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Zacks Small-Cap Research

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M. Marin
312-265-9211
mmarin@zacks.com

scr.zacks.com **101 N. Wacker Drive, Chicago, IL 60606**

Tejon Ranch (TRC-NYSE)

TRC: Company Expects Benefits From Initiatives & Nearby Hard Rock Casino Tejon as Casino Expansion Begins

TRC continues to see benefits at Tejon Ranch Commerce Center (TRCC) related to the nearby Hard Rock Casino Tejon. Last month, the casino broke ground on its next major phase of development, which is designed to transform the property into a full-service resort and entertainment destination. TRC believes the Hard Rock Casino Tejon has had a positive impact in terms of boosting traffic past the TRCC, contributing to fuel and food revenue increases & higher retail sales at the Outlets at Tejon.

OUTLOOK

TRC believes that revenue and adjusted EBITDA improvements – with 3Q26 adjusted EBITDA of $10.4m up 96% y/y – underscore the progress it is making in executing its strategy including cost reduction measures, although management has noted that improvements are coming more slowly than it – or TRC shareholders – would like. 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.

Current Price (11/23/26)	$16.55
Valuation	**$26.25**

SUMMARY DATA

52-Week High	**$21.31**
52-Week Low	**$15.31**
One-Year Return (%)	**1**
Beta	**0.58**
Average Daily Volume (sh)	**142,048**
Shares Outstanding (mil)	**27**
Market Capitalization ($mil)	**$446**
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 2026 Estimate	**N/A**
P/S using 2027 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)
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**	**$22.6A**	**$19.2E**	**$65.6E**
2027					**$65.4E**

EPS / Loss Per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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**	**$0.12A**	**$0.06E**	**$0.28E**
2027					**$0.26E**

Quarters might not add to annual reflecting rounding

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3Q26 HIGHLIGHTS

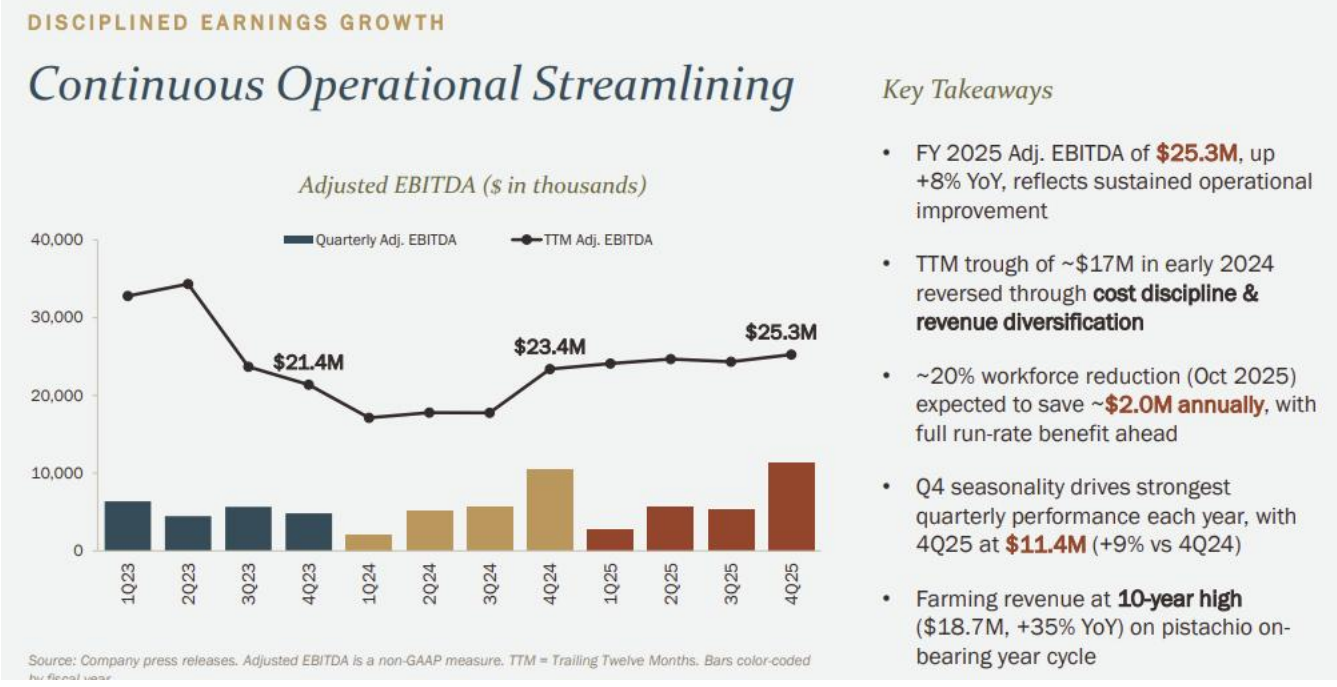
Crop diversification efforts expected to boost and smooth Farming segment results over time

