista at Tejon* is expected to be the [largest](#) rental community in Kern County. We expect Terra Vista to create predictable recurring revenue streams over time that can help offset the lumpiness of results from the Farming and Ranching segments.

The proximity of TRC land holdings to LA, as well as to Bakersfield, is a significant positive, in our view, reflecting the substantial need for industrial, warehouse and residential space in the markets near TRC's land assets. The location of the company's land asset makes it appealing as a solution to a broad range of real estate needs.

MANAGEMENT, GOVERNANCE, CORPORATE COMMUNICATION

TRC has extensive land holdings that in our view are strategically positioned to provide much needed industrial, commercial and residential space in the state but the company has been criticized by key shareholders in recent months for not delivering value to shareholders. The above noted proxy battle and other shareholder activism have led to new directors on the TRC board who collectively have experience in banking, finance, law, accounting, land, asset management and development of master planned communities, as well as general corporate operations. We believe the addition of new board members is positive. We also view the planned investor meeting in 4Q25 as a positive. We would view quarterly conference calls as another positive.

However, shareholders have noted that TRC needs to improve both transparency and shareholder communication and engagement and we believe the recent response to the departure of the CFO is consistent with this view. It occurred without a press release. The company filed an [8K](#) noting that “Brett A. Brown, Executive Vice President, Chief Financial Officer and Treasurer separated from employment with the Tejon Ranch Co. (the “Company”) on July 11, 2025,” appointed an interim CFO from its internal finance area and has indicated that it will seek a CFO.

VALUATION

We maintain a \$26 per share valuation on TRC shares based on a price-to-acre basis. TRC owns 270,000 acres but our valuation is based on *only* the land that has been approved for development and/or is currently producing revenue from agribusiness and other operations. We think this approach is conservative and likely understates more extensive long term potential. The \$26/share expected near-term valuation implies a value of less than \$8,400 per acre, a steep discount to an average \$10,000 based on USDA data and only a fraction of the value accorded residential property within the state. With the shortage of housing in the state, we do not believe the current share price accurately reflects the potential value of the real estate once development plans are more advanced.

It also represents a substantial discount to other nearby relative land values, to TRC’s imputed land value in the past and does not reflect what we see as the growing value of TRCC space. For example TRC has commanded a valuation range of about \$2,200 to \$3,800 in recent years. We believe ongoing development activities such as Terra Vista and TRC master planned communities are positives that likely increase the intrinsic value of TRC’s land holdings over time but we believe issues noted as a result of shareholder activism could continue to overhang the shares until greater evidence emerges of management’s steps to create shareholder value.

RECENT NEWS

- TRC reported 2Q25 results on August 7, 2025.
- On June 26, 2025, the court issued an unfavorable opinion on Centennial at Tejon Ranch.
- On May 19, 2025, TRC announced Annual Meeting vote results, with an investor who had launched a proxy battle gaining a seat on the TRC board.
- TRC announced the appointment of a new president & CEO on February 11, 2025.
- On 11/5/24, TRC announced the addition of four board members.

RISKS

Risks to TRC achieving its objectives, and to our valuation, include the following.

- Discussions to move development forward take longer than expected and / or are not successful.
- There is the risk of further economic disruption and potentially recession, we believe.
- The real estate development industry is highly capital intensive and interest rates sensitive.
- TRC is subject to the need to obtain regulatory approvals and permits.
- The value of the land could fluctuate depending on several factors, including the regional economy and other competing development plans by other developers.
- The I-5 is a critical part of the TRC infrastructure and traffic / roadway congestion could impact the value of the company's land.
- TRC could be vulnerable to other litigation risk that could impede growth.
- Water rights are often an issue in California and can impact land values. TRC has complex water agreements and both buys and sells water.
- The company's agribusiness operation is cyclical and affected by commodity cycles.
- Additional efforts from activist shareholders could emerge.

