



UNLOCKING VALUE

TEJON RANCH CO.



ANNUAL REPORT
2016

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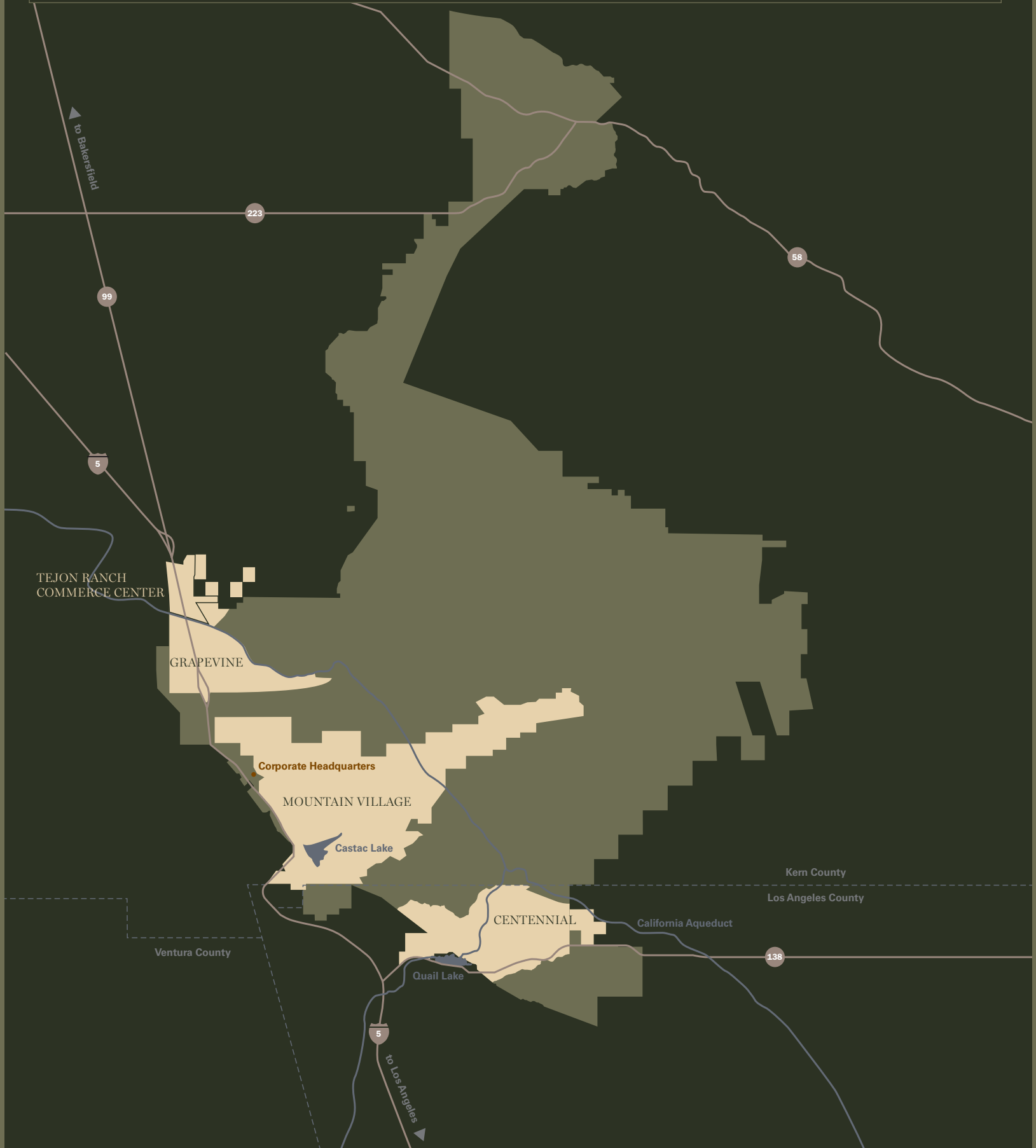
270,000 ACRES
OF CONTIGUOUS
LAND