Tejon Ranch Company (NYSE:TRC) reported 3Q26 revenues and other income, including equity in earnings of unconsolidated JVs of $25.0 million, up 70% compared to $14.7 million in 3Q25. Farming revenue in 3Q26 included two particularly large items: $3.9 million of crop insurance proceeds and $2.6 million of price adjustments related to the 2025 pistachio crop. In addition, warmer spring weather accelerated the wine grape harvest and shifted sales into 3Q26. The same conditions also hurt almond development and resulted in lower kernel weights. Crop diversification efforts are expected to boost and smooth farming segment results over time. TRC completed the planting of an additional 150 acres of olives in 2026, bringing total olive acreage to about 300 acres as a component of the crop diversification strategy.

Reflecting the factors noted above, 3Q26 Farming segment revenues nearly tripled to $12.6 million compared to $4.3 million in 3Q25. The Farming segment generated operating income of $1.4 million compared to an operating loss of $1.0 million in 3Q25.

Revenues for the Mineral resources segment advanced 24.9% year-over-year to $4.0 million, driven primarily by higher rock and aggregate royalties and water sales. Segment operating income was $1.7 million, up 57.5% compared to 3Q25. Moreover, National Cement exercised its option to extend the lease term an additional 20 years through 2047 in 3Q26. The company believes the extension validates its strategy of generating recurring revenue from the landholdings.

Revenues for the Real estate - Commercial/Industrial segment was up about 10% year-over-year. Including earnings from unconsolidated JVs, segment operating income of $4.0 million was roughly stable with the 3Q25 results.



Source: Company presentation

The TRCC industrial portfolio is 100% leased. The TRCC commercial portfolio, wholly owned and through JVs is 95% leased. Occupancy at the Outlets at Tejon was 92%. TRC holds a 60% economic stake in the new TRCC Dedeaux JV and the JV's construction on Building 1B continues, with a certificate of occupancy expected in 1Q27. Leasing at TRC's Terra Vista multifamily development continues. 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.

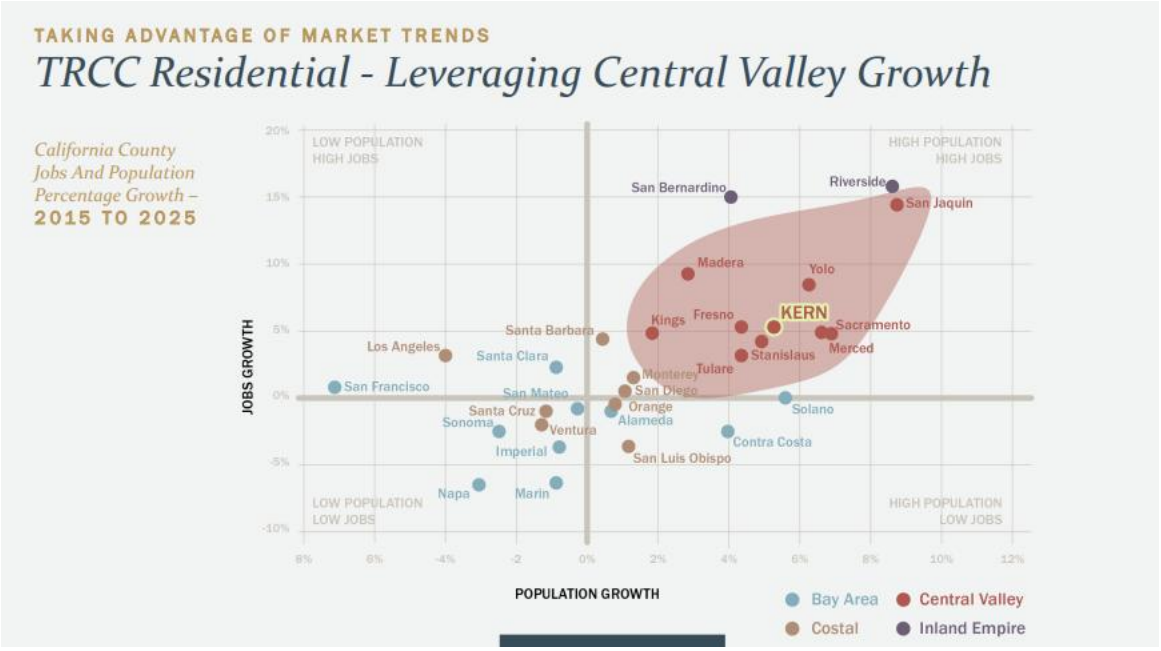
These factors contributed to a near doubling of net income attributable to common stockholders to $3.3 million or $0.12 per share, compared to $1.7 million, or $0.06/share in 3Q26. Adjusted EBITDA of $10.4 million improved 96% compared to $5.3 million in 3Q25.

