



**TEJON RANCH**

C O M P A N Y

# UNLOCKING VALUE

2020 Annual  
Shareholders Meeting  
May 20, 2020



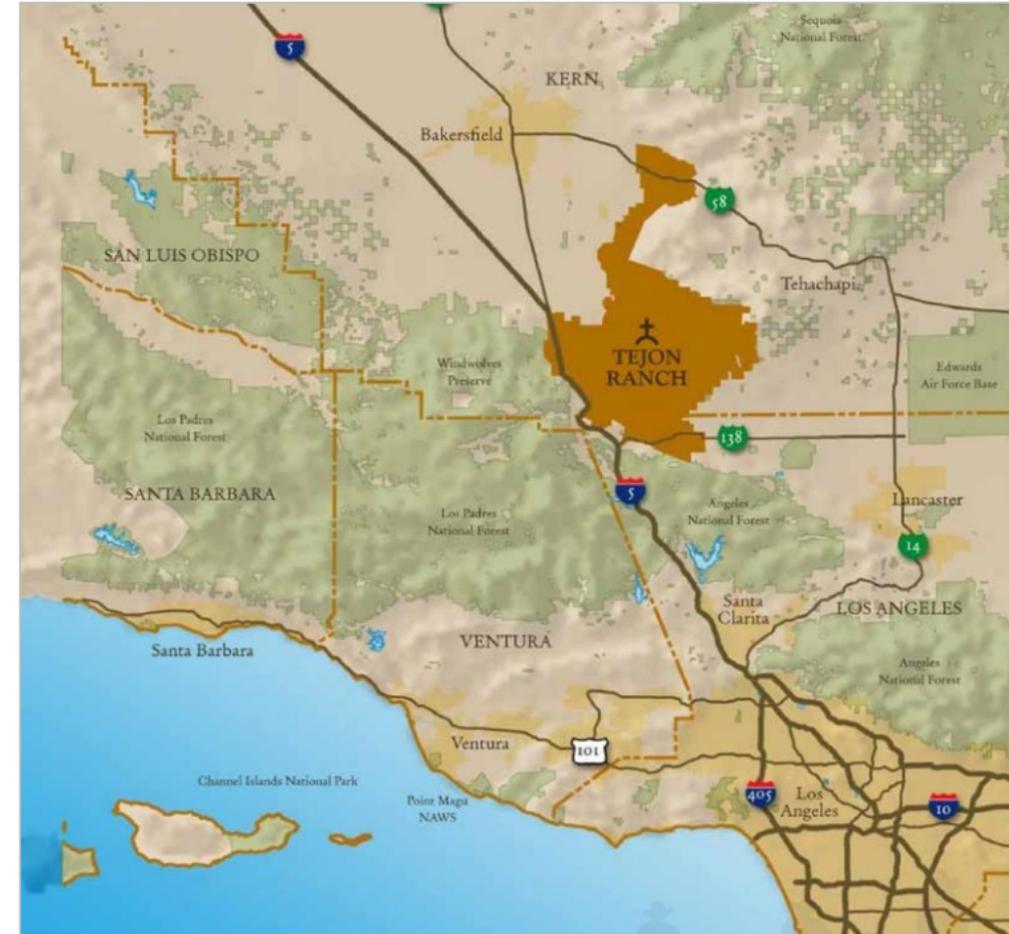
## Safe Harbor Statement

Statements in or accompanying this presentation that relate to or are based on plans, projections, expectations, assumptions, future events and results are forward-looking statements that involve a number of risks and uncertainties. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “will,” “should,” and their variations identify forward-looking statements. Many factors could affect Tejon Ranch Co.’s (“TRC”) actual results, and variances from TRC’s current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. The potential risks and uncertainties include, but are not limited to, market and economic forces, availability of financing for land development activities, competition and success in obtaining various governmental approvals and entitlements for land development activities. For a detailed description of risks and uncertainties that could cause differences please refer to TRC’s periodic filings with the Securities and Exchange Commission. TRC disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to unduly rely on these forward-looking statements.

