



Tejon Ranch Co. Announces First Quarter 2022 Financial Results

May 9, 2022

TEJON RANCH, Calif., May 09, 2022 (GLOBE NEWSWIRE) -- Tejon Ranch Co., or the Company, (NYSE:TRC), a diversified real estate development and agribusiness company, today announced financial results for the three-months ended March 31, 2022.

"The momentum we created at our commerce center continues with the formation of another joint-venture with Majestic Realty Co., to construct an approximately 446,400 square foot industrial building within our ever-growing distribution hub located in Tejon Ranch Commerce Center (TRCC)," said Gregory S. Bielli, President and CEO of Tejon Ranch. "With the sale of a 12.3-acre land parcel in the first quarter to Dedeaux Properties, all of the land on the west side of TRCC is now fully absorbed. We plan to continue to build off this momentum as we work to complete our design efforts for the multi-family development adjacent to the Outlets at Tejon, with the start of construction planned for the end of 2022, transforming TRCC into a true mixed-use community."

"The continued drought in California has brought additional opportunities for us to monetize our water assets, resulting in an increase in water transactions. Water sales from those transactions in the first quarter increased \$3.9 million when compared to prior year."

Real Estate Commercial/Industrial Highlights

- TRCC Industrial portfolio, through the Company's joint venture partnerships, consists of 1.7 million square feet of gross leasable area (GLA) and is 100% leased.¹
- TRCC Commercial portfolio, wholly owned and through joint venture partnerships, consists of 575,401 square feet of GLA and is 89% leased.
- New joint venture formation for the development, construction, lease-up, and management of an approximately 446,400 square foot industrial building located within TRCC-East
- Design and engineering is underway for a multi-family residential community adjacent to the Outlets at Tejon, consisting of up to 495 apartments, with first occupancy expected in late 2023.
- 629,000 square foot industrial building currently under construction with completion scheduled in the third quarter of 2022.

¹ During the first quarter we received notice from a tenant of plans to vacate their current space, concurrently, we received a request from a second tenant wanting to move into a larger space. These two events will free up approximately 240,000 square feet of space during the second quarter.

First Quarter Financial Results

- GAAP net income attributable to common stockholders for the first quarter of 2022 was \$4.3 million, or net income per share attributed to common stockholders, basic and diluted, of \$0.16, compared with a net loss attributable to common stockholders of \$1.1 million, or net loss per share attributed to common stockholders, basic and diluted, of \$0.04, for the first quarter of 2021.
- Revenues and other income, for the first quarter of 2022, including equity in earnings of unconsolidated joint ventures were \$23.2 million, compared with \$11.1 million for the first quarter of 2021. Factors affecting the quarterly results included:
 - Commercial/industrial real estate development segment revenues totaled \$7.3 million for the first three months of 2022, an increase of \$5.1 million, or 230%, from \$2.2 million for the first three months of 2021. The increase was primarily attributed to an industrial land sale to a third party.
 - Mineral resources segment revenues were \$12.0 million for the three months ended March 31, 2022, an increase of \$4.8 million, or 67%, from \$7.2 million for the three months ended March 31, 2021. The dry 2021/2022 winter diminished water availability in California and eventually resulted in a State Water Project allocation of 5%. As a result, the Company generated \$3.9 million in additional water sales during the quarter ended March 31, 2022. Comparatively the Company sold 6,970 acre-feet and 5,881 acre-feet as of March 31, 2022, and 2021, respectively. The remainder of the increase in revenue was attributed to the timing of property tax reimbursements from the Company's mineral leases.
 - Equity in earnings from the Company's joint ventures were \$1.2 million for the three months ended March 31, 2022, an increase of \$1.3 million, from losses of \$0.1 million during the same period in 2021. The improvement was primarily attributed to the Company's Petro joint venture that saw an increase in overall traffic and fuel sales volumes when compared with the prior year. Additionally, the joint venture's full-service restaurants were open during the first quarter of 2022 but were closed due to COVID-19 mandates during the same period in 2021.
- Adjusted EBITDA, a non-GAAP measure, was \$11.3 million for the 2022 first quarter, an improvement from \$3.0 million for the 2021 first quarter.

Tejon Ranch Co. provides Adjusted EBITDA, a non-GAAP financial measure, because it offers additional information for monitoring the Company's cash flow performance. A table providing a reconciliation of Adjusted EBITDA to its most comparable

GAAP measure, as well as an explanation of, and important disclosures about, this non-GAAP measure, is included in the tables at the end of this press release.

