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To: Fellow Shareholders of Tejon Ranch Co. (TRC)

From: Andrew Dakos and Phillip Goldstein, Managing Partners

Date: April 7, 2025

Tejon's management recently issued a "fight letter" to shareholders touting the "successful execution of its long-term strategy to create shareholder value." Let's look at the record.

If you invested \$10,000 in Tejon stock forty years ago and its shares appreciated by an average of a modest 5% per annum, your shares would be worth about \$70,000 today. If Tejon's share price grew by 10% per annum, roughly matching the S&P 500 Index, your shares would be worth more than \$450,000. Sadly, those same shares today are still worth just about the same \$10,000 you invested.

Management's letter goes on to say: "With unmatched assets in a highly attractive market, we believe Tejon is well positioned to unlock future value for shareholders." It would not surprise us if management said something similar forty years ago. But facts are stubborn things. And management's enthusiastic rhetoric is in sharp contrast with the harsh reality that TRC has been a terrible investment for long-term shareholders. Forty years is ample time to produce tangible results and a much higher stock price. But, thus far, the only persons that have made much money from Tejon's "unmatched assets" have been insiders, lawyers, and other service providers – not shareholders.

We see a number of factors that may help to explain why Tejon's stock price has stagnated but, as outsiders, we cannot know for sure what changes are needed. Despite what management says, we have no agenda. However, we do have a goal, i.e., to see Tejon's stock price significantly higher. Toward that end, we are proposing to elect three independent directors (out of ten) who will take a fresh look "under the hood" and work with other members of the Board to determine what works and what may need to be changed.

Some areas that our nominees intend to focus on include:

1. Capital Allocation. Should Tejon's free cash flow be used for development surrounding its profitable commerce center and/or for share repurchases, rather than pursuing the more remote master-planned communities? Should Tejon form joint ventures with deep-pocketed developers to pursue these capital intensive projects that may take many years to come to fruition?
2. Executive Compensation. Is the amount and form of executive compensation sufficiently aligned with quantitative measures of shareholder value, e.g., free cash flow or total shareholder return? As outsiders, we cannot say for sure at this time

and that is why we recommend abstaining on the Board's proposal to approve the executive compensation package.

3. Communication and Transparency. The long-term stagnation of Tejon's stock price suggests a lack of confidence in management's credibility and its ability to generate net earnings that will result in a higher stock price. Is that due to inadequate communication and transparency, e.g., its unwillingness to hold public earnings calls at which investors can pose questions? Why is the annual meeting not being held in person this year rather than virtually?
4. Excessive Expenses. Management brags that in 2024, "GAAP net income attributable to common shareholders increased 186% year-over-year to \$4.5 million." Yet, it has committed to spend a mind boggling \$3.35 million or almost 75% of that amount on this very proxy contest. That is truly alarming and suggests a troubling lack of oversight by the Board over corporate expenses.

We think almost everyone agrees that Tejon's current stock price does not reflect its intrinsic value. Why is that? Management's press release is silent about Tejon's depressed stock price. If our nominees are elected, our sole goal will be to see a significantly higher stock price in a lot less than forty years. That alone distinguishes them from the incumbent directors. If you are satisfied holding a "dead money" stock and are swayed by empty rhetoric about "generating meaningful value for shareholders," you should probably vote for the incumbent directors who promise to continue a strategy that has failed to produce any perceptible benefit for long-term shareholders. On the other hand, if you want three directors who are committed to narrow the gap between the market price of TRC's shares and its intrinsic value, you should vote for our nominees.

Please call or email us if you would like to discuss this proxy solicitation.

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