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Zacks Small-Cap Research

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Tejon Ranch (TRC-NYSE)

TRC: 2Q26 Arguably Reflects Benefits of Cost Containments, Growth & Optimization Measures

TRC's 2Q26 results arguably reflect benefits of its cost containment measures, with streamlining efforts expected to deliver $2.0m in annual cost savings. Combined with 56+% improvement in revenues and other income, including JV earnings, contributed to a y/y increase in adjusted EBITDA to $8.4m vs. $5.7m in 2Q25. Additional growth and optimization measures include crop diversification expected to boost and smooth farming segment results and land monetization initiatives, among other steps.

Current Price (8/25/26)	$16.18
Valuation	**$26.25**

OUTLOOK

TRC also benefited from the Dedeaux land sale, which also launches a new JV & TRC recently began construction on Building 1B through the JV. TRC also believes opening of Hard Rock Casino Tejon contributes to elevated leasing at Terra Vista & other benefits & 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. As Tejon Ranch moves ahead with its industrial and residential development plans, we believe, California's acute housing shortage is arguably a positive tailwind.

SUMMARY DATA

52-Week High	**$21.31**
52-Week Low	**$15.31**
One-Year Return (%)	**-7**
Beta	**0.58**
Average Daily Volume (sh)	**125,517**
Shares Outstanding (mil)	**27**
Market Capitalization ($mil)	**$431**
Short Interest Ratio (days)	**10**
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**	**$14.3A**	**$12.0E**	**$19.2E**	**$55.0E**

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**	**$0.10A**	**$0.02E**	**$0.06E**	**$0.18E**

Quarters might not add to annual reflecting rounding

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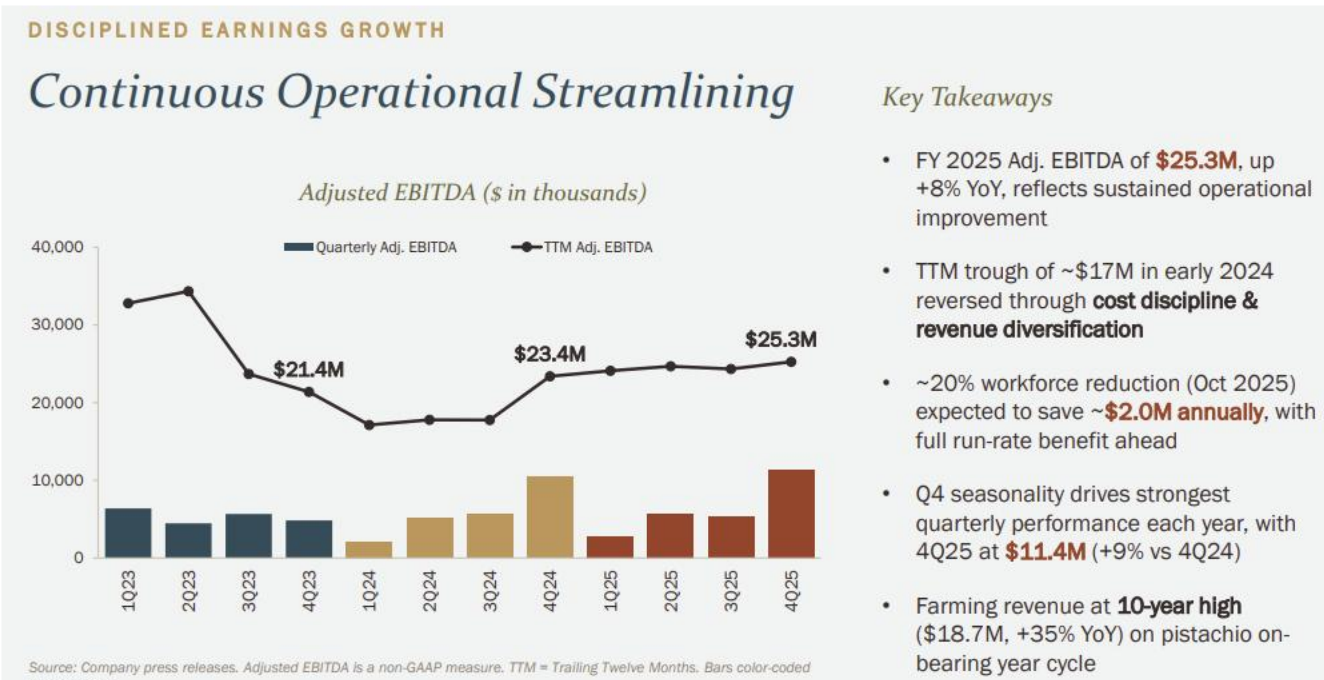
2Q26 HIGHLIGHTS