TRC believes that revenue and adjusted EBITDA improvements underscore the progress it is making in executing its strategy, although management has indicated that improvements are coming more slowly than it – or TRC shareholders – would like. TRC has indicated that it might make additional land sales opportunistically. On the back of strong 3Q26 results, we have raised our 2027 forecast but note management's indication that, 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.

TRC believes expansion of Hard Rock Casino Tejon will contribute to further traffic improvements at TRCC & potentially elevated leasing at Terra Vista, as well as other benefits

TRC continues to see elevated activity at TRCC related to the leasing of Terra Vista and the opening of the Hard Rock Casino Tejon. Last month, the casino broke ground on the next major phase of Hard Rock Casino Tejon, which is a $725+ million investment designed to transform the property into a full-service resort and entertainment destination.

Management believes 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 and outlet sales per square foot.



Source: Company presentation

Development of MPCs

Development of the MPCs (master planned communities) remains a key, if not the key, growth strategy for the company to take advantage of market trends, including nearby population growth and housing shortages. 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. 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.

At September 30, 2026, the company had cash and securities of about $8.8 million and $65.6 million available on its line of credit, for total liquidity of roughly $74.4 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.

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.

The metric we use 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 November 5, 2026, Tejon Ranch reported 3Q26 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	3Q26A	4Q26E	2026E	2027E
Real estate - commercial/industrial	$2,754	$5,107	$3,124	$4,217	$15,202	$2,762	$9,663	$3,244	$4,221	$19,890	$20,885
Multifamily				536	536	696	857	924	1,328	3,805	4,033
Mineral resources	2,595	1,510	3,172	2,359	9,636	3,533	1,789	3,963	2,361	11,646	11,833
Farming	1,556	607	4,335	12,240	18,738	895	750	12,628	9,547	23,820	22,153
Ranch operations	1,304	1,083	1,338	1,754	5,479	1,617	1,200	1,853	1,756	6,426	6,529
Total revenues	**8,209**	**8,307**	**11,969**	**21,106**	**49,591**	**9,503**	**14,259**	**22,612**	**19,213**	**65,587**	**65,432**
Real estate - commercial/industrial	1,847	3,536	2,148	1,634	9,165	1,678	6,212	1,527	1,636	11,053	11,229
Multifamily				1,116	1,116	1,024	1,028	1,227	1,028	4,307	4,376
Real estate - resort/residential	386	304	318	1,269	2,277	356	363	427	1,270	2,416	2,453
Mineral resources	2,085	790	2,121	1,811	6,807	2,488	890	2,308	1,813	7,499	7,619
Farming	2,548	1,497	5,362	9,443	18,850	1,989	1,286	11,184	9,160	23,619	24,091
Ranch operations	1,273	1,335	1,176	1,477	5,261	1,213	1,293	1,324	1,478	5,308	5,393
Corporate expenses	4,236	4,900	2,868	2,064	14,068	1,886	2,839	2,242	2,157	9,124	9,215
Total expenses	12,375	12,362	13,993	18,814	57,544	10,634	13,911	20,239	18,541	63,325	64,376
Operating income / (loss)	(4,166)	(4,055)	(2,024)	2,292	(7,953)	(1,131)	348	2,373	672	2,262	1,056
Investment income	346	226	177	165	914	142	111	97	165	515	505
Gain (loss) real estate sales				(20)	(20)				-	-	-
Other (loss) income	(76)	(4)	(9)	(55)	(144)	(92)	(82)	(67)	(10)	(251)	(255)
Total other income	270	222	168	90	750	50	29	30	155	264	250
Operating income/(loss)	(3,896)	(3,833)	(1,856)	2,382	(7,203)	(1,081)	377	2,403	827	2,526	1,306
Equity pickup	1,158	2,555	2,555	2,094	8,362	1,290	3,100	2,332	2,096	8,818	8,933
Pretax income	(2,738)	(1,278)	699	4,476	1,159	209	3,477	4,735	2,923	11,344	10,238
Taxes	(1,272)	435	(972)	2,897	1,088	59	843	1,437	1,345	3,684	3,072
Net income (loss)	(1,466)	(1,713)	1,671	1,579	71	150	2,634	3,298	1,578	7,660	7,167
Minority interest	(2)	(1)	1	(2)	(4)	(1)	(1)	(2)	(1)	(5)	(5)
Net income	(1,464)	(1,712)	1,670	1,581	75	151	2,635	3,300	1,579	7,665	7,172
Loss/share - EPS (FD)	($0.05)	($0.06)	$0.06	$0.06	$0.00	$0.01	$0.10	$0.12	$0.06	$0.28	$0.26
Average shares out (Mns)	26.9	26.9	26.9	27.0	26.9	27.0	27.1	27.1	27.1	27.1	27.2

