

Zacks Small-Cap Research

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Tejon Ranch (TRC-NYSE)

TRC: Annual Shareholder Meeting Tomorrow & 1Q26 Highlights

TRC will likely update shareholders at tomorrow's Annual Meeting on its plans to boost shareholder value by advancing its MPCs. Judging by questions submitted on last week's quarterly earnings call, we continue to believe that a significant gap exists between shareholders and management in terms of how to deliver long-term shareholder value. Importantly, in recent years TRC shareholders have been much better organized in their activities to influence the company's plans and direction.

Current Price (5/11/26) \$19.49
Valuation \$26.25

OUTLOOK

Two years ago, Nitor Capital – which owns 6.2% of TRC shares - published its intention to withhold support for several TRC nominees. Last year, Bulldog / Special Opportunities Fund sent its proxy statement soliciting shareholders vote its slate, including Bulldog principal Andrew Dakos, who is now a director on TRC's board. Although the shares have appreciated >20% YTD, TRC shares have essentially round tripped since 1998 from the \$16-\$20 level to the \$45-\$50 range and back again. Not surprisingly, shareholders want more impactful demonstrable changes that can generate share price catalysts faster than the MPCs.

SUMMARY DATA

52-Week High \$21.31
52-Week Low \$15.31
One-Year Return (%) 19.5
Beta 0.61
Average Daily Volume (sh) 100,468

Shares Outstanding (mil) 27
Market Capitalization (\$mil) \$526
Short Interest Ratio (days) 10.4
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 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	\$9.5A	\$8.6E	\$12.0E	\$19.2E	\$49.4E

EPS / Loss Per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	\$0.01A	\$0.02E	\$0.02E	\$0.06E	\$0.11E

Quarters might not add to annual reflecting rounding

Disclosures on page 10

SHAREHOLDER MEETING TOMORROW

In recent years, shareholders better organized to influence company direction

Tejon Ranch Company (NYSE:TRC) will hold its Annual Shareholders Meeting and property tour tomorrow, May 13, 2026. The company will likely update shareholders on its planned path to produce shareholder value by advancing its planned MPCs (master-planned communities): Mountain Village, Grapevine and Centennial at Tejon Ranch. As management remains committed to moving forward with the MPCs, we continue to believe that a significant gap exists between shareholders and management in terms of how to deliver long-term shareholder value.

Importantly, in recent years TRC shareholders have been much better organized in their activities to influence the company's plans and direction. Excluding TowerView LLC, institutions hold about 33+% of TRC shares and insiders (executive officers and directors) separately own an aggregate 21+%. Two years ago, Nitor Capital Management -- a primary force behind inducing change and owner of 6.2% of TRC shares - published its intention to withhold support for several TRC nominees. Last year, Bulldog / Special Opportunities Fund sent its proxy statement soliciting shareholders to vote its slate of nominees as board directors, including Andrew Dakos, a director of the Special Opportunities Fund, principal of Bulldog Investors, who is now a director on TRC's board of directors.

With Andrew Dakos, half of board members are relatively new, which we view positively. However, although the shares have appreciated significantly year-to-date, TRC shares have essentially round tripped since 1998 from the \$16-\$20 level to the \$45-\$50 range and back again and shareholders want more impactful demonstrable changes that can generate share price catalysts faster as the company's land holdings are strategically positioned to provide much needed industrial, commercial and residential space in the state of California.

Gap between shareholders & management on how to deliver long-term shareholder value

The company's primary goal going forward is to convert higher percentages of its land assets into recurring cash flow, including advancing its planned MPCs (master-planned communities): Mountain Village, Grapevine and Centennial at Tejon Ranch. TRC will hold its annual meeting tomorrow and we believe the company will continue to get push back on the MPC strategy, as it has in the past. To highlight the difference between management and shareholders, highlights of questions received on last week's quarterly earnings conference call are shown below.

Questions from Q&A

"How can we justify pursuing master planned development projects when one could argue that selling them and focusing on our more highly valued assets and operations would result in a stock price that is 3 to 4x the current price?"

"How can we ignore this passive capital-light option, especially considering the real estate development model has historically been punished by the stock market?"

"We have been subsidizing these dream projects for decades. At what point does the leadership at TRC consider shareholder return on capital?"

