

# 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: Takeaways From Recent Virtual Meeting With TRC and From Company Annual Meeting

We recently met virtually with TRC and present takeaways from this meeting, as well as from TRC's Annual Shareholders Meeting. As TRC moves ahead with its industrial and residential development plans, we believe California's gubernatorial race shines a light on the state's acute housing shortage – with candidates confronting questions about measures to improve the situation. The Building an Affordable California Act, which TRC indicated it helped author, is intended to update & streamline the approval process.

Current Price (6/18/26) \$18.48  
Valuation \$26.25

### OUTLOOK

The company's primary goal going forward is to convert higher percentages of its land assets into recurring EBITDA and cash flow, which includes advancing the planned MPCs. Management emphasized three main points: 1) it is taking advantage of market trends, including growing populations in Kern County and other nearby communities served by TRCC; 2) the company has a clear plan for delivering shareholder value (and providing transparency to shareholders as it pursues the plan); 3) TRC is making progress to improve and grow free cash flow but further improvements and cash flow growth are needed.

### SUMMARY DATA

52-Week High \$21.31  
52-Week Low \$15.31  
One-Year Return (%) 10  
Beta 0.59  
Average Daily Volume (sh) 89,958

Shares Outstanding (mil) 27  
Market Capitalization (\$mil) \$500  
Short Interest Ratio (days) 9.3  
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	\$9.5A	\$8.6E	\$12.0E	\$19.2E	\$49.4E

#### 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	\$0.01A	\$0.02E	\$0.02E	\$0.06E	\$0.11E

Quarters might not add to annual reflecting rounding

Disclosures on page 9

## TAKEAWAYS FROM RECENT VIRTUAL MEETING & TRC ANNUAL SHAREHOLDERS MEETING

### *Issues facing gubernatorial candidates underscore California's acute housing shortage*

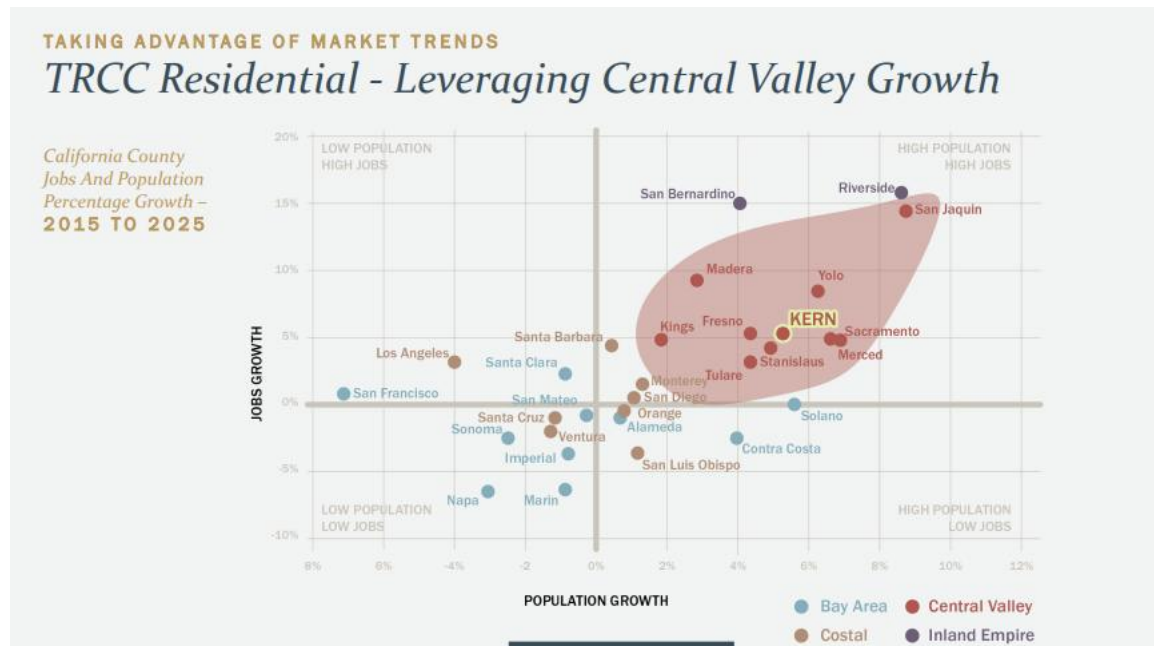
We met recently with Tejon Ranch Company (NYSE:TRC) virtually and present our takeaways from the meeting, as well as from the company's Annual Shareholders Meeting, in this report. As Tejon Ranch moves ahead with its industrial and residential development plans, we believe California's acute housing shortage, a growing issue, is highlighted in the California gubernatorial [race](#) as all candidates confront questions about measures to improve the situation. The Building an Affordable California [Act](#) is one such measure. TRC indicated that it helped author the act, which is intended to update California's approval process to enable construction of essential projects more economically and quickly. Specifically, the act aims to streamline reviews and eliminate delays, reduce frivolous lawsuits that block essential projects, while concurrently protecting California's environmental, worker and tribal cultural standards.