Liquidity and Capital Resources

As of March 31, 2022, total capital, including debt, was approximately \$514.6 million. As of March 31, 2022, the Company had cash and securities totaling approximately \$56.2 million and \$35.0 million available on its line of credit.

2022 Outlook:

The Company will continue to aggressively pursue commercial/industrial development, multi-family development, leasing, sales, and investment within TRCC and its joint ventures. The Company will continue to invest in its residential projects, including Mountain Village at Tejon Ranch, Centennial at Tejon Ranch and Grapevine at Tejon Ranch.

California is one of the most highly regulated states in which to engage in real estate development and, as such, natural delays, including those resulting from litigation, can be reasonably anticipated. Accordingly, throughout the next few years, the Company expects net income to fluctuate from year-to-year based on commodity prices, production within its farming segment and mineral resources segment, and the timing of sales of land and the leasing of land within its industrial developments.

About Tejon Ranch Co.

Tejon Ranch Co. (NYSE: TRC) is a diversified real estate development and agribusiness company, whose principal asset is its 270,000-acre land holding located approximately 60 miles north of Los Angeles and 30 miles south of Bakersfield.

The Company operates in a variety of land-based business segments, including farming, mineral resources, and ranch operations, as well as a commercial/industrial mixed-use master plan known as the Tejon Ranch Commerce Center, that is currently in operation focusing on leasing, commercial/industrial development, multi-family development, and sales. The Company also is in the process of developing three additional mixed-use master planned residential developments in southern California. When all four master planned developments are fully built out, Tejon Ranch will be home to 35,278 housing units, more than 35 million square feet of commercial/industrial space and 750 lodging units.

More information about Tejon Ranch Co. can be found on the Company's website at www.tejonranch.com.

Forward Looking Statements:

The statements contained herein, which are not historical facts, are forward-looking statements based on economic forecasts, strategic plans, and other factors, which by their nature involve risk and uncertainties. Some of the factors that could cause actual results to differ materially are the following: business conditions and the general economy, future commodity prices and yields, market forces, the ability to obtain various governmental entitlements and permits, interest rates, the impact of COVID-19, and other risks inherent in real estate and agriculture businesses. For further information on factors that could affect the Company, the reader should refer to the Company's filings with the Securities and Exchange Commission.

(Financial tables follow)

TEJON RANCH CO.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except earnings per share)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Revenues:		
Real estate - commercial/industrial	\$ 7,349	\$ 2,228
Mineral resources	11,968	7,176
Farming	655	607
Ranch operations	1,048	1,043
Total revenues	<u>21,020</u>	<u>11,054</u>
Cost and Expenses:		
Real estate - commercial/industrial	2,736	1,552
Real estate - resort/residential	423	553
Mineral resources	7,157	5,047
Farming	1,762	1,478
Ranch operations	1,315	1,187
Corporate expenses	2,415	2,291
Total expenses	<u>15,808</u>	<u>12,108</u>
Operating income (loss)	5,212	(1,054)

Other Income:		
Investment income	17	7
Other income, net	918	64
Total other income	935	71
Income (loss) from operations before equity in earnings of unconsolidated joint ventures	6,147	(983)
Equity in earnings (losses) of unconsolidated joint ventures, net	1,213	(59)
Income (loss) before income tax expense	7,360	(1,042)
Income tax expense	3,046	21
Net income (loss)	4,314	(1,063)
Net income (loss) attributable to non-controlling interest	7	(8)
Net income (loss) attributable to common stockholders	\$ 4,307	\$ (1,055)
Net income (loss) per share attributable to common stockholders, basic	\$ 0.16	\$ (0.04)
Net income (loss) per share attributable to common stockholders, diluted	\$ 0.16	\$ (0.04)
Weighted average number of shares outstanding:		
Common stock	26,431,989	26,313,722
Common stock equivalents	47,507	57,010
Diluted shares outstanding	26,479,496	26,370,732