"Given the amount of recurring passive income, we cannot build shareholder value while continuing the non-income-producing costs that are tied to the Mountain Village and Centennial development. These assets generate no income and will require hundreds of millions of future capital investment to eventually generate income."

Management remains committed to moving forward with the MPCs. In response to questions highlighted above, TRC reiterated that

“JVs are a positive tool because they allow us to monetize our land by contributing it to a joint venture while leveraging our partners' capital so that we can preserve cash. And that applies to our strategy on income-producing properties such as the new industrial building that we've just taken underway or for our MPCs. There are many lessons to be learned from looking at other companies, including things that we would do differently.”

Management has lots of work to do at tomorrow’s annual meeting to persuade shareholders

We continue to believe that a significant gap exists between shareholders and management in terms of how to deliver long-term shareholder value. While shareholders seem to respond positively to Matt Walker, CEO for just over a year now, their timelines appears to be substantially different. Specifically, 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. Management has lots of work to do, we believe, to persuade shareholders at tomorrow’s annual meeting.

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>



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Source: [Company reports](#)

Separately, a proposal to grant shareholders the right to call a special meeting of shareholders is a sign of TRC responding to issues shareholders have raised, in our view.

1Q26 HIGHLIGHTS

Year-over-year comps not apples-to-apples reflecting proxy defense costs last year

TRC reported 1Q26 results last week. Revenues increased 15.8% year-over-year to \$9.5 million. Including equity in earnings of unconsolidated joint ventures and other income, total revenue reached \$10.8 million compared to \$9.6 million, which represents a 12.5% year-over-year advance. Two segments were the primary contributors to the quarterly revenue improvement: the mineral resources and ranch operations - up 36.1% and 24.0%, respectively.

The Mineral segments is sensitive to commodity price fluctuations and other extraneous factors. Opportunistic water sales during the quarter contributed to the above noted 36.1% segment revenue improvement. Underlying royalty streams across rock and aggregate, cement, and oil and gas contributed to continued stable cash flows.

Revenue from the Farming segment fell 42.5% year-over-year to \$0.9 million, reflecting lower carryover crop available for sale as TRC actively accelerated sales of carryover inventory in 4Q25 to benefit from strong pricing. Thus far in 2026, California's agricultural regions experienced more typical winter cooling patterns compared to 2025, in turn supporting normal dormancy breaks for pistachio, which are expected to be in a down-bearing year in 2026, and almond crops. The operating loss for TRC's Farming segment widened slightly to \$1.09 million compared to a 1Q25 operating loss of \$0.99 million. To continue to diversify its crop portfolio, the company planted 150 acres of olives in 2025 and an additional 150 acres in 2026.

Multifamily revenue was \$696k for the quarter. Leasing activities began in late 2Q25, with promotions including rent waivers early on. Management believes elevated activity at Tejon Ranch Commerce Center (TRCC) is related to the lease-up of Terra Vista and the opening of the nearby Hard Rock Casino Tejon. Traffic past the TRCC has increased following the opening of the casino, contributing to fuel and food revenue increases at the TRCC TA Petro Travel Center and retail sales at the Outlets at Tejon. In 1Q26, outlet traffic increased roughly 22% year-over-year and outlet sales per square foot increased 12%. The company anticipates that the casino and Terra Vista will continue to drive increased traffic and commercial activity across the TRCC.

Terra Vista has delivered 228 units and ended the quarter 71% leased. TRC believes it is on track for leasing of Phase 1 to reach a stabilized level this summer. Terra Vista generated an operating loss of roughly \$0.3 million, including the impact of the lease-up phase costs. Adjusting for associated D&A and S,G&A, the segment produced operating income of \$0.4 million. 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.

TRC's 1Q26 results benefited from lower year-over-year operating expenses compared to 1Q25 including a \$2.4 million reduction in corporate costs driven by lower headcount and the absence of about \$1.1 million of proxy defense costs TRC incurred in last year's 1Q. 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. On higher revenue and lower OpEx, net income was \$0.2 million and adjusted EBITDA was \$4.8 million in 1Q26 compared to a net loss of (\$1.5) million and adjusted EBITDA of \$2.8 million in 1Q25. However, comparisons are not entirely apples-to-apples as in 1Q25 these metrics included the above noted roughly \$1.1 million in one-time proxy defense costs (see below).

