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Zacks Small-Cap Research

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Tejon Ranch (TRC-NYSE)

TRC: Investor Event Takeaways; Costly '25 Proxy Fight Likely Informs Company Willingness to Engage With Shareholders

TRC held an Investor Day last week. Matthew Walker has been CEO since March 31, 2025. Under his new leadership, TRC has responded to investors' demands for improved transparency & communication and also identified about $3.5m in annual cost savings. We view these changes as positives but believe a significant gap still remains between shareholders' views and management plans. The company outlined its growth plans but shareholders want catalysts sooner, we believe.

Current Price (11/20/25)	$15.82
Valuation	**$26.25**

OUTLOOK

TRC's chief growth strategy revolves around 3 planned MPCs using non-dilutive JV funding. Given that construction would be 2-3 years away, we believe the timeline does not meet shareholder objectives. Investors are looking for earlier catalysts. The 2026 annual meeting is likely to be held in May and we suspect another potential proxy fight if there are no meaningful changes by then. Management arguably understands this, as well (TRC spent $3.4m on proxy defense) & is willing to engage with shareholders to try to find solutions to avoid another proxy fight, if possible.

SUMMARY DATA

52-Week High	**$19.39**
52-Week Low	**$14.71**
One-Year Return (%)	**2**
Beta	**0.65**
Average Daily Volume (sh)	**101,726**
Shares Outstanding (mil)	**27**
Market Capitalization ($mil)	**$426**
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**	**$12.0A**	**$13.9E**	**$42.4E**

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**	**$0.06A**	**$0.05E**	**-$0.01E**

Quarters might not add to annual reflecting rounding

Disclosures on page 7

TAKEAWAYS FROM INVESTOR EVENT

Believe significant gap still remains between shareholders' views and management plans

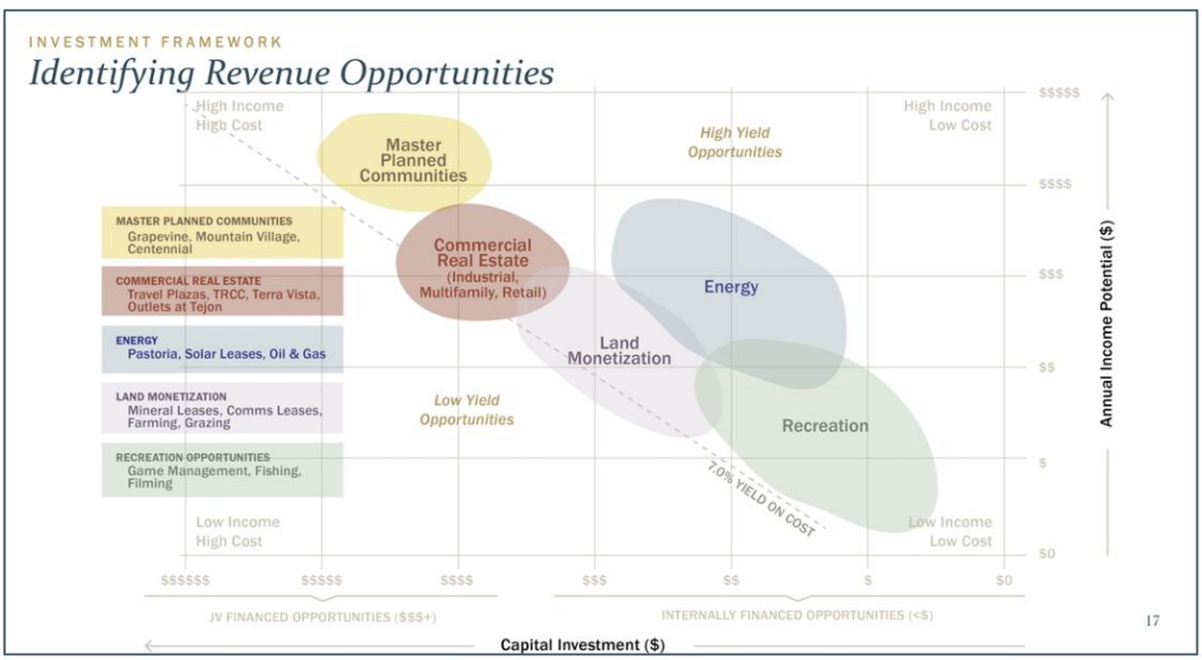
Tejon Ranch Company (NYSE:TRC) held an Investor Day last week on November 14 2025. The questions from TRC shareholders were consistent with the issues shareholders have raised in recent quarters calling for TRC to implement measures to deliver shareholder value. In recent quarters, shareholder efforts have included a recent proxy battle, among other activist measures.