TEJON RANCH CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2022 (unaudited)	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 36,705	\$ 36,195
Marketable securities - available-for-sale	19,537	10,983
Accounts receivable	3,275	6,473
Inventories	8,270	5,702
Prepaid expenses and other current assets	4,235	3,619
Total current assets	72,022	62,972
Real estate and improvements - held for lease, net	17,207	17,301
Real estate development (includes \$113,014 at March 31, 2022, and \$112,063 at December 31, 2021, attributable to Centennial Founders, LLC, Note 15)	321,449	319,030
Property and equipment, net	51,426	50,699
Investments in unconsolidated joint ventures	37,348	43,418
Net investment in water assets	50,982	50,997
Other assets	1,594	1,619
TOTAL ASSETS	\$ 552,028	\$ 546,036
LIABILITIES AND EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 4,271	\$ 4,545
Accrued liabilities and other	3,047	3,451
Deferred income	2,543	1,907
Income Taxes Payable	4,591	1,217
Current maturities of long-term debt	4,531	4,475
Total current liabilities	18,983	15,595
Long-term debt, less current portion	47,001	48,155
Long-term deferred gains	7,839	8,409
Deferred tax liability	3,596	2,898
Other liabilities	11,727	14,468
Total liabilities	89,146	89,525
Commitments and contingencies		
Equity:		
Tejon Ranch Co. Stockholders' Equity		

Common stock, \$0.50 par value per share:		
Authorized shares - 30,000,000		
Issued and outstanding shares - 26,473,349 at March 31, 2022, and 26,400,921 at December 31, 2021	13,237	13,200
Additional paid-in capital	345,166	344,936
Accumulated other comprehensive loss	(5,032)	(6,822)
Retained earnings	94,142	89,835
Total Tejon Ranch Co. Stockholders' Equity	447,513	441,149
Non-controlling interest	15,369	15,362
Total equity	462,882	456,511
TOTAL LIABILITIES AND EQUITY	\$ 552,028	\$ 546,036

Non-GAAP Financial Measure

This news release includes references to the Company's non-GAAP financial measure "EBITDA." EBITDA represents the Company's share of consolidated net income in accordance with GAAP, before interest, taxes, depreciation, and amortization, plus the allocable portion of EBITDA of unconsolidated joint ventures accounted for under the equity method of accounting based upon economic ownership interest, and all determined on a consistent basis in accordance with GAAP. EBITDA is a non-GAAP financial measure and is used by the Company and others as a supplemental measure of performance. Tejon Ranch uses Adjusted EBITDA to assess the performance of the Company's core operations, for financial and operational decision making, and as a supplemental or additional means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as EBITDA, excluding stock compensation expense. The Company believes Adjusted EBITDA provides investors relevant and useful information because it permits investors to view income from operations on an unlevered basis before the effects of taxes, depreciation and amortization, and stock compensation expense. By excluding interest expense and income, EBITDA and Adjusted EBITDA allow investors to measure the Company's performance independent of its capital structure and indebtedness and, therefore, allow for a more meaningful comparison of the Company's performance to that of other companies, both in the real estate industry and in other industries. The Company believes that excluding charges related to share-based compensation facilitates a comparison of its operations across periods and among other companies without the variances caused by different valuation methodologies, the volatility of the expense (which depends on market forces outside the Company's control), and the assumptions and the variety of award types that a company can use. EBITDA and Adjusted EBITDA have limitations as measures of the Company's performance. EBITDA and Adjusted EBITDA do not reflect Tejon Ranch's historical cash expenditures or future cash requirements for capital expenditures or contractual commitments. While EBITDA and Adjusted EBITDA are relevant and widely used measures of performance, they do not represent net income or cash flows from operations as defined by GAAP, and they should not be considered as alternatives to those indicators in evaluating performance or liquidity. Further, the Company's computation of EBITDA and Adjusted EBITDA may not be comparable to similar measures reported by other companies.

TEJON RANCH CO. Non-GAAP Financial Measures (Unaudited)

(\$ in thousands)	Three Months Ended March 31,	
	2022	2021
Net income (loss)	\$ 4,314	\$ (1,063)
Net income (loss) attributable to non-controlling interest	7	(8)
Net income (loss) attributable to common stockholders	4,307	(1,055)
Interest, net		
Consolidated	(17)	(7)
Our share of interest expense from unconsolidated joint ventures	591	624
Total interest, net	574	617
Income taxes	3,046	21
Depreciation and amortization:		
Consolidated	967	965
Our share of depreciation and amortization from unconsolidated joint ventures	1,149	1,175
Total depreciation and amortization	2,116	2,140
EBITDA	10,043	1,723
Stock compensation expense	1,219	1,276
Adjusted EBITDA	\$ 11,262	\$ 2,999

Allen E. Lyda, 661-248-3000
Chief Operating Officer/Chief Financial Officer



TEJON RANCH

Source: Tejon Ranch Co