2Q26 arguably reflects benefits of cost containments, growth & optimization measures

Tejon Ranch Company (NYSE:TRC) reported 2Q26 results that arguably reflect the benefits of its cost containment measures. Recent measures include streamlining efforts expected to deliver $2.0 million in annual cost savings. Moreover, combined with a greater than 56% improvement in revenues and other income, including equity in earnings of unconsolidated joint ventures, contributed to a year-over-year increase in adjusted EBITDA to $8.4 million compared to $5.7 million in 2Q25. Additional growth and optimization measures include crop diversification expected to boost and smooth farming segment results and land monetization initiatives, among other steps.



Source: [Company presentation]

TRC believes that revenue and adjusted EBITDA improvements underscore the progress it is making in executing its strategy. Revenue also benefited from the company's Dedeaux land sale, which also launches a new industrial joint venture at Tejon Ranch Commerce Center (TRCC). TRC recently began construction on Building 1B through the joint venture with Dedeaux Properties, adding 510,500 square feet of Class A space to the industrial portfolio.

The TRCC industrial portfolio is 100% leased. The TRCC commercial portfolio, wholly owned and through JVs is 95% leased. As of June 30, 2026, occupancy at the Outlets at Tejon was 92%. TRC holds a 60% economic stake in the new TRCC Dedeaux JV. During the quarter, TRC's multifamily, mineral resources, and ranch operations segments also grew. These improvements contributed to a $4.3 million increase in net income attributable to common stockholders to $2.6 million or $0.10 per share, compared to a loss of $1.7 million, or ($0.06/share) in 2Q26.

TRC believes opening of Hard Rock Casino Tejon contributes to elevated leasing at Terra Vista & other benefits

Leasing at Terra Vista continues and the development continues to stabilize. It is now more than 80% leased. In addition, TRC continues to see elevated activity at TRCC related to the leasing of Terra Vista and the opening of the Hard Rock Casino Tejon.

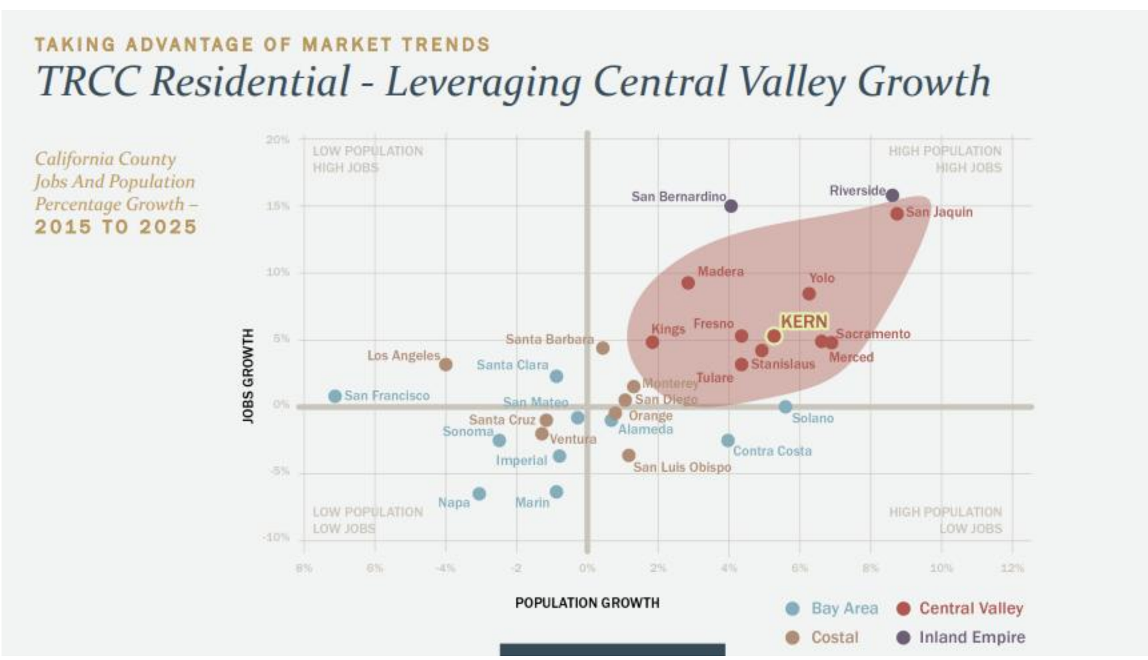
When fully completed, Terra Vista is expected to be the largest rental community in Kern County. If/when Terra Vista reaches stabilized occupancy, recurring monthly leasing revenue to help offset fluctuations in the farming and mineral segments.