Source: Company reports, Zacks estimates

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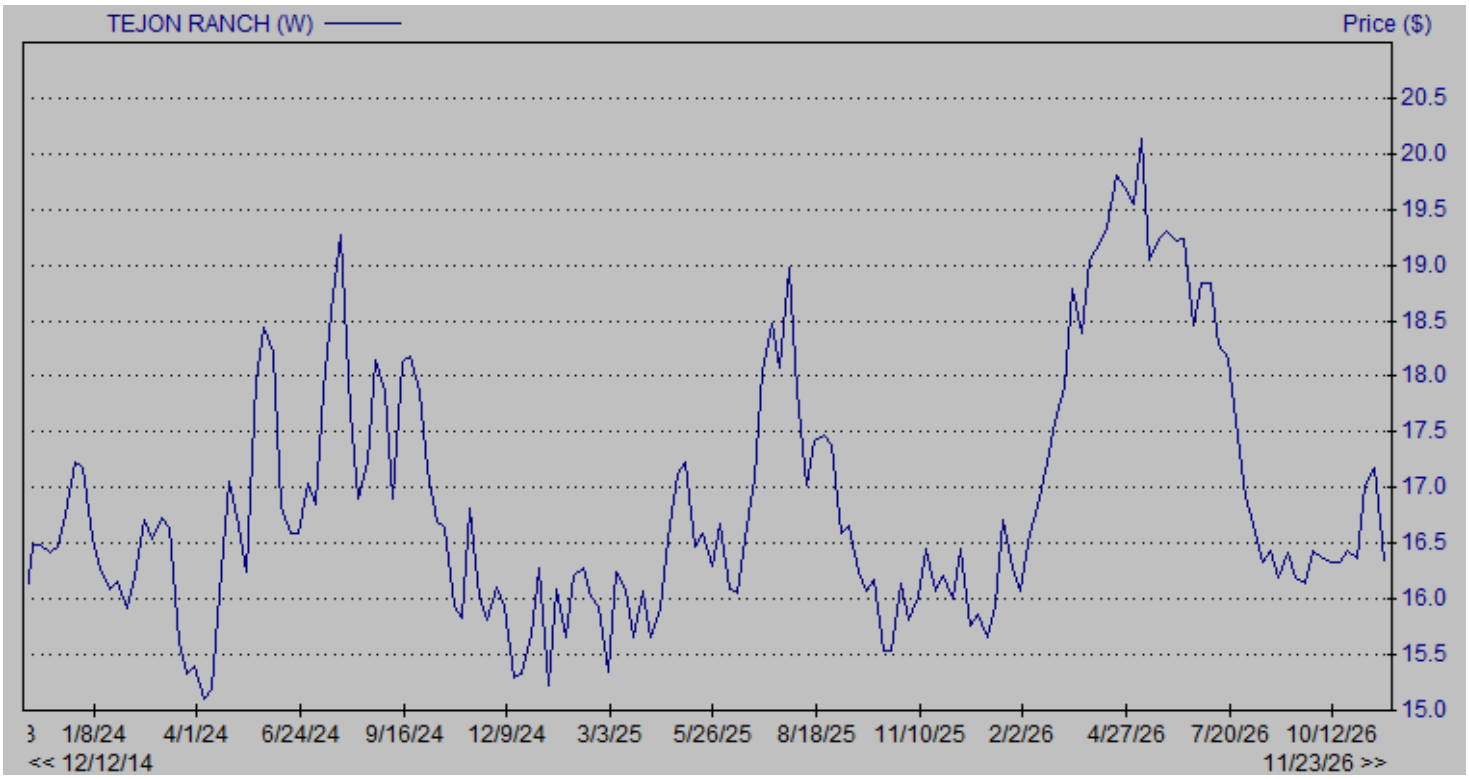

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