The Commercial real estate segment contributed \$7.5 million of adjusted EBITDA on a 12-month trailing basis, driven by stable performance from the income-producing portfolio. TRC is continuing to grow its commercial real estate portfolio and recently began construction on Building 1B through a joint venture

with Dedeaux Properties, adding 510,500 square feet of Class A space to an industrial portfolio that remains fully leased. The commercial and retail portfolio was 95% leased and the outlet to Tejon was 92% occupied as of the end of the quarter.

Net income to stockholders was \$151k, or \$0.01 per share, versus (\$1.5) million, or (\$0.05) per share, in 1Q25, as noted. Net income in 1Q25 included about \$1.1 million in one-time proxy defense costs, as noted. Excluding proxy related costs, we estimate 1Q25 would have recorded an adjusted LPS of about (\$0.01).

TRC expects liquidity ~\$86m sufficient to continue advancing development measures with balance sheet discipline & asset light JV development model

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. 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, although TRC has indicated that it might make additional land sales opportunistically. Reflecting multiple factors including farming production conditions, the timing of land sales and development activity, among other factors, net income will likely continue to fluctuate.

At March 31, 2026, the company had cash and securities of about \$19.4 million and \$64.6 million available on its line of credit, for total liquidity of roughly \$85 million. TRC believes its liquidity is sufficient to continue advancing development measures while concurrently maintaining balance sheet discipline and leveraging an asset light model leveraging JV partner capital.

VALUATION

With TRC's ~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.

RECENT NEWS

- On May 7, 2026, Tejon Ranch reported 1Q26 results.
- TRC. announced plans to break ground on 510,000-sq-ft industrial facility with JV partner Dedeaux Properties on May 4, 2026.
- 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.

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 rate 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.