15.1 M SQ.FT.
OF MONETIZABLE
INDUSTRIAL SPACE
IN TRCC

350,000 SQ. FT.
OF MONETIZABLE
COMMERCIAL/
RETAIL SPACE
IN TRCC

34,783
RESIDENTIAL
UNITS
IN MPCs

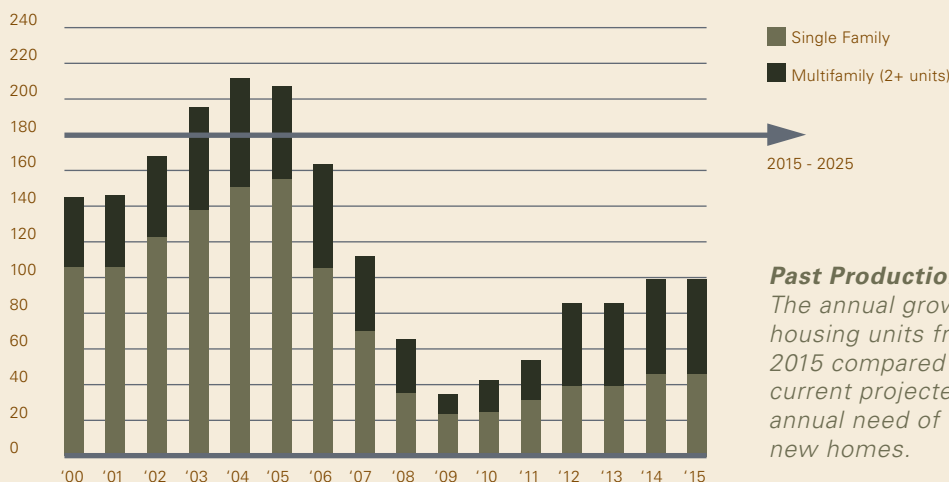
15.4 M SQ.FT.
OF COMMERCIAL
SPACE
IN MPCs



1.8 Million Homes Needed by 2025

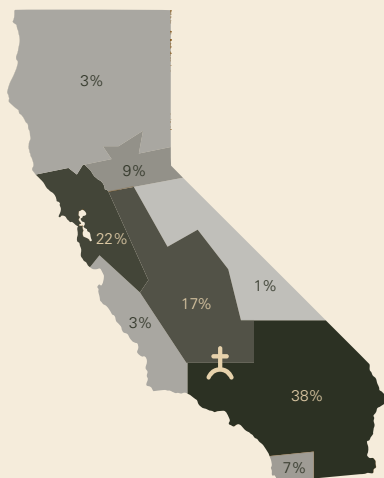
From 2015-2025, approximately 1.8 million new housing units are needed to meet projected population and household growth, or 180,000 new homes annually. The California Department of Housing and Community Development (HCD), in consultation with the California Department of Finance, determines the State's housing need for a 10-year period, based upon Department of Finance population projection and demographic household formation data.

Permits in thousands



Past Production
The annual growth in housing units from 2000-2015 compared to the current projected average annual need of 180,000 new homes.

TO OUR VALUED SHAREHOLDERS



Where Growth is Expected Through 2025

Source: 2015-2025 Projected New Households from HCD Analysis of State of California, Department of Finance State and County Projections of Households, Household Populations, Group Quarters, and Persons per Household 2010-2030 – Based on Baseline 2013 Population Projection Series.

Driving north on Interstate 5 from Los Angeles, the sky opens up almost immediately as you pass through the densely populated San Fernando and Santa Clarita Valleys into the mountains that make up the Angeles National Forest. A quick half hour later, the southern rim of Tejon Ranch begins to fill in, the highway draws near our headquarters, through the Grapevine and down into the San Joaquin Valley.

The distance traveled covers much of the western boundary of the 270,000 acres that make up Tejon Ranch, and the diversity in landscape, commerce and community you see from the highway, parallel the core assets of our company. As a diversified real estate development and agribusiness, our land is tied to how we are unlocking asset value.

In 2016, each of the company's five business segments: Commercial/Industrial Real Estate, Resort/Residential Real Estate, Mineral Resources, Farming, and Ranch Operations, played an integral role in driving value for the company. The progress we are making with our large-scale master planned real estate developments aligns with the continued traction we are experiencing at the Tejon Ranch Commerce Center (TRCC), our 1,450-acre commercial/industrial development. The steady cash flow generated from our commercial division, our mineral resources, and farming operations serves as a solid foundation for supporting the development of our real estate assets.

Demand for economic development and housing continues to rise throughout our region, and the trajectory for population



growth is headed in our direction. California's population is expected to increase almost 30 percent to 50 million during the next three decades, and nearly half of those residents will live in Southern California. The challenge is where will they all live? California is perhaps the most highly regulated state in the nation and has created a series of barriers that are contributing to a severe housing shortage. Tejon Ranch is answering that challenge through our resources, knowledge and vast experience.