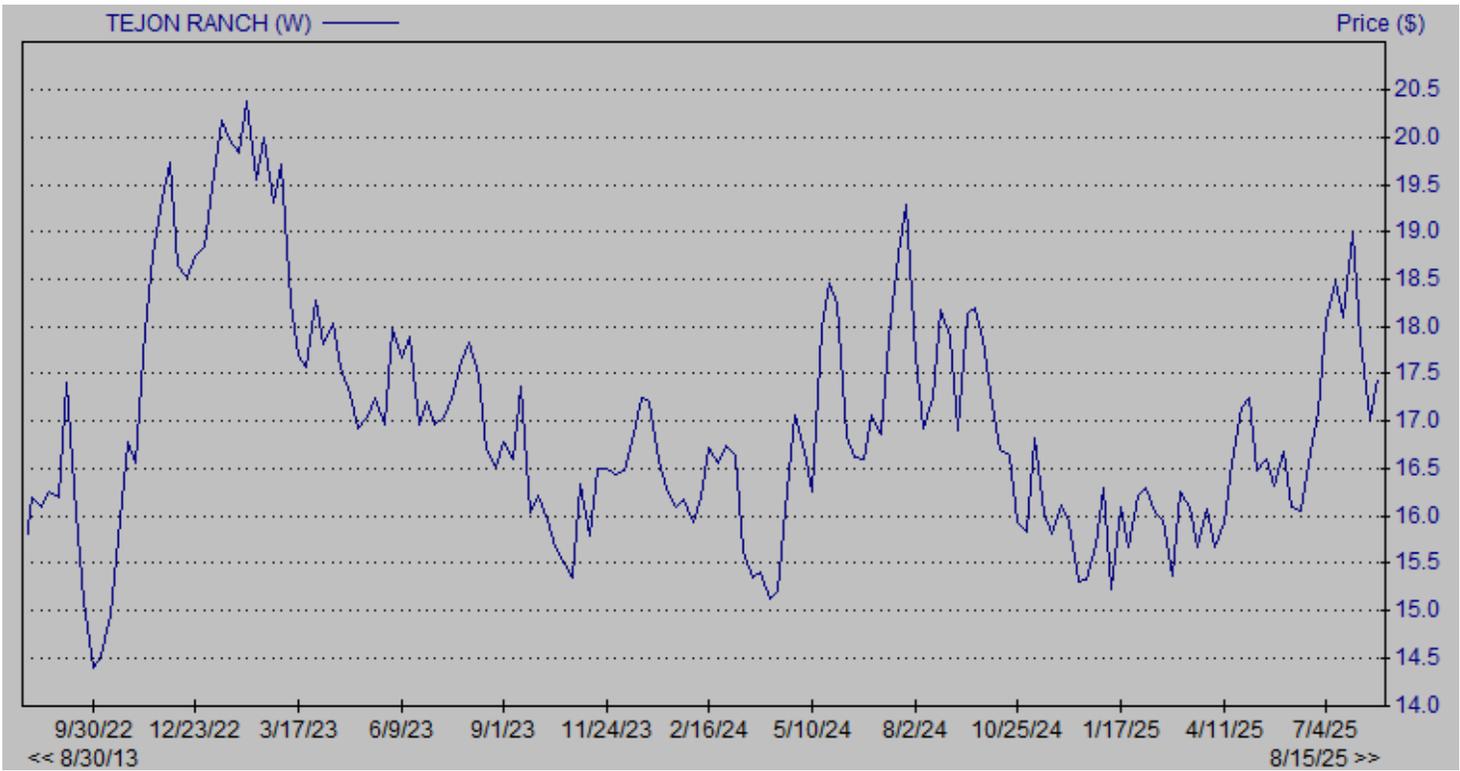
PROJECTED INCOME STATEMENT

Tejon Ranch Income Statement & Projections (\$000)

	2023A	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25A	2Q25A	3Q25E	4Q25E	2025E
Real estate - commercial/industrial	\$11,758	\$2,945	\$2,550	\$3,002	\$4,055	\$12,552	\$2,754	\$5,107	\$2,581	\$3,507	\$13,949
Mineral resources	14,524	2,489	2,032	3,166	2,527	10,214	2,595	1,510	2,357	2,121	8,584
Farming	13,950	865	142	3,242	9,676	13,925	1,556	607	3,437	7,368	12,967
Ranch operations	4,507	1,107	965	1,446	1,677	5,195	1,304	1,083	1,158	947	4,492
Total revenues	44,739	7,406	5,689	10,856	17,935	41,886	8,209	8,307	9,532	13,944	39,992
Real estate - commercial/industrial	8,053	1,927	1,990	2,088	1,905	7,910	1,847	3,536	2,194	1,974	9,551
Real estate - resort/residential	1,528	1,561	427	328	299	2,615	386	304	432	389	1,511
Mineral resources	8,685	2,116	1,115	1,812	2,009	7,052	2,085	790	1,128	1,004	5,008
Farming	15,257	2,067	1,087	6,252	8,145	17,551	2,548	1,497	2,065	5,894	12,004
Ranch operations	5,043	1,227	1,261	1,223	1,153	4,864	1,273	1,335	1,276	1,126	5,010
Corporate expenses	9,872	2,492	3,357	2,945	2,298	11,092	4,236	4,900	3,397	3,401	15,934
Total expenses	48,438	11,390	9,237	14,648	15,809	51,084	12,375	12,362	10,493	13,788	49,018
Operating income / (loss)	(3,699)	(3,984)	(3,548)	(3,792)	2,126	(9,198)	(4,166)	(4,055)	(960)	156	(9,026)
Investment income	2,557	685	630	528	430	2,273	346	226	316	443	1,331
Gain (loss) real estate sales	-	-	-	-	-	-	-	-	-	-	-
Other (loss) income	(138)	(70)	(71)	(69)	(82)	(292)	(76)	(4)	(72)	(73)	(224)
Total other income	2,419	615	559	459	348	1,981	270	222	245	370	1,107
Operating income/(loss)	(1,280)	(3,369)	(2,989)	(3,333)	2,474	(7,217)	(3,896)	(3,833)	(716)	526	(7,919)
Equity pickup	6,868	1,513	2,769	3,329	3,270	10,881	1,158	2,555	1,278	1,252	6,242
Pretax income	5,588	(1,856)	(220)	(4)	5,744	3,664	(2,738)	(1,278)	562	1,778	(1,677)
Taxes	2,323	(942)	(1,176)	1,832	1,262	976	(1,272)	435	185	533	(118)
Net income (loss)	3,265	(914)	956	(1,836)	4,482	2,688	(1,466)	(1,713)	376	1,245	(1,558)
Minority interest	-	-	1	-	(1)	(2)	(2)	(1)	(1)	(1)	(5)
Net income	3,265	(914)	957	(1,836)	4,483	2,690	(1,464)	(1,712)	377	1,246	(1,553)
Loss/share - EPS (FD)	\$0.12	(\$0.03)	\$0.04	(\$0.07)	\$0.17	\$0.10	(\$0.05)	(\$0.06)	\$0.01	\$0.05	(\$0.06)
Average shares out (Mns)	26.7	26.8	26.8	26.8	26.8	26.8	26.9	26.9	26.9	26.9	26.9

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, M. Marin, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.