Matthew Walker has been president and CEO since March 31, 2025, when the prior CEO retired. His prior real estate experience includes 24-years at Los Angeles-based private real estate firm Lowe Enterprises where he oversaw Lowe's hospitality and resort community platform. He has resort and residential development, residential sales and marketing, master planned community entitlement and development experience, according to TRC.

Under his new leadership, in response to investors' demand that TRC improve both transparency and shareholder communication, the company has initiated quarterly conference calls and hosted last week's event. The new management team has also identified about $3.5 million in annual cost savings, including a roughly 20% reduction in the workforce. We view the increased focus on cost containment and improved communications as positives but believe a significant gap still remains between shareholders' views and management plans. We present our takeaways from the event in this note.

Company outlined plans but shareholders want catalysts sooner

TRC has extensive land holdings that are strategically positioned to provide much needed industrial, commercial and residential space for the state but the company has been criticized by key shareholders in recent quarters for not leveraging its assets to deliver value to shareholders. At the investor event, the company outlined growth drivers and plans expected to deliver shareholder value.

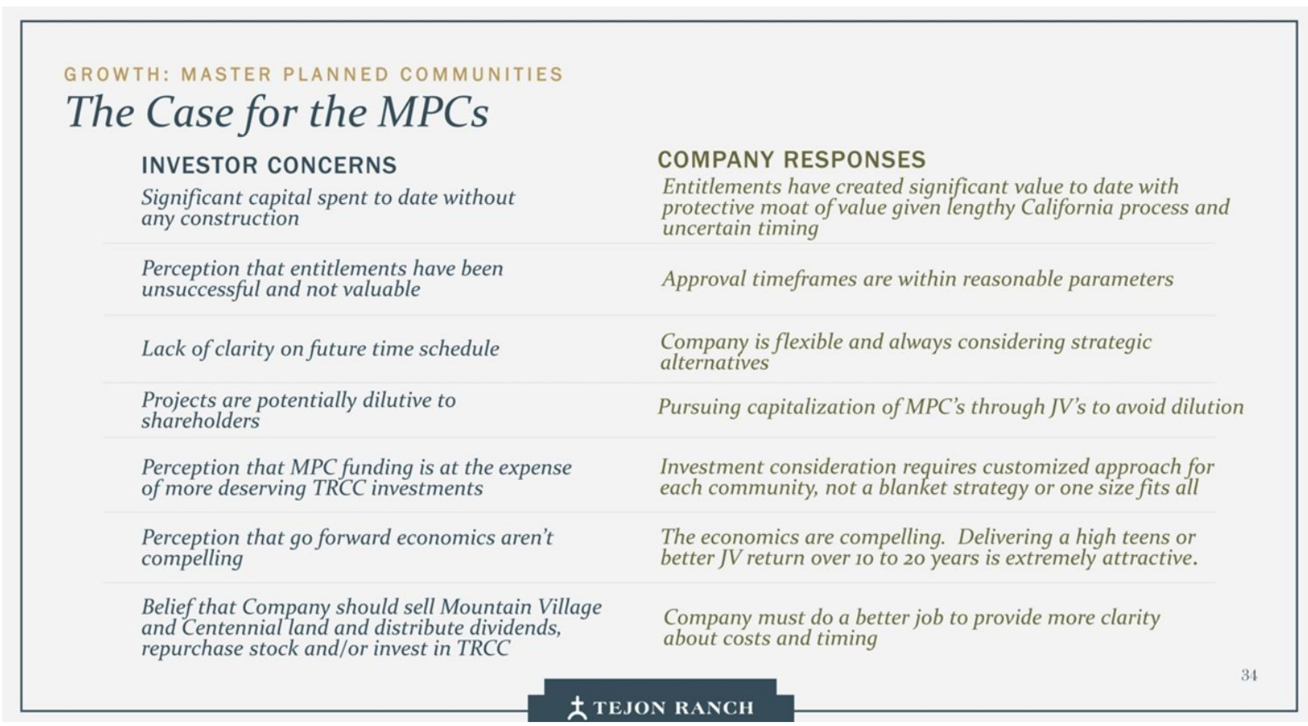


Source: [Company reports]

For TRC, a chief avenue for generating growth and delivering shareholder value revolves around the planned Master Planned Communities (MPCs). Other revenue streams such as [Terra Vista](#) and the Farming and Mineral segments with their sensitivity to commodity price fluctuations, weather and other extraneous factors are unlikely, we believe, to be catalysts for share price appreciation.

Terra Vista arguably has not impacted the P&L or TRC share price yet, but it is early in its development. Leasing activities only began earlier this year and Terra Vista began accepting new tenants in early May. As of June 30, 2025, 49% of the 84 units first delivered were leased. The recent opening of the Hard Rock Casino Tejon Is a source of potential demand for units and TRC is working with the Casino management to promote Terra Vista. Located near Terra Vista, the Hard Rock Casino Tejon is expected to create about 5,000 jobs. TRC also believes the estimated two million annual visitors Hard Rock Casino Tejon is expected to attract will be a positive for the Outlets at TRCC. TRC has reiterated its commitment to continuing the buildout of Terra Vista. Once it is fully completed, Terra Vista is expected to be the largest rental community in Kern County.