TRC noted this act at its Annual Shareholders Meeting last month as the company updated 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 TRC hopes to obtain entitlement for Centennial, it believes the act and growing need for new housing stock could be catalysts. The company's primary goal going forward is to convert higher percentages of its land assets into recurring EBITDA and cash flow, which includes advancing the planned MPCs.

At the annual meeting, management emphasized three main points:

- It is taking advantage of market trends, including growing populations in nearby communities served by TRCC
- The company has a clear plan for delivering shareholder value (and providing transparency to shareholders as it pursues the plan)
- TRC is making progress to improve and grow free cash flow

In terms of taking advantage of market trends, this includes meeting the needs and benefitting from growing populations in Kern County and nearby communities served by TRCC. Population growth and job creation in Kern County are among the highest in the state.

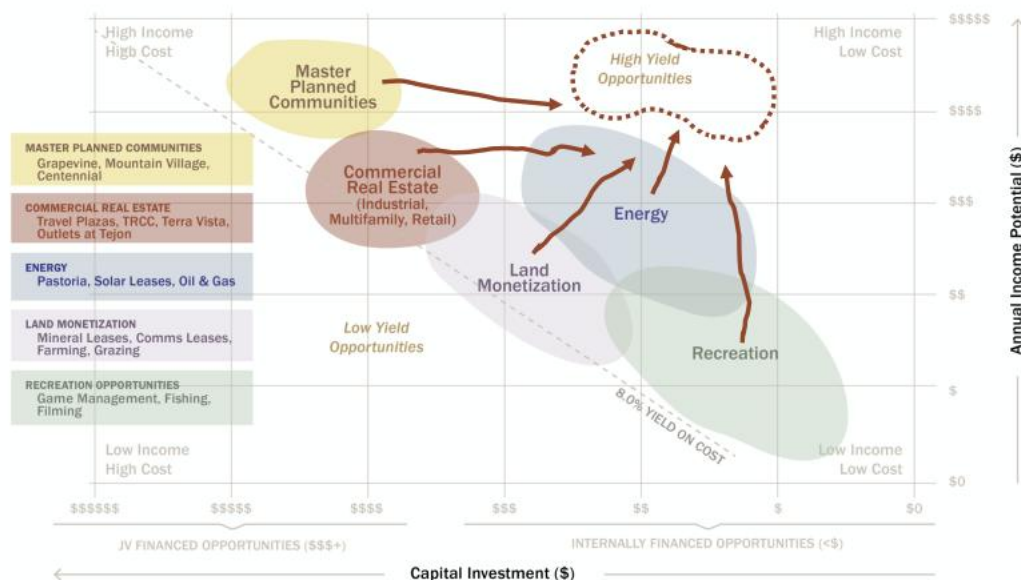


Source: [Company presentation](#)

TRC also reiterated that its approach would continue to leverage a JV model to balance its upfront capital requirements and retain exposure to development return on investment.

## TACTICAL OBJECTIVES

### *Less Capital Intensive Real Estate Approach*



Source: [Company presentation](#)

This is also the approach TRC took regarding Building 1B, on which it recently began construction through a joint venture with Dedeaux Properties, adding 510,500 square feet of Class A space to an industrial portfolio that remains nearly fully leased. The commercial and retail portfolio was 95% leased as of the end of 1Q26 and the company indicated that the industrial portfolio was fully leased as of last month.

The company believes that its approach draws on aspects taken by multiple land companies it cites as successful, such as Texas Pacific Land Company, Aztec Land and Cattle Company, the Keweenaw Land Association and Landbridge, to name a few. What TRC believes these companies share is that they have managed capital deployment efficiently and TRC expects to follow suit.