Solid Progress

That's why our strategy focuses on the development of large scale residential and mixed use communities. We have honed our expertise over the years navigating California's complex regulatory landscape, and we believe we have a formula in place

that puts shovels in the ground effectively. The process entails securing local entitlements, obtaining state and federal permits to develop the land, producing detailed tract maps showing exact locations of lots and systems infrastructure, which sets the stage to apply for permits to commence construction.

While none of this happens overnight, and working through regulatory requirements may ultimately take a decade or more from start-to-finish before we can break ground on a development, each of our residential communities – Mountain Village, Grapevine, and Centennial – is well positioned and making solid progress toward beginning construction.

ABOVE: Interstate 5 as it winds through Grapevine Canyon. Tejon Ranch owns 16 miles of freeway frontage along I-5.



ABOVE: Part of the development area for our master planned community of Grapevine, which was approved by the Kern County Board of Supervisors in December 2016.

We are very excited about the stage we've entered with Mountain Village, which is in the final phase of the regulatory process. The property is fully entitled and important state and federal permits have been secured. The Board of Directors has approved our business plan and tentative tract maps have been submitted to Kern County. Once approved, we can move forward with the final steps to begin construction. The community is entitled for 3,450 homes, 750 hotel keys and approximately 160,000 commercial square feet, offering owners and guests a wide variety of high quality and much-desired amenities, as well as a robust technology infrastructure to ensure people stay connected.

In 2016, we also made excellent progress with our Grapevine development, which

is located along Interstate 5 adjacent to TRCC at the base of the foothills in the San Joaquin Valley. The Kern County Board of Supervisors unanimously approved the master planned community that includes 12,000 residential units and 5.1 million square feet of commercial space. Local entitlement has been secured and we are now preparing the necessary permit applications for submittal to the state.

Grapevine will provide housing options for the thousands of people currently employed at TRCC businesses. All of the homes and commercial buildings in the community will include solar panels, consistent with Tejon Ranch's commitment to sustainable development. Grapevine will be designed in a way that promotes water efficiency,



OPPOSITE: Tejon Ranch built and opened a new multi-tenant building in 2016 which houses two fast casual restaurants—Habit Burger and Baja Fresh.

and that provides an extensive network of bike and walking trails.

The Ranch's southern-most master-planned development is Centennial, a Los Angeles County-based property that will help address the region's housing needs, while also embracing economic development, sustainability and conservation. In 2017, Los Angeles County is expected to circulate an environmental impact report and process the community's Specific Plan for county approval, a plan that includes 19,333 residential units and 10.1 million square feet of commercial space. In 2015, we received approval from the Los Angeles County Board of Supervisors, providing land use designations in the county's General Plan and zoning for the property. In addition to much-needed housing, our

vision for Centennial includes business districts, schools, retail and entertainment centers, medical facilities and other commercial offices, in addition to light industrial businesses that, when complete, would create a substantial number of jobs.

Even as we work to address the need for more housing in the state, we have also been steadfast to maintain our conservation heritage. You'll recall, in 2008 we entered into a voluntary agreement with a number of major environmental groups to provide for significant conservation while still preserving the Company's real estate development and value creation activities. As we progress in those efforts, it is particularly important to note that this agreement and Tejon Ranch's holistic approach is supported by key regulatory agencies in the state.



Strategic Development

The progress we are making with our resort and residential developments demonstrates our commitment to unlocking value and monetizing tens of thousands of acres of raw California land. Our commercial and industrial development at TRCC is a key aspect of how we are executing our strategic vision as a fully integrated real estate company.

Annual recurring revenues from TRCC have increased 47% over the last three years. A significant contributor to that growth: joint ventures we form with complementary real estate developers. In 2016, we signed two joint venture agreements with Majestic Realty Co., the country's largest privately-held industrial developer, one to purchase an existing

building at TRCC, the other to build a 480,000-square-foot spec industrial building on the east side of the development. Grading for the building is underway. Headquartered in Southern California, Majestic is a major force across the nation, with a portfolio of about 78 million square feet of industrial, office and retail space, as well as sports, entertainment and hospitality projects.

We have three joint ventures with the Rockefeller Group; perhaps most visible from Interstate 5 is our award-winning Outlets at Tejon shopping center. That's where you'll find a great collection of stores, including Polo Ralph Lauren Factory Store, Pottery Barn Outlet and Coach. Additionally last year, we completed the sale of land for the building of

ABOVE: The continued growth at TRCC is evidence of how we are successfully executing our strategy to unlock the value of our land.



