

# Zacks Small-Cap Research

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## Tejon Ranch (TRC-NYSE)

### TRC: 4Q25 and 2025 Highlights; 2026 Outlook

2 TRC segments contributed to a 17.7% 4Q25 y/y revenue improvement: Farming and new Multifamily. Annual Farming revenue grew 35% to \$18.7m, benefiting from “on year” pistachio production, among other factors. Multifamily segment leasing activities began in late 2Q25, with revenue commencing in 4Q25. For the year, higher revenue & benefits of cost containment efforts, including ~20% workforce reduction, were masked by \$3.4m in costs related to proxy defense.

Current Price (3/20/26) \$18.40  
Valuation \$26.25

### OUTLOOK

TRC believes 2025 revenue and adjusted EBITDA improvements illustrate the progress it is making in executing its strategy, including land monetization and crop diversification initiatives. Moreover, in 2025, TRC simplified its operating structure and reduced overhead. Nevertheless, TRC cautioned that it expects net income to fluctuate from year to year based on multiple factors discussed below. TRC’s primary goal to convert more land assets into recurring cash flow focuses on advancing its planned MPCs and we continue to believe that a significant gap exists between shareholders and management regarding how to deliver long-term shareholder value.

### SUMMARY DATA

52-Week High \$19.61  
52-Week Low \$15.04  
One-Year Return (%) 16  
Beta 0.65  
Average Daily Volume (sh) 107,047

Shares Outstanding (mil) 27  
Market Capitalization (\$mil) \$495  
Short Interest Ratio (days) 8.9  
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 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)
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	\$21.1A	\$49.6A
2026	\$8.8E	\$8.5E	\$11.9E	\$19.1E	\$48.3E

#### EPS / Loss Per share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
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	\$0.06A	\$0.00A
2026	-\$0.02E	\$0.02E	\$0.02E	\$0.05E	\$0.06E

Quarters might not add to annual reflecting rounding

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## 4Q / 2025 HIGHLIGHTS AND 2026 OUTLOOK

### *Benefits of ~20% workforce reduction masked by \$3.4m proxy defense costs*

Tejon Ranch Company (NYSE:TRC) reported 4Q/2025 results last week. Two segments contributed to a 17.7% year-over-year revenue improvement in the quarter: the Farming and new Multifamily segments. Revenue from the Farming segment grew 26% year-over-year in 4Q25 to \$12.2 million. This contributed to an annual Farming segment revenue improvement of 35% to \$18.7 million. Segment revenue benefitted from “on year” pistachio production in their alternate bearing crop output year, stronger almond pricing and continued maturation of the almond portfolio, as well as improvement across all three permanent crop categories. Reflecting these factors, the annual operating loss for TRC’s Farming segment narrowed significantly to \$112k compared to a 2024 operating loss of \$3.6 million. Multifamily revenue was \$536k for the quarter and full year. Leasing activities began in late 2Q25, with promotions including rent waivers early on.

For the full year, revenue advanced 18.4% to \$49.6 million versus \$41.9 million in 2024. This included a Commercial/industrial segment revenue advance of 20% to \$15.0 million for the year. Including equity in earnings from unconsolidated joint ventures (JVs), the Commercial/Industrial Real Estate segment generated \$15.4 million of operating income in 2025. As of December 31, 2025, TRC’s industrial portfolio was 100% leased and its commercial portfolio was 98% leased.

For 4Q25, net income to stockholders decreased 65% to \$1.6 million, or \$0.06 per share, versus \$4.5 million, or \$0.17 per share, in 4Q24. Reflecting improved commercial real estate business and farming results, adjusted 2025 EBITDA, increased 8% to \$25.3 million for the full year. 2025 net income was \$0.1 million, or \$0.00 per share, compared to \$2.7 million, or \$0.10 per share in 2024. Net income in 2025 included about \$3.4 million in one-time proxy defense costs. Excluding proxy related costs, we estimate 2025 EPS would have been about \$0.13-\$0.14 compared to \$0.10 in 2024.