On the residential side, Terra Vista has delivered 228 units and ended 1Q26 71% leased. Terra Vista generated an operating loss of roughly \$0.3 million in 1Q26, including the impact of the lease-up phase costs and TRC believes it is on track for Terra Vista to reach a stabilized level shortly. When 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 believes the opening of the nearby Hard Rock Casino Tejon has had a positive impact in terms of boosting traffic past the Tejon Ranch Commerce Center (TRCC) and 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%. Elevated activity also reflects leasing of Terra Vista units. The company anticipates that the casino and Terra Vista will continue to drive increased traffic and commercial activity across the TRCC. Another source of incremental income comes from leasing land to Calpine Energy, which recently completed the 105 MW Pastoria Solar Project.

## Currently raising capital to support development of Mountain Village

With its commitment to balancing development with balance sheet discipline and leveraging an asset light JV development model, the company is currently raising capital to support the development of Mountain Village (MV) and expects to complete this process in mid-2027. TRC has indicated that financing opportunities could come from JVs with financial partners, debt financing or equity financing that we would expect would be project specific. MV is one of two MPCs for which the company holds long-term entitlements.

MV is planned as a low-density, resort-based mixed-use community encompassing 26,417 acres. This includes 5,082 acres designated for a master planned community with housing, lodging, retail, and commercial elements. MV is entitled for 3,450 homes, 160,000 square feet of commercial development, 750 hotel keys, and 21,335 acres of open space. The other MPC for which TRC holds long-term entitlement is Grapevine. TRC is currently in the re-entitlement process for Centennial, although management noted that it is not starting from scratch in this process and TRC expects obtaining entitlement would give it optionality for future development activities.



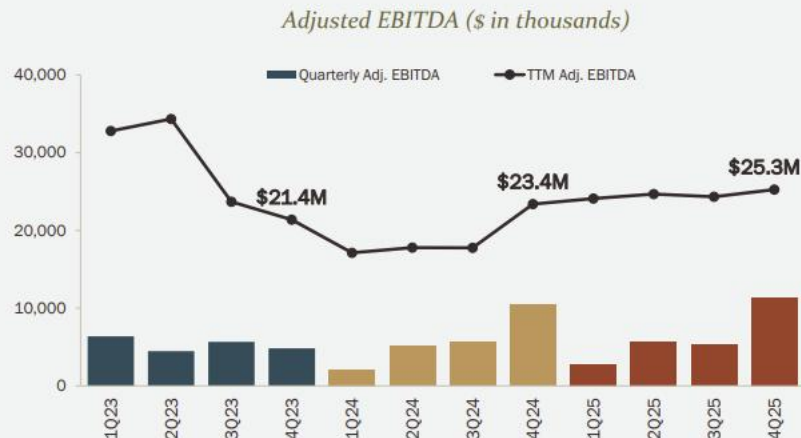
Source: [Company presentation](#)

## TRC believes 1Q26 revenue & adjusted EBITDA improvements show progress it is making in executing its strategy but further improvements and cash flow growth are needed

The company believes the annual revenue and adjusted EBITDA improvements recorded in 1Q26 illustrate the progress it is making in executing its strategy but it needs to deliver further improvements and cash flow growth. Recent measures include streamlining efforts expected to deliver \$2.0 million in annual cost savings, crop diversification expected to boost and smooth farming segment results and land monetization initiatives, among other steps.

## DISCIPLINED EARNINGS GROWTH

# Continuous Operational Streamlining



Source: Company press releases. Adjusted EBITDA is a non-GAAP measure. TTM = Trailing Twelve Months. Bars color-coded by fiscal year.

## Key Takeaways

- FY 2025 Adj. EBITDA of **\$25.3M**, up +8% YoY, reflects sustained operational improvement
- TTM trough of ~\$17M in early 2024 reversed through **cost discipline & revenue diversification**
- ~20% workforce reduction (Oct 2025) expected to save ~**\$2.0M annually**, with full run-rate benefit ahead
- Q4 seasonality drives strongest quarterly performance each year, with 4Q25 at **\$11.4M** (+9% vs 4Q24)
- Farming revenue at **10-year high** (\$18.7M, +35% YoY) on pistachio on-bearing year cycle

Source: [Company presentation](#)

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

We value TRC shares on a price-to-acre basis based on TRC's ~270,000 acres located near Los Angeles and Bakersfield and considering *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

- Tejon Ranch held its annual meeting on May 13, 2026.
- 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.

