October 28, 2025

Zacks Small-Cap Research

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Tejon Ranch (TRC-NYSE)

TRC: Nov. 13 Opening of Hard Rock Casino Tejon Potential Source of Demand at TRC's Terra Vista Multi-Family Development

TRC began accepting new tenants in Phase 1 of Terra Vista's opening in early May. As of June 30, 2025, 49% of the 84 units first delivered were leased. The company has indicated that it is "encouraged by the strong response to… [it's] first multifamily offering." We view the pending Nov.13 opening of the Hard Rock Casino Tejon, expected to create ~5k jobs, as another source of potential demand for units at nearby Terra Vista. California has some of the highest rental rates nationwide.

OUTLOOK

Terra Vista housing is expected to deliver convenience and affordability for tenants, as well as proximity to LA, which are factors that are expected to drive demand from Kern county and other residents, including TRCC employees, potentially Hard Rock Casino Tejon 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 TRC segments.

Current Price (10/27/25)	$16.06
Valuation	**$26.25**

SUMMARY DATA

52-Week High	**$19.39**
52-Week Low	**$14.71**
One-Year Return (%)	**0.12**
Beta	**0.64**
Average Daily Volume (sh)	**109,246**
Shares Outstanding (mil)	**27**
Market Capitalization ($mil)	**$432**
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 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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

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TRC ENCOURAGED BY TERRA VISTA LEASING TRENDS

Upcoming opening of Hard Rock Casino Tejon potential source of demand for units at TRC's Terra Vista multi-family development

Tejon Ranch Company (NYSE:TRC) has opened the first units at its multi-family residential complex adjacent to the Outlets at Tejon, Terra Vista. TRC began leasing activities earlier this year and Terra Vista began accepting new tenants in Phase 1 of Terra Vista's opening in early May. As of June 30, 2025, 49% of the 84 units first delivered were leased. The company has indicated that Terra Vista at Tejon leasing trends have been in line with targets and it is "encouraged by the strong response to… [it's] first multifamily offering…"

We view the pending opening of the Hard Rock Casino Tejon as another source of potential demand for units at Terra Vista. Located near Terra Vista, the Hard Rock Casino Tejon is expected to create about 5,000 jobs. It is scheduled to open on November 13, 2025.

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.

In total, Terra Vista Phase 1 includes 228 of the planned 495 residential units. 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, which are impacted by fluctuations in commodity prices and production conditions, as well as the timing of land sales and leasing in its commercial developments. 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.

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.

UPCOMING INVESTOR DAY NEXT MONTH

TRC is hosting its first Investor Day since 2018 on November 14 2025, in New York City. TRC shareholders have noted that TRC needs to improve both transparency and shareholder communication and engagement and we view the investor event as a positive.

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. A recent 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. The company is also hosting a quarterly conference call on November 6, 2025, which we view as another positive.

VALUATION

TRC owns 270,000 acres strategically located in California. 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. On this basis, we maintain a $26 per share valuation on TRC shares based on a price-to-acre basis.

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

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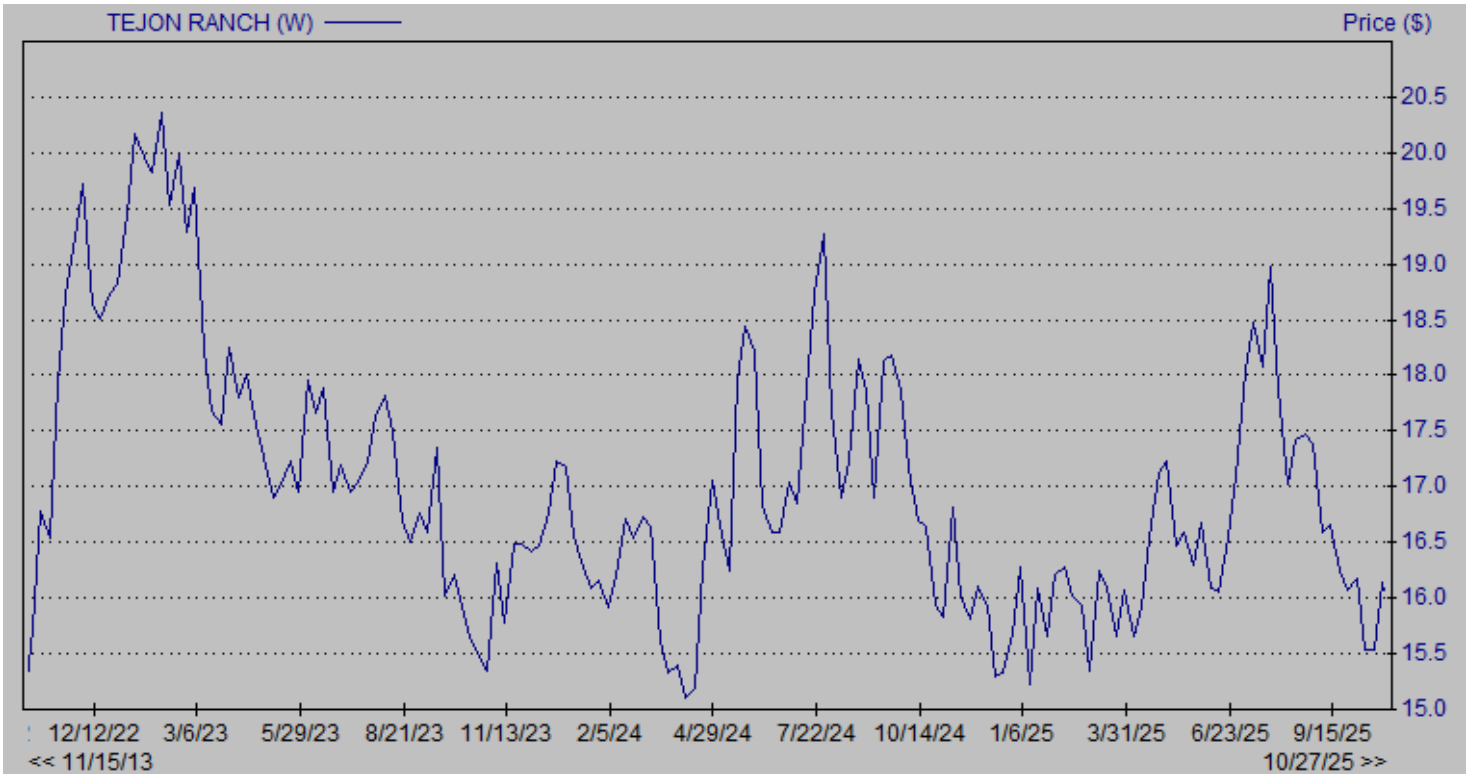

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