The 2025 results benefitted from two non-recurring land transactions at the Tejon Ranch Commerce Center (TRCC): 1) the sale of a hotel site and 2) the back-end revenue recognition related to the Nestlé land sale. The company indicated that it might make additional land sales opportunistically, as it continues to advance its master-planned communities (MPCs): Mountain Village, Grapevine and Centennial at Tejon Ranch.

### *Company’s 2026 outlook; net income expected to fluctuate from year to year*

The company believes the annual revenue and adjusted EBITDA improvements illustrate the progress it is making in executing its strategy, including crop diversification and land monetization initiatives. Moreover, in 2025, TRC simplified its operating structure and reduced overhead. Management identified about \$3.5 million in annual cost savings, including a roughly 20% reduction in the workforce. Nevertheless, net income fluctuates, reflecting multiple factors including farming production conditions, the timing of land sales and development activity, among other factors.

In the near- to medium-term, the TRCC and ongoing leasing activities at [Terra Vista](#) are expected to be the primary drivers for potential operating improvements. For example, as traffic past the TRCC increased following the opening of the nearby Hard Rock Tejon Casino, December fuel and food revenue increased at the TRCC TA Petro Travel Center and the Outlets at Tejon generated record monthly retail sales. The company indicated that this trend has continued to-date in 1Q26. Occupancy at the Outlets at Tejon was 93% as of YE 2025.

The company is also optimistic about the outlook for the farming unit; segment revenues reached a 10-year high in 2025, although the Farming and Mineral segments are sensitive to commodity price fluctuations, weather and other extraneous factors and, moreover, the TRC pistachio orchards are expected to be in a down-bearing year. To continue to diversify its crop portfolio, the company planted 150 acres of olives in 2025 and expects to plant an additional 150 acres in 2026.

Terra Vista generated an operating loss of roughly \$1.5 million in 2025. It had not reached stabilized occupancy as of December 31, 2025, and 2025 operating results included the impact of the lease-up phase and start-up costs. The company expects to reach stabilized occupancy during 2026; as of March 19, 2026, 71% of the units had been leased. Once it is fully completed, Terra Vista is expected to be the [largest](#) rental community in Kern County. If/when Terra Vista reaches stabilized occupancy, recurring monthly leasing revenue to help offset fluctuations in the farming and mineral segments.

Management cautioned that it expects net income to fluctuate from year to year based on development activity, commodity prices, farming production and mineral resources segments and the timing of land sales and leasing activity, among other factors. Nevertheless, the company noted that a primary goal going forward is to convert higher percentages of its land assets into recurring cash flow, including advancing its planned MPCs.

At December 31, 2025, the company had cash and securities of about \$24.9 million and \$66.1 million available on its line of credit, for total liquidity of roughly \$91.0 million.

***Continue to see a gap between shareholders & management regarding how to deliver long-term shareholder value***

We continue to believe that a significant gap exists between shareholders and management in terms of how to deliver long-term shareholder value. Management remains committed to moving forward with the MPCs and the Centennial MPC in Los Angeles County is about to enter a more public phase of its entitlement process addressing issues identified by the court, according to TRC. While shareholders seem to respond positively to Matt Walker, who has been CEO since March of 2025, we believe they want TRC to unleash value from its extensive land holdings earlier than current company plans would portend. TRC has already invested significant capital in the MPCs with no construction yet and no meaningful clarity about timelines.

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

Source: [Company reports](#)

In another sign of TRC responding to issues shareholders have raised, the company plans to include a proposal at the 2026 Annual Meeting that would grant shareholders the right to call a special meeting of shareholders. However, we believe the proposed threshold of ownership of at least 25% of the outstanding TRC shares does not fully match earlier shareholder proposals.

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## VALUATION

TRC owns about 270,000 acres located near Los Angeles and Bakersfield. We value the shares on a price-to-acre basis 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.

This metric 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.

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## RECENT NEWS

- On March 19, 2026, TRC announced its intention to include a shareholder special meeting right proposal at the 2026 Annual Meeting.
- TRC reported 4Q25 results on March 19, 2026.
- TRC amended its bylaws on December 10, 2025.
- TRC hosted an investor event on November 14, 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.

