



Tejon Ranch Co. Reports First Quarter Results of Operations – 2014

May 12, 2014

TEJON RANCH, Calif.--(BUSINESS WIRE)--May 12, 2014-- Tejon Ranch Co. (NYSE:TRC) today released the results of operations for the three months ended March 31, 2014, with the Company showing net income attributable to common stockholders of \$1,113,000, or \$0.05 per common share, an increase of \$498,000 when compared to net income attributable to common stockholders of \$615,000, or \$0.03 per common share, for the same period in 2013. Revenue from operations for the three months ended March 31, 2014 was \$7,145,000, compared to \$9,760,000 of revenue for the same period during 2013. All per share references in this release are presented on a fully diluted basis.

Results of Operations for the Quarter Ended March 31, 2014:

The improvement in net income attributable to common stockholders is primarily due to \$3,002,000 in net income received from sales of water during the quarter, and to reduced expenses within our farming and corporate general and administrative operations. The overall reduction in revenue from operations during the first quarter is the result of lower farming and mineral resources revenue.

The decline in farming revenue of \$2,355,000 is due to a 67% decrease in the number of almonds sold during the first quarter of 2014, stemming from a lower carry forward of 2013 crop inventory. This decline in the volume of almond sales was partially offset, however, by a 13% increase in almond prices. Farming expenses also declined during the quarter due to lower cost of sales for almonds. Compared to the same time period in 2013, mineral resource revenues declined \$602,000 during the first quarter of 2014. The decline is due to a decrease of \$514,000 in oil royalty revenues and \$256,000 in oil leasehold payments. The decrease in oil royalties is tied to a decline in production of approximately 21% during the quarter, resulting from the timing of completion of the expansion of new lessee production facilities. Leasehold payments declined due to Sojitz Energy beginning a drill program in late 2013, which eliminated their obligation for continued leasehold payments. The Company did see positive improvement from our rock and aggregate operations as well as the National Cement lease, with an increase in royalties of \$168,000 driven by improved construction activity in our region. Commercial/industrial revenue also increased \$220,000, due primarily to an increase in development fees related to the construction of the Outlets at Tejon.

Corporate general and administrative costs decreased \$407,000 during the first quarter of 2014 compared to the same period of 2013. The improvement in costs is spread over various expense categories with the largest improvement coming from a decrease in stock compensation expense.

2014 Outlook and Information:

Management believes that the capital structure of the Company continues to provide a solid foundation for continued investment in our projects to set the stage for the future growth of the Company. On March 31, 2014, total capital was approximately \$326,000,000, with debt accounting for less than two percent of total capital. As of March 31, 2014, we also had cash and securities totaling approximately \$57,000,000 and \$30,000,000 of availability on lines of credit to meet any short-term funding needs.

During 2014, the Company will continue to aggressively pursue development and leasing and investment within the Tejon Ranch Commerce Center and in our joint ventures, including the completion of construction and opening of the Outlets at Tejon in August 2014. The Company is continuing to invest in its residential projects to successfully complete the entitlements for the Centennial and Grapevine projects and begin pre-development investment for Tejon Mountain Village.

The Company believes the variability of its quarterly and annual operating results will continue during 2014 due to its farming and real estate activities. Prices received by the Company for many of its products are dependent upon the prevailing market conditions and commodity prices. Many of the Company's projects, especially in real estate, require a lengthy process to complete the entitlement and development phases before revenue can begin to be recognized. The timing of projects and sales of both real estate inventory and non-strategic assets can vary from year-to-year; therefore, it is difficult for the Company to accurately predict quarterly and annual revenues and results of operations.

Tejon Ranch Co. 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.

More information about Tejon Ranch Co. can be found online at <http://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. In particular, among 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 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.

TEJON RANCH CO.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FIRST QUARTER ENDED MARCH 31
(In thousands, except earnings per share)
(Unaudited)

	2014	2013
Revenues		
Real estate - commercial/industrial	\$ 2,942	\$ 2,722
Real estate - resort/residential	359	237
Mineral resources	2,264	2,866
Farming	1,580	3,935
Revenue from operations	7,145	9,760
Operating income (loss)		
Real estate - commercial/industrial	(369)	(391)
Real estate - resort/residential	(296)	(72)
Mineral resources	2,189	2,706
Farming	(93)	1,678
Income from operating segments	1,431	3,921
Income(expense) from water sales	3,002	-
Interest income	198	275
Other income	27	3
Corporate expense	(3,424)	(3,831)
Operating income from operations before equity in losses of unconsolidated joint ventures	1,234	368
Equity in earnings of unconsolidated joint ventures	438	409
Operating income before income tax expense	1,672	777
Income tax expense	541	147
Net income	\$ 1,131	\$ 630
Net loss attributable to non-controlling interest	18	15
Net income attributable to common stockholders	\$ 1,113	\$ 615
Net income per share, basic	\$ 0.05	\$ 0.03
Net income per share, diluted	\$ 0.05	\$ 0.03
Weighted average number of shares outstanding:		
Common stock	20,568,270	20,100,115
Common stock equivalents	38,218	15,327
Diluted shares outstanding	20,606,488	20,115,442



Source: Tejon Ranch Co.

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