ABOVE: Artist's rendering of the 480,000 sq.ft. spec building being developed in partnership with Majestic Realty. The building should be ready for occupancy before the end of the year.

a Hampton Hotel adjacent to the Outlet center, and our joint venture with Travel Centers of America, or TA/Petro, now includes two travel and truck stops and five gas stations with convenience stores.

TRCC is also home to major distribution centers for Ikea, Caterpillar, Famous Footwear and Dollar General, as well as a number of food retailers, including McDonalds, Chipotle and Baja Fresh, which opened last summer. Starbucks reports it's the location of their top-performing store in California—one of the top five in the country. All of the activity at TRCC equates to recurring revenue streams that support our future growth and development.

Diversified Operations

The diversity of operations at Tejon Ranch is a distinguishing characteristic that

allows us to generate steady cash flow to fuel investment in entitlement and the development of real estate assets. In 2016, farming revenue accounted for \$18.65 million and mineral resources for \$14.15 million. Our farming operations consist of growing wine grapes, almonds, pistachios and hay.

The minerals side of our business includes oil and gas royalties, rock and aggregate royalties, the leasing of a cement operation and the management of water assets. Our water assets have become an important aspect of future value creation as we continue to demonstrate that we own and/or control the resources needed to support the growth of the Company's real estate developments.



OPPOSITE: Traffic continues to increase on Interstate 5, making Tejon Ranch visible to millions of people.

Solid Foundation

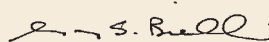
These attributes contribute to a solid foundation that puts Tejon Ranch in a position of strength to capitalize on its real estate assets. From a financial perspective, that means having the right capital structure in place to invest in core business segments and achieve profitable future growth.

At December 31, 2016, we had approximately \$28.0 million in cash and securities and \$22.3 million available on our revolving line of credit to meet short-term investing needs. We will continue to explore partnerships and other financing options to further enhance the company's strong balance sheet. By the time you read this letter, wildflowers will be in bloom throughout Tejon Ranch. More progress will have been made on our

master planned communities. And more than 20 million people will have driven through the Tejon Ranch Commerce Center since the beginning of the year.

Words can only describe the transformation we're experiencing at Tejon Ranch, and I encourage you to visit us to see it firsthand.

Thank you for your continued support as we make substantial progress in unlocking asset value.



Gregory S. Bielli
President & CEO



FINANCIAL
HIGHLIGHTS





DIRECTORS

Norman Metcalfe

Chairman of the Board,
Tejon Ranch Co.
Real Estate and Investments

Robert A. Alter

President,
Seaview Investors, LLC

Steven A. Betts

Real Estate and Investments

Gregory S. Bielli

President and
Chief Executive Officer,
Tejon Ranch Co.

John L. Goolsby

Private Investments and Real Estate

Anthony L. Leggio

President,
Bolthouse Properties LLC
Real Estate Development and
Management

Geoffrey L. Stack

Managing Director,
SARES-REGIS Group
Real Estate Development
and Management

Daniel R. Tisch

Managing Member,
TowerView LLC
Investment Management

Frederick C. Tuomi

Chief Executive Officer,
Colony Starwood Homes

Michael H. Winer

Portfolio Manager,
Third Avenue Management LLC
Investment Management

EXECUTIVE OFFICERS

Gregory S. Bielli

President and Chief Executive Officer

Allen E. Lyda

Executive Vice President,
Chief Financial Officer
and Assistant Secretary

Hugh F. McMahon IV

Executive Vice President,
Commercial and Industrial Real Estate

Joseph N. Rentfro

Executive Vice President,
Real Estate

Dennis J. Atkinson

Senior Vice President,
Agriculture and Water Resources

Michael R.W. Houston

Senior Vice President,
General Counsel and Corporate Secretary

Robert D. Velasquez

Vice President of Finance,
Chief Accounting Officer

CORPORATE DIRECTORY

Corporate Office

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Telephone: (661) 248-3000

Securities Listing

Tejon Ranch Company
Common Stock is listed on
the New York Stock Exchange
under the ticker symbol: TRC

Stock Transfer Agent & Registrar

Computershare Shareowner
Services LLC
480 Washington Boulevard
Jersey City, NJ 07310-1900
Telephone: (877) 898-2101

Auditors

Ernst & Young LLP

Form 10-K

A copy of this report and the Company's
Annual Report to the Securities and
Exchange Commission on Form 10-K,
without exhibits, will be provided
without charge to any stockholder
submitting a written or electronic
request to Investor Relations:

Barry Zoeller

Vice President,
Corporate Communications &
Investor Relations
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TEJON RANCH

COMPANY

Building the Legacy

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