TRC management believes developing its three MPC projects - Mountain Village, Centennial and Grapevine – will generate value for investors. As the company indicated in its presentation, various investor concerns regarding the MPCs include that TRC has already invested a significant amount of capital in the MPCs with no construction yet and there has been a lack of clarity about timelines and potential for dilution to TRC shareholders.


GROWTH: MASTER PLANNED COMMUNITIES

The Case for the MPCs

INVESTOR CONCERNS	COMPANY RESPONSES
Significant capital spent to date without any construction	*Entitlements have created significant value to date with protective moat of value given lengthy California process and uncertain timing*
Perception that entitlements have been unsuccessful and not valuable	*Approval timeframes are within reasonable parameters*
Lack of clarity on future time schedule	*Company is flexible and always considering strategic alternatives*
Projects are potentially dilutive to shareholders	*Pursuing capitalization of MPC's through JV's to avoid dilution*
Perception that MPC funding is at the expense of more deserving TRCC investments	*Investment consideration requires customized approach for each community, not a blanket strategy or one size fits all*
Perception that go forward economics aren't compelling	*The economics are compelling. Delivering a high teens or better JV return over 10 to 20 years is extremely attractive.*
Belief that Company should sell Mountain Village and Centennial land and distribute dividends, repurchase stock and/or invest in TRCC	*Company must do a better job to provide more clarity about costs and timing*

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TEJON RANCH

Source: Company reports

The company made clear that financing for these projects would involve project level joint venture ‘ partner funding that would not be dilutive to TRC shares. Given that construction would be at least 2-3 years from now, we believe the timeline does not meet shareholder objectives. Investors are looking for an earlier catalyst.