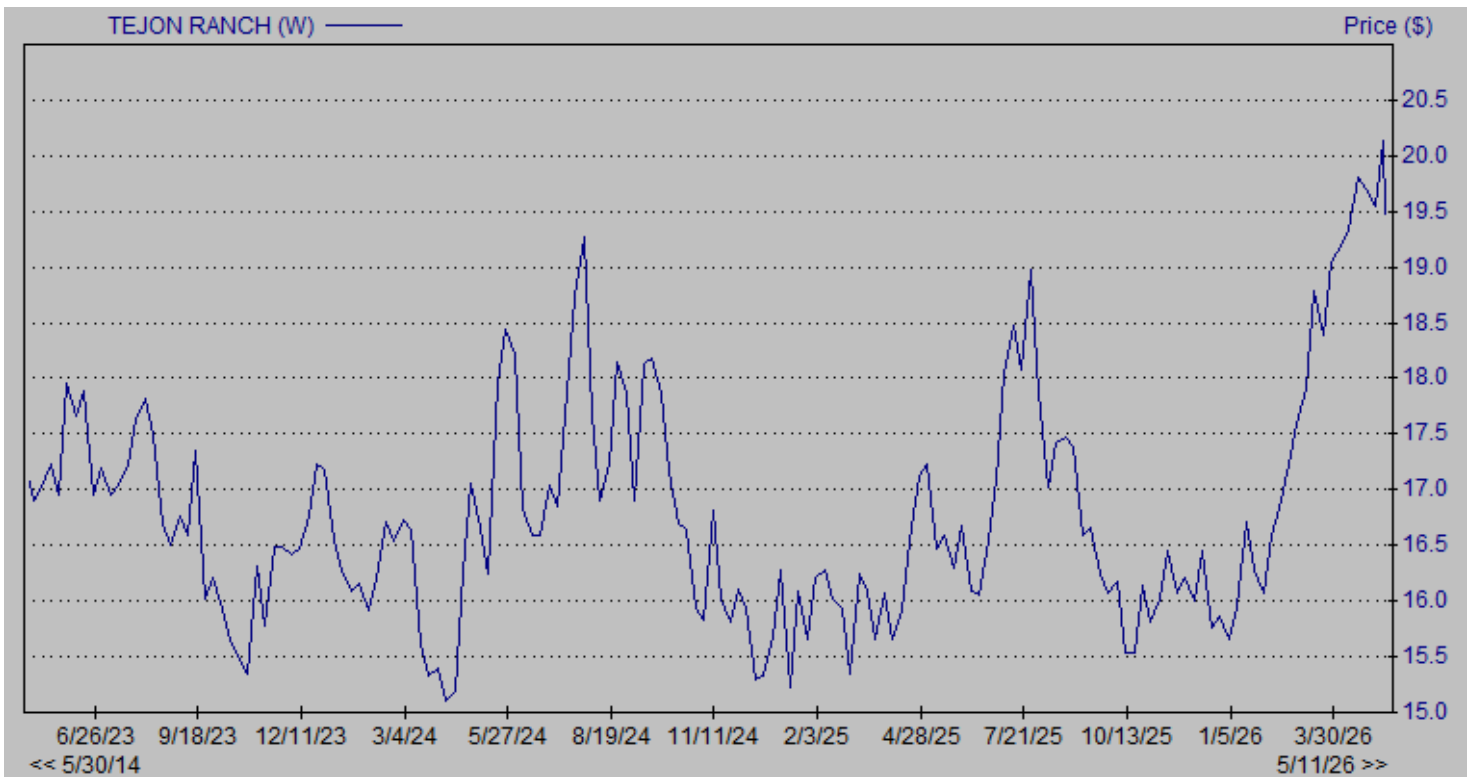
PROJECTED INCOME STATEMENT

Tejon Ranch Income Statement & Projections (\$000)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26E	3Q26E	4Q26E	2026E
Real estate - commercial/industrial	\$2,754	\$5,107	\$3,124	\$4,217	\$15,202	\$2,762	\$4,596	\$3,130	\$4,221	\$14,710
Multifamily				536	536	696	870	1,105	1,348	4,019
Mineral resources	2,595	1,510	3,172	2,359	9,636	3,533	1,513	3,178	2,361	10,586
Farming	1,556	607	4,335	12,240	18,738	895	577	3,251	9,547	14,270
Ranch operations	1,304	1,083	1,338	1,754	5,479	1,617	1,085	1,341	1,756	5,799
Total revenues	8,209	8,307	11,969	21,106	49,591	9,503	8,641	12,005	19,234	49,383
Real estate - commercial/industrial	1,847	3,536	2,148	1,634	9,165	1,678	3,543	2,152	1,636	9,009
Multifamily				1,116	1,116	1,024	1,014	1,004	1,028	4,069
Real estate - resort/residential	386	304	318	1,269	2,277	356	305	319	1,270	2,250
Mineral resources	2,085	790	2,121	1,811	6,807	2,488	792	2,125	1,813	7,218
Farming	2,548	1,497	5,362	9,443	18,850	1,989	1,407	4,987	9,160	17,543
Ranch operations	1,273	1,335	1,176	1,477	5,261	1,213	1,338	1,178	1,478	5,207
Corporate expenses	4,236	4,900	2,868	2,064	14,068	1,886	2,058	2,065	2,157	8,166
Total expenses	12,375	12,362	13,993	18,814	57,544	10,634	10,456	13,830	18,541	53,461
Operating income / (loss)	(4,166)	(4,055)	(2,024)	2,292	(7,953)	(1,131)	(1,815)	(1,824)	692	(4,078)
Investment income	346	226	177	165	914	142	226	184	165	718
Gain (loss) real estate sales				(20)	(20)		-	-	-	-
Other (loss) income	(76)	(4)	(9)	(55)	(144)	(92)	(10)	(10)	(10)	(122)
Total other income	270	222	168	90	750	50	216	174	155	596
Operating income/(loss)	(3,896)	(3,833)	(1,856)	2,382	(7,203)	(1,081)	(1,598)	(1,650)	847	(3,482)
Equity pickup	1,158	2,555	2,555	2,094	8,362	1,290	2,560	2,560	2,096	8,506
Pretax income	(2,738)	(1,278)	699	4,476	1,159	209	962	910	2,943	5,024
Taxes	(1,272)	435	(972)	2,897	1,088	59	337	318	1,354	2,068
Net income (loss)	(1,466)	(1,713)	1,671	1,579	71	150	625	591	1,589	2,956
Minority interest	(2)	(1)	1	(2)	(4)	(1)	(1)	(1)	(1)	(4)
Net income	(1,464)	(1,712)	1,670	1,581	75	151	626	592	1,590	2,960
Loss/share - EPS (FD)	(\$0.05)	(\$0.06)	\$0.06	\$0.06	\$0.00	\$0.01	\$0.02	\$0.02	\$0.06	\$0.11
Average shares out (Mns)	26.9	26.9	26.9	27.0	26.9	27.0	27.0	27.0	27.0	27.0

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



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