# Tejon Ranch at a Glance

## Diversified Real Estate Development and Agribusiness Company operating in five Business Segments

- › 270,000 acres of contiguous land
- › Large-scale master planned real estate development
- › Commercial/industrial real estate development
- › Mineral resources (oil & gas, minerals, water sales)
- › Farming
- › Ranch operations



# Strategic goal



**Assets, strategy and team to drive meaningful long-term shareholder value**

**Create long-term shareholder value by monetizing the Company's land-based assets, principally through real estate development.**

# Unlocking value- real estate development



# Clear Strategic Vision

**Positioned to deliver significant value as a fully integrated real estate development company**

**5.9 MM sq. ft. already developed**

**Additional 14.3 MM sq. ft. of commercial/ industrial space available for development**



Tejon Ranch Commerce Center



Mountain Village



Centennial



Grapevine

**35,000+/- houses**

**35+ million sf commercial**

Together expected to include 34,783 residential units and 35+ MM sq. ft. of commercial space ranch-wide

# Tejon Ranch Commerce Center

Industrial Real Estate Development

**14.0 MM sq. ft. of monetizable industrial space available for development**

## Major Distribution Centers



# Tejon Ranch Commerce Center

Industrial Real Estate Development



## 2019-2020 Operational Highlights

- 580K sf spec building completed
  - 390K sf (67%) pre-leased prior to completion
- Sold 606K sf building owned in Tejon-Rockefeller JV to Dallas-based Covington Group, Inc.
  - Includes option to purchase adjacent lots totaling 63.5 acres
- Initiated planning and design for adjacent 632K sf spec building



# Tejon Ranch Commerce Center

Commercial/Retail Real Estate Development



**318,614 sq. ft. of monetizable commercial/retail space available for development**

## Major Retail Operations



# Tejon Ranch Commerce Center

Commercial/Retail Real Estate Development



## 2019-2020 Operational Highlights

- 4900 sf multi-tenant retail building adjacent to Hampton Inn completed and contributed to TA/Petro joint venture
- Retail tenants to include:
  - Baskin Robbins
  - Charley's Philly Steaks
  - Dunkin Donuts
  - Jamba Juice



# Mountain Village at Tejon Ranch

**Entitled for 3,450 homes, 750 hotel keys, 160,000 sq. ft. of commercial space**

## **Tentative tract map & commercial site plan approved**

- › Covers first 752 lots (first three phases of development)
- › Phase One of 160,000 sq. ft. commercial center at entrance

**Exploring capital strategies to fund development**

**Strong hospitality/amenity component**

**Preparation of Final Maps underway**



# Centennial at Tejon Ranch

Residential Real Estate Development



**Large-scale residential and mixed-use community in LA County to address region's housing and local needs, while embracing sustainability and conservation**

19,333 residential units/  
10.1 mm sq. ft. of  
commercial space

LA County Board of Supervisors  
approve land use designations  
and zoning – 2016

LA County Board of Supervisors  
approve specific plan  
and development agreement – April 2019

Currently in CEQA  
litigation period



*environmental stewardship ~ economic vitality ~ community life ~ smart growth principles*

**Primarily family-oriented and active adult market-rate homes**

# Grapevine at Tejon Ranch

Residential Real Estate Development



**Located adjacent to TRCC at base of foothills in the San Joaquin Valley to support and expand economic development activity taking place at TRCC**

**Primarily family-oriented and active adult market-rate homes**



**Focused on San Joaquin Valley market**

**12,000 residential units/  
5.1 mm sq. ft. of commercial  
development**

**First approved in 2016; re-  
approved in 2019 with  
certification of revised EIR**

**Currently in CEQA litigation  
period**



# Grapevine at Tejon Ranch

Residential Real Estate Development



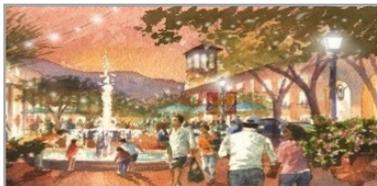
~ 7,000 acres available for future development (Grapevine North)