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## 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.

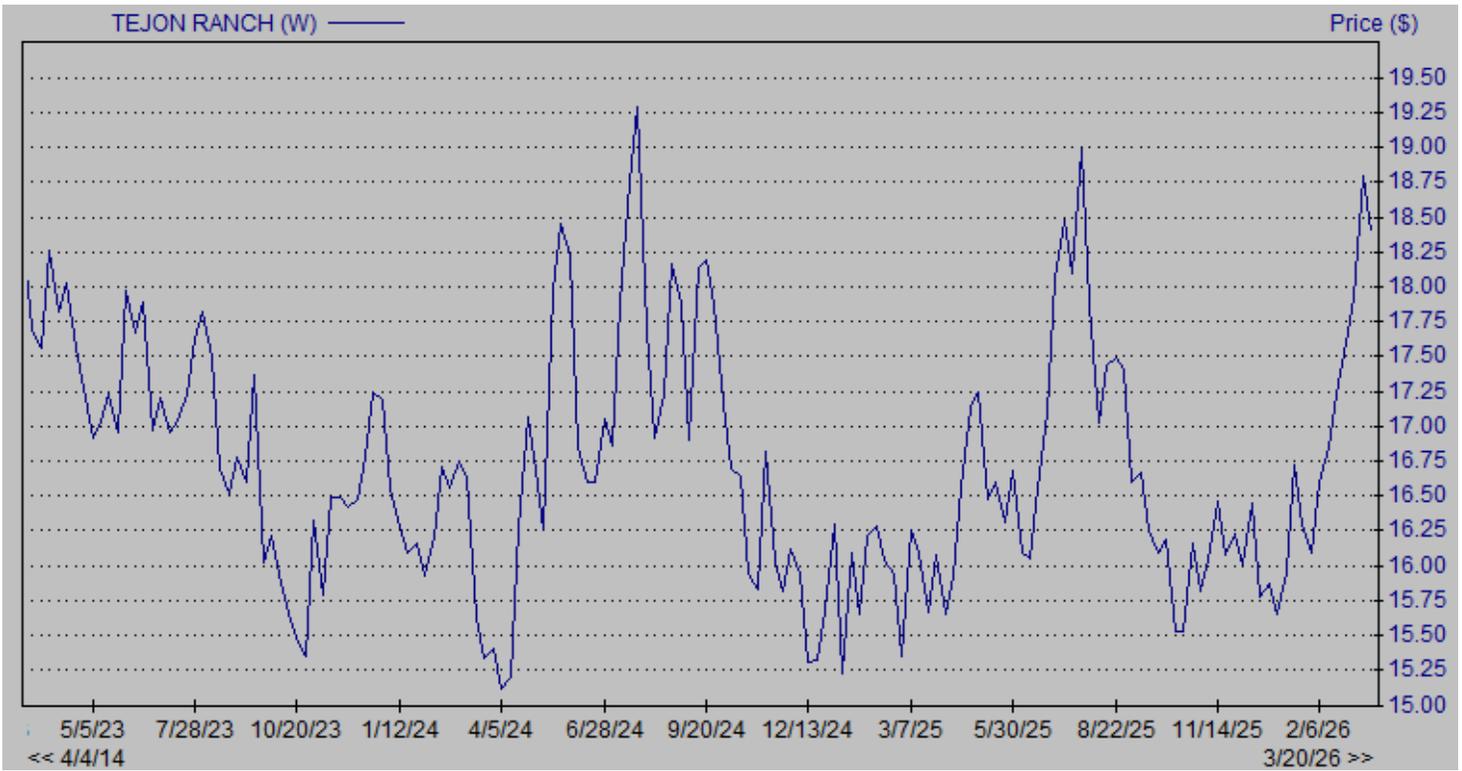
## PROJECTED INCOME STATEMENT

### Tejon Ranch Income Statement & Projections (\$000)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26E	2Q26E	3Q26E	4Q26E	2026E
Real estate - commercial/industrial	\$2,754	\$5,107	\$3,124	\$4,217	\$15,202	\$2,760	\$4,596	\$3,130	\$4,221	\$14,707
Multifamily				536	536	616	771	979	1,194	3,559
Mineral resources	2,595	1,510	3,172	2,359	9,636	2,600	1,513	3,178	2,361	9,653
Farming	1,556	607	4,335	12,240	18,738	1,470	577	3,251	9,547	14,846
Ranch operations	1,304	1,083	1,338	1,754	5,479	1,307	1,085	1,341	1,756	5,488
<b>Total revenues</b>	<b>8,209</b>	<b>8,307</b>	<b>11,969</b>	<b>21,106</b>	<b>49,591</b>	<b>8,753</b>	<b>8,542</b>	<b>11,879</b>	<b>19,079</b>	<b>48,253</b>
Real estate - commercial/industrial	1,847	3,536	2,148	1,634	9,165	1,851	3,543	2,152	1,636	9,182
Multifamily				1,116	1,116	1,127	1,116	1,105	1,131	4,479
Real estate - resort/residential	386	304	318	1,269	2,277	387	305	319	1,270	2,280
Mineral resources	2,085	790	2,121	1,811	6,807	2,089	792	2,125	1,813	6,819
Farming	2,548	1,497	5,362	9,443	18,850	2,395	1,407	4,987	9,160	17,949
Ranch operations	1,273	1,335	1,176	1,477	5,261	1,276	1,338	1,178	1,478	5,270
Corporate expenses	4,236	4,900	2,868	2,064	14,068	2,118	2,058	2,065	2,157	8,398