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 TejonOutlet traffic increased about 25% year over year, and outlet sales per square foot rose 11%. Positive trends are also apparent in fuel sales at the TRCC travel centers, which are operated under a JV with TravelCenters of America Inc.

As Tejon Ranch moves ahead with its industrial and residential development plans, we believe it is taking advantage of market trends, including growing populations in nearby communities served by TRCC. The company believes it has a clear plan for delivering shareholder value and providing transparency to shareholders as it pursues the plan to improve and grow free cash flow. Moreover, California's acute housing shortage, a growing issue, is arguably a positive tailwind, we believe.

For example, the Building an Affordable California Act is a measure 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.

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

Development of MPCs

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.

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

Our ~$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.

Specifically, 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.

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 August 6, 2026, Tejon Ranch reported 2Q26 results.
- Tejon Ranch held its annual meeting on May 13, 2026.
- 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.

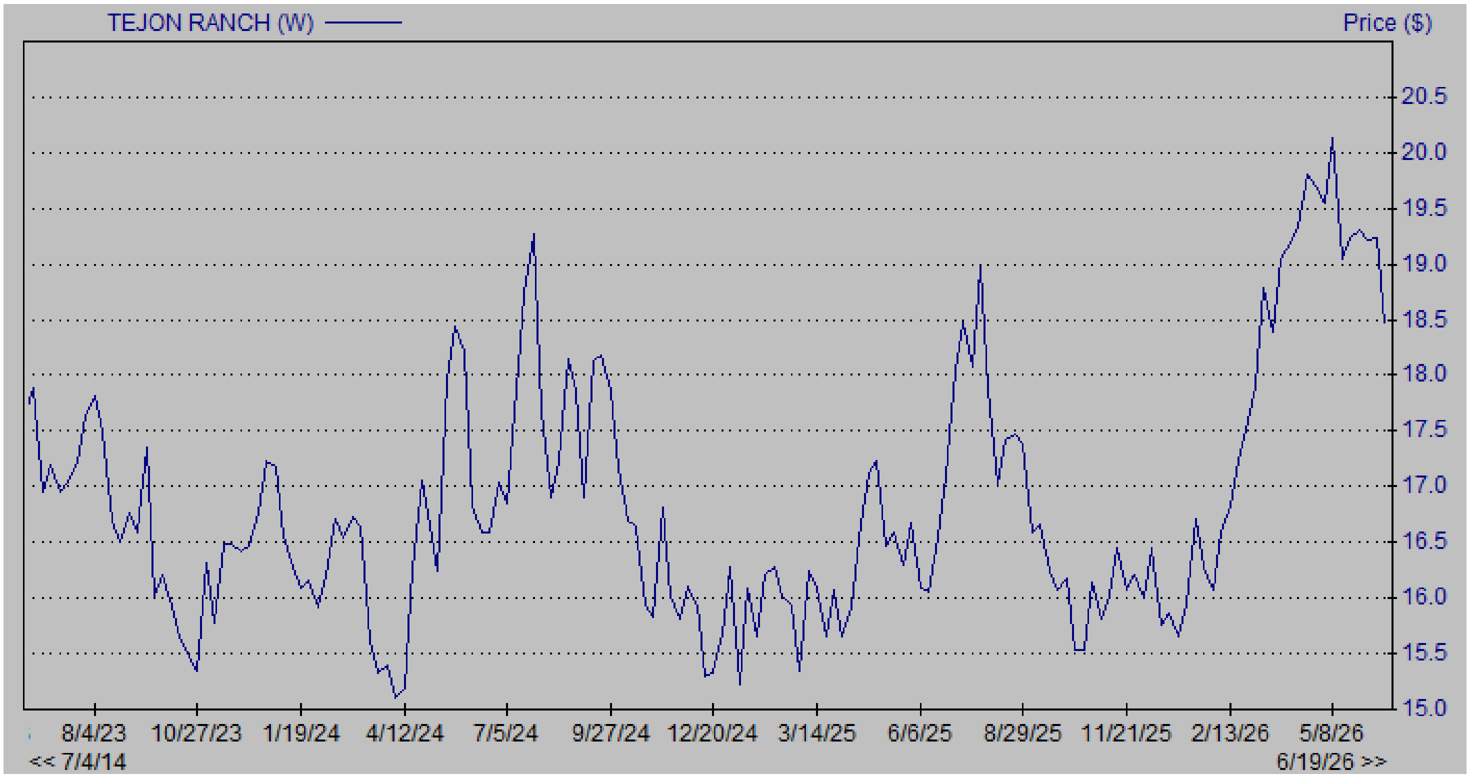
PROJECTED INCOME STATEMENT

Tejon Ranch Income Statement & Projections ($000)

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E
Real estate - commercial/industrial	$2,754	$5,107	$3,124	$4,217	$15,202	$2,762	$9,663	$3,130	$4,221	$19,776
Multifamily				536	536	696	857	1,088	1,328	3,969
Mineral resources	2,595	1,510	3,172	2,359	9,636	3,533	1,789	3,178	2,361	10,862
Farming	1,556	607	4,335	12,240	18,738	895	750	3,251	9,547	14,443