Identified as developable land in Conservation & Land Use Agreement



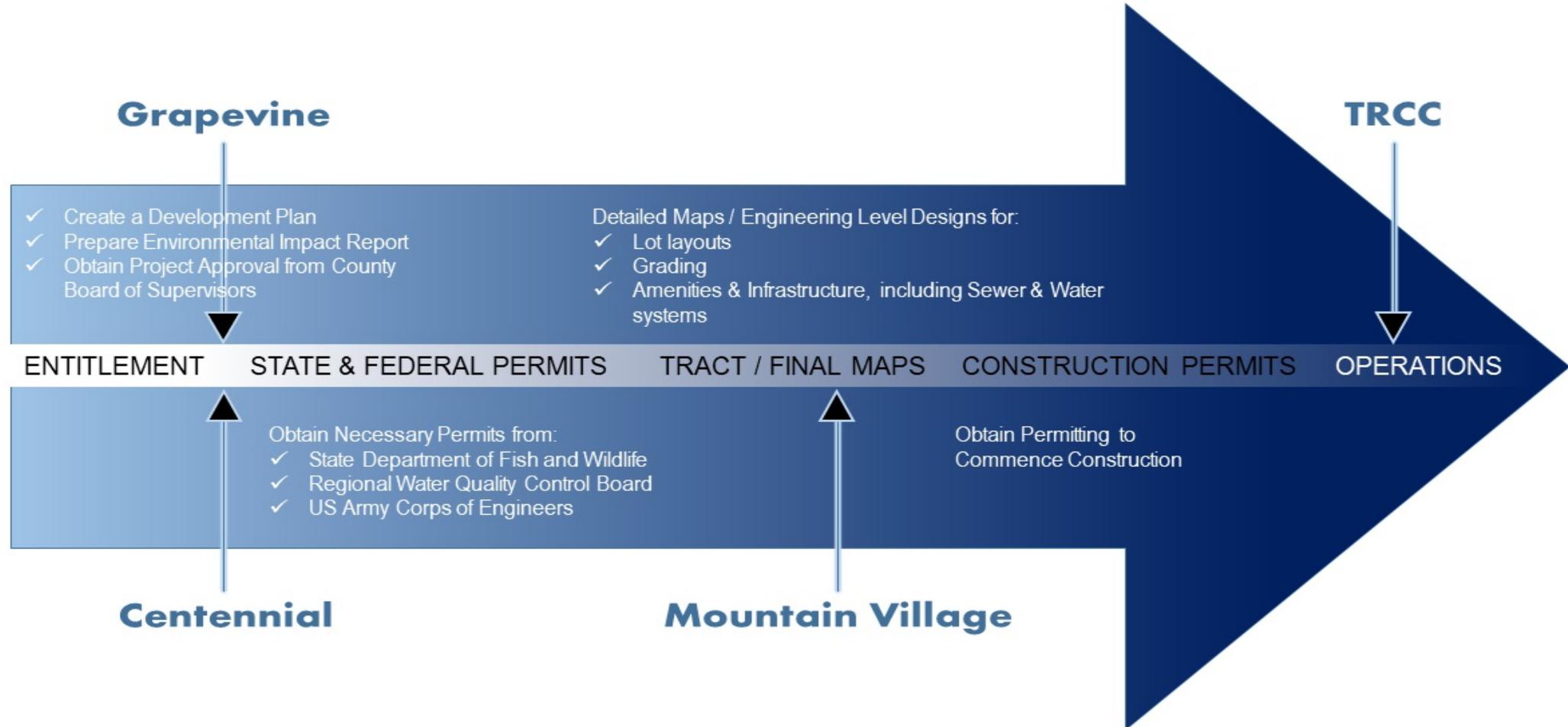
Located north & east of California aqueduct

Specific land plan yet to be developed



# California Development Process Path

Progress can be impacted by regulatory changes, litigation and market conditions



# Litigation

adds delays and additional costs to development in California.

## Center for Biological Diversity practices lawsuit abuse: litigate, delay, obstruct

### Current Litigation

- Grapevine: CEQA challenge – CBD challenged original approval and is now challenging re-approval by Kern County.
- Tehachapi Uplands Multi Species Habitat Conservation Plan: Federal challenge suing US Fish & Wildlife – Six years after approval. Claims approval violated National Historic Preservation Act, contending the California Condor is a “Traditional Cultural Property.”
- Centennial: CEQA challenge - CBD joined by Climate Resolve in suing LA County. CBD previously sued approval of Antelope Valley Area Plan over same issues and lost at the superior and state appellate court levels. Centennial has been subject to four EIRs.

# Entitlement Success

**All current master planned developments within 10% development envelope have received legislative approval**

- Tejon Ranch Commerce Center  
(West – 1998 East – 2003)
- Mountain Village  
(2009)
- Grapevine  
(2016 & 2019)
- Centennial  
(2019)

**35,000+/- houses**  
**35+ MM sf commercial**



# Impact of COVID-19 pandemic

Financial impacts moderated by Company's diversified nature

- **Temporary closure of Outlets at Tejon**
  - Rents are contractual
  - Percentage rent tenants will impact results of operations for the year
  - Tenants may have difficulty making timely rent payments
- **Diesel and gas volumes have decreased**
  - However, drop in costs have allowed margins to remain consistent when compared to prior years
  - As the Stay at Home order continues, we expect to see similar reduced volumes
- **Tejon Commerce Center will feel the impact of the reduced traffic**
  - Rents are contractual
  - Tenants may have difficulty making timely rent payments for the duration of the Stay at Home order, recovery will depend on consumer confidence