Costly 2025 proxy fight likely informs company willingness to engage with shareholders

Activist shareholders waged a proxy fight in connection with the 2025 annual meeting, winning a seat on the board. Shareholders seem to respond positively to new CEO Matt Walker and recognize that the issues they have with the company precede his leadership, but view the $3.4 million of expenses TRC spent in 3Q25 related to proxy defense as a colossal waste of resources. The 2026 annual meeting is likely to be held in May and we suspect another potential proxy fight if there are no meaningful changes by then. Management arguably understands this as well. The good news is that TRC indicated its willingness to hold a special meeting; if the threshold of 25% of shareholders requesting one is not met, management has also stated it "is flexible and always considering strategic alternatives" and that it regrets engaging in the proxy defense. We would expect management to maintain interactive communication with shareholders to try to find solutions that shareholders approve and avoid another proxy fight, if possible.

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 hosted an investor event on November 14, 2025.
- 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.

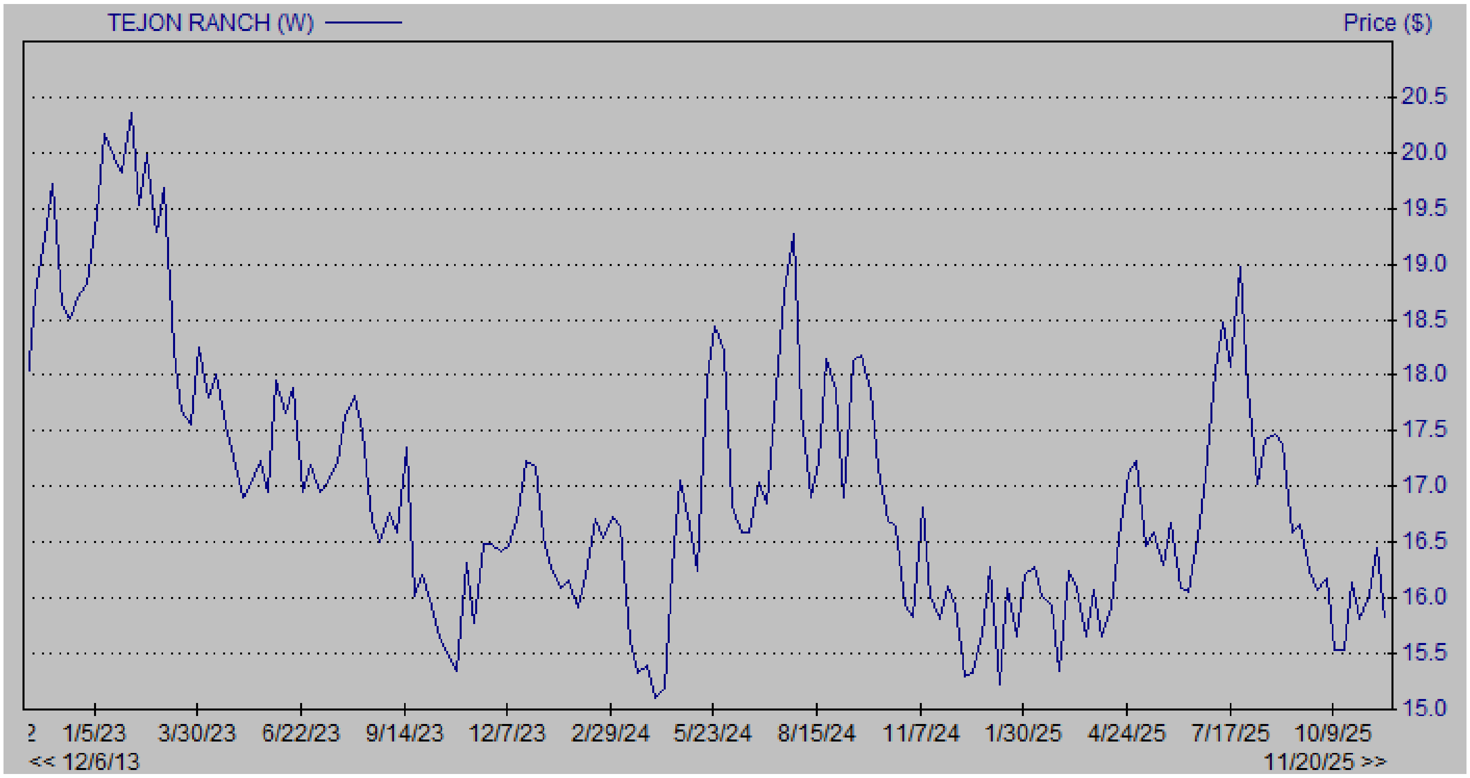
PROJECTED INCOME STATEMENT

Tejon Ranch Income Statement & Projections ($000)

	2023A	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25A	2Q25A	3Q25A	4Q25E	2025E
Real estate - commercial/industrial	$11,758	$2,945	$2,550	$3,002	$4,055	$12,552	$2,754	$5,107	$3,124	$3,507	$14,492
Mineral resources	14,524	2,489	2,032	3,166	2,527	10,214	2,595	1,510	3,172	2,121	9,398
Farming	13,950	865	142	3,242	9,676	13,925	1,556	607	4,335	7,368	13,866
Ranch operations	4,507	1,107	965	1,446	1,677	5,195	1,304	1,083	1,338	947	4,672