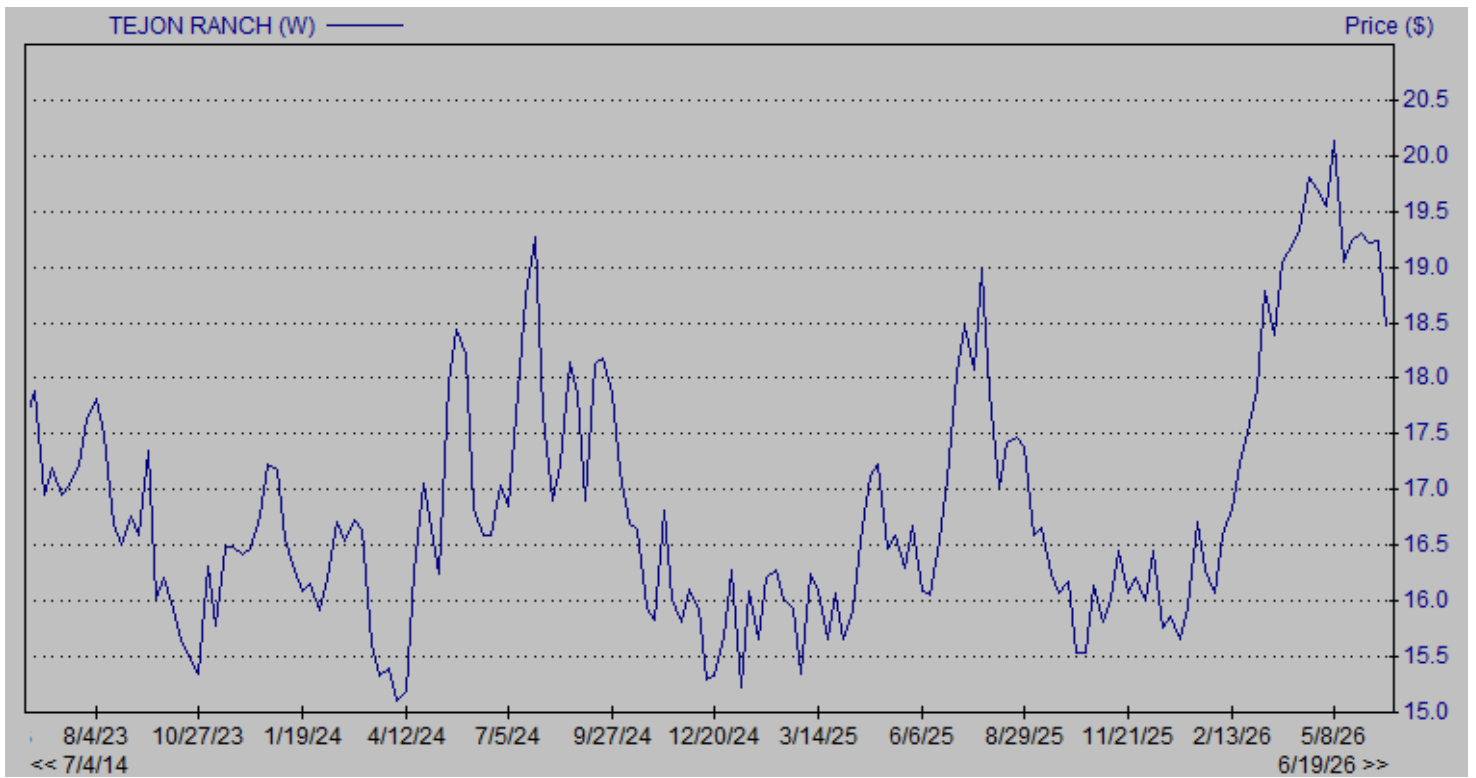
## PROJECTED INCOME STATEMENT

### 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
<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>9,503</b>	<b>8,641</b>	<b>12,005</b>	<b>19,234</b>	<b>49,383</b>
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
<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>10,634</b>	<b>10,456</b>	<b>13,830</b>	<b>18,541</b>	<b>53,461</b>
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)
<b>Total other income</b>	<b>270</b>	<b>222</b>	<b>168</b>	<b>90</b>	<b>750</b>	<b>50</b>	<b>216</b>	<b>174</b>	<b>155</b>	<b>596</b>
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)
<b>Net income</b>	<b>(1,464)</b>	<b>(1,712)</b>	<b>1,670</b>	<b>1,581</b>	<b>75</b>	<b>151</b>	<b>626</b>	<b>592</b>	<b>1,590</b>	<b>2,960</b>
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



## 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.