# Impact of COVID-19 pandemic

Financial impacts moderated by Company's diversified nature

- **Mineral Resources**
  - Water sales, rock and aggregate revenues for the first quarter are consistent with prior periods
  - Oil royalties
    - Production cuts stemming from the inability of global oil producers to agree on production caused an immediate shock on oil prices
    - COVID-19 compounded the issue as demand for oil decreased significantly
- Continued demand for industrial space as distribution facilities aim to expand to house increasing inventory
- Management initial action:
  - Reevaluated our operations for expense reductions and cash savings
  - Renegotiated fee arrangements with vendors/consultants/professional services
  - Attempting to amend long-term contracts where possible, e.g., Conservation Agreement, to preserve cash
  - Reductions in executive compensation, and
  - Right sizing on labor needs

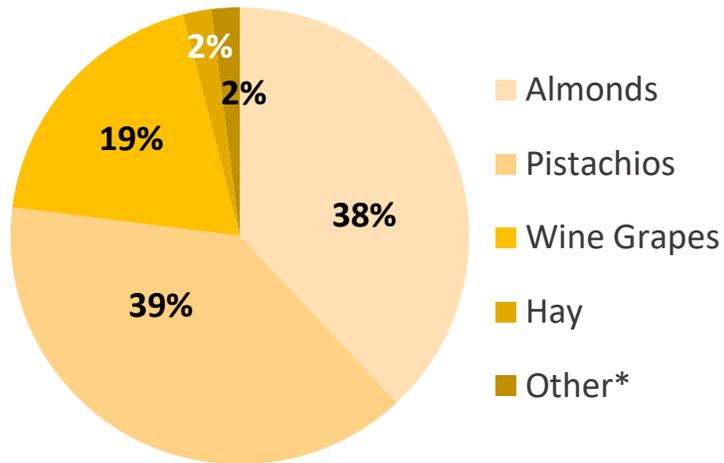
# Strong Foundation Supported

by Diversified Operations

**Steady cash flow generated from diversified operations enables investment in entitlement and development of real estate assets**

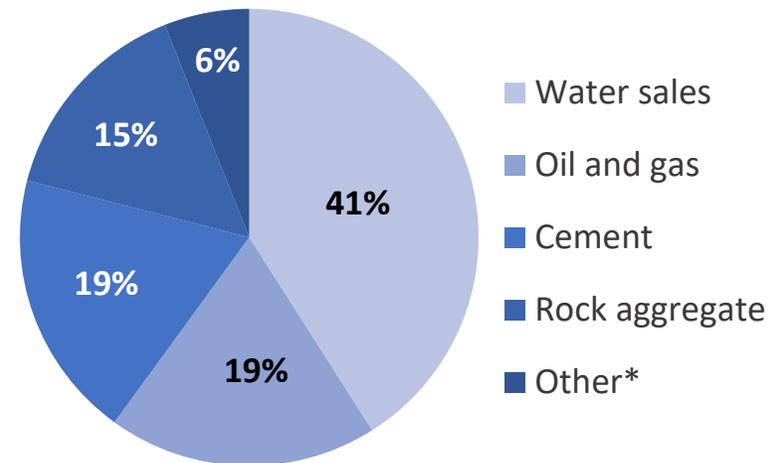
## FARMING REVENUE

\$19.3 Million in 2019



## MINERAL RESOURCES REVENUE

\$9.8 Million in 2019



\* Other in "Farming Revenue" chart includes farming lease revenue; Other in "Mineral Resources" chart includes land lease for oil exploration and reimbursable costs.

# Operating Segment Revenue

(\$ in millions)	2019	2018	2017	2016
Real Estate Commercial/Industrial (Including Joint Ventures)	\$33.4	\$12.8	\$13.2	\$16.9
Mineral Resources	\$9.8	\$14.4	\$5.9	\$14.2
Farming	\$19.3	\$18.5	\$16.4	\$18.6
Ranch Operations	\$3.6	\$3.7	\$3.8	\$3.3
Investment/Gain	\$1.2	\$1.3	\$0.4	\$1.5
<b>Total Revenue</b>	<b>\$67.3</b>	<b>\$50.7</b>	<b>\$39.7</b>	<b>\$54.5</b>
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$30.1</b>	<b>\$19.8</b>	<b>\$12.8</b>	<b>\$16.2</b>

# Strong Balance Sheet and Cash Flow

## Committed to maintaining financial flexibility

(\$ in millions)	2019	2018	2017	2016
Cash/Marketable Securities*	\$66.2	\$79.7	\$91.0	\$27.9
Total Assets	\$539.4	\$529.0	\$518.2	\$439.7
Long-Term Debt	\$61.9	\$65.9	\$69.9	\$73.9
Stockholders' Equity	\$430.2	\$419.3	\$398.2	\$305.9
Cash Flow from Operations	\$16.0	\$14.4	\$9.8	\$5.6

\* Completed rights offering in fall 2017 raising approximately \$90 million.



## Investor Relations

- Roth Conference, March 2019
- NDR to New York & Boston, August 2019



**Questions?**



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