Total revenues	**44,739**	**7,406**	**5,689**	**10,856**	**17,935**	**41,886**	**8,209**	**8,307**	**11,969**	**13,944**	**42,429**
Real estate - commercial/industrial	8,053	1,927	1,990	2,088	1,905	7,910	1,847	3,536	2,148	1,974	9,505
Real estate - resort/residential	1,528	1,561	427	328	299	2,615	386	304	318	389	1,397
Mineral resources	8,685	2,116	1,115	1,812	2,009	7,052	2,085	790	2,121	1,004	6,000
Farming	15,257	2,067	1,087	6,252	8,145	17,551	2,548	1,497	5,362	5,894	15,301
Ranch operations	5,043	1,227	1,261	1,223	1,153	4,864	1,273	1,335	1,176	1,126	4,910
Corporate expenses	9,872	2,492	3,357	2,945	2,298	11,092	4,236	4,900	2,868	3,401	15,405
Total expenses	48,438	11,390	9,237	14,648	15,809	51,084	12,375	12,362	13,993	13,788	52,518
Operating income / (loss)	(3,699)	(3,984)	(3,548)	(3,792)	2,126	(9,198)	(4,166)	(4,055)	(2,024)	156	(10,089)
Investment income	2,557	685	630	528	430	2,273	346	226	177	443	1,192
Gain (loss) real estate sales	-										
Other (loss) income	(138)	(70)	(71)	(69)	(82)	(292)	(76)	(4)	(9)	(73)	(162)
Total other income	2,419	615	559	459	348	1,981	270	222	168	370	1,030
Operating income/(loss)	(1,280)	(3,369)	(2,989)	(3,333)	2,474	(7,217)	(3,896)	(3,833)	(1,856)	526	(9,059)
Equity pickup	6,868	1,513	2,769	3,329	3,270	10,881	1,158	2,555	2,555	1,252	7,520
Pretax income	5,588	(1,856)	(220)	(4)	5,744	3,664	(2,738)	(1,278)	699	1,778	(1,539)
Taxes	2,323	(942)	(1,176)	1,832	1,262	976	(1,272)	435	(972)	533	(1,276)
Net income (loss)	3,265	(914)	956	(1,836)	4,482	2,688	(1,466)	(1,713)	1,671	1,245	(263)
Minority interest	-	-	1		(1)	(2)	(2)	(1)	1	(1)	(3)
Net income	3,265	(914)	957	(1,836)	4,483	2,690	(1,464)	(1,712)	1,670	1,246	(260)
Loss/share - EPS (FD)	$0.12	($0.03)	$0.04	($0.07)	$0.17	$0.10	($0.05)	($0.06)	$0.06	$0.05	($0.01)
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



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