Ranch operations	1,304	1,083	1,338	1,754	5,479	1,617	1,200	1,341	1,756	5,913
Total revenues	**8,209**	**8,307**	**11,969**	**21,106**	**49,591**	**9,503**	**14,259**	**11,989**	**19,213**	**54,964**
Real estate - commercial/industrial	1,847	3,536	2,148	1,634	9,165	1,678	6,212	2,152	1,636	11,678
Multifamily				1,116	1,116	1,024	1,028	1,004	1,028	4,083
Real estate - resort/residential	386	304	318	1,269	2,277	356	363	319	1,270	2,308
Mineral resources	2,085	790	2,121	1,811	6,807	2,488	890	2,125	1,813	7,316
Farming	2,548	1,497	5,362	9,443	18,850	1,989	1,286	4,987	9,160	17,421
Ranch operations	1,273	1,335	1,176	1,477	5,261	1,213	1,293	1,178	1,478	5,163
Corporate expenses	4,236	4,900	2,868	2,064	14,068	1,886	2,839	2,065	2,157	8,947
Total expenses	12,375	12,362	13,993	18,814	57,544	10,634	13,911	13,830	18,541	56,916
Operating income / (loss)	(4,166)	(4,055)	(2,024)	2,292	(7,953)	(1,131)	348	(1,841)	672	(1,952)
Investment income	346	226	177	165	914	142	111	184	165	602
Gain (loss) real estate sales				(20)	(20)			-	-	-
Other (loss) income	(76)	(4)	(9)	(55)	(144)	(92)	(82)	(10)	(10)	(194)
Total other income	270	222	168	90	750	50	29	174	155	408
Operating income/(loss)	(3,896)	(3,833)	(1,856)	2,382	(7,203)	(1,081)	377	(1,667)	827	(1,544)
Equity pickup	1,158	2,555	2,555	2,094	8,362	1,290	3,100	2,560	2,096	9,046
Pretax income	(2,738)	(1,278)	699	4,476	1,159	209	3,477	893	2,923	7,502
Taxes	(1,272)	435	(972)	2,897	1,088	59	843	313	1,345	2,559
Net income (loss)	(1,466)	(1,713)	1,671	1,579	71	150	2,634	581	1,578	4,943
Minority interest	(2)	(1)	1	(2)	(4)	(1)	(1)	(1)	(1)	(4)
Net income	(1,464)	(1,712)	1,670	1,581	75	151	2,635	582	1,579	4,947
Loss/share - EPS (FD)	($0.05)	($0.06)	$0.06	$0.06	$0.00	$0.01	$0.10	$0.02	$0.06	$0.18
Average shares out (Mns)	26.9	26.9	26.9	27.0	26.9	27.0	27.1	27.0	27.0	27.0

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



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