<b>Total expenses</b>	<b>12,375</b>	<b>12,362</b>	<b>13,993</b>	<b>18,814</b>	<b>57,544</b>	<b>11,242</b>	<b>10,558</b>	<b>13,931</b>	<b>18,645</b>	<b>54,376</b>
Operating income / (loss)	(4,166)	(4,055)	(2,024)	2,292	(7,953)	(2,489)	(2,016)	(2,052)	434	(6,123)
Investment income	346	226	177	165	914	311	226	184	165	887
Gain (loss) real estate sales				(20)	(20)	-	-	-	-	-
Other (loss) income	(76)	(4)	(9)	(55)	(144)	(10)	(10)	(10)	(10)	(40)
<b>Total other income</b>	<b>270</b>	<b>222</b>	<b>168</b>	<b>90</b>	<b>750</b>	<b>301</b>	<b>216</b>	<b>174</b>	<b>155</b>	<b>847</b>
Operating income/(loss)	(3,896)	(3,833)	(1,856)	2,382	(7,203)	(2,188)	(1,800)	(1,878)	589	(5,276)
Equity pickup	1,158	2,555	2,555	2,094	8,362	1,160	2,560	2,560	2,096	8,377
Pretax income	(2,738)	(1,278)	699	4,476	1,159	(1,028)	760	682	2,686	3,101
Taxes	(1,272)	435	(972)	2,897	1,088	(360)	266	239	1,235	1,381
Net income (loss)	(1,466)	(1,713)	1,671	1,579	71	(668)	494	444	1,450	1,720
Minority interest	(2)	(1)	1	(2)	(4)	(1)	(1)	(1)	(1)	(4)
<b>Net income</b>	<b>(1,464)</b>	<b>(1,712)</b>	<b>1,670</b>	<b>1,581</b>	<b>75</b>	<b>(667)</b>	<b>495</b>	<b>445</b>	<b>1,451</b>	<b>1,724</b>
Loss/share - EPS (FD)	(\$0.05)	(\$0.06)	\$0.06	\$0.06	\$0.00	(\$0.02)	\$0.02	\$0.02	\$0.05	\$0.06
Average shares out (Mns)	26.9	26.9	26.9	27.0	26.9	26.9	27.0	27.0	27.0	27.0

Source: Company reports, Zacks estimates

# HISTORICAL STOCK PRICE



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