

Tejon Ranch Co.



DEAR FELLOW SHAREHOLDERS

During 2020, Tejon Ranch withstood the rigors of a very challenging year for our nation and the world. As an organization, we continued to make excellent progress toward our vision of delivering significant value to our stakeholders as a fully integrated real estate development company.

As we proceed into 2021, our assets, strategy, real estate expertise and team will work even harder to successfully implement this vision. Tejon Ranch's strategic location has served the company well for more than 175 years, and we are positioned to reap the benefits of owning such an important and vital piece of California real estate.

How it Began

In 1772, Captain Don Pedro Fages from Spain became the first European to look out upon the San Joaquin Valley in California from what is now known as Tejon Ranch. More than 70 years later, in 1843, the Ranch was formally established through Mexican land grants. In 1854, because of its strategic location on the way to the gold fields, Fort Tejon was established on land that is across the interstate from our corporate headquarters.

Shortly thereafter, a stagecoach stop was created with service to the south, and the Los Angeles-Stockton road was built. Fort Tejon grew to become the third largest settlement in southern California at the time, foreshadowing today's residential and commercial development. In 1939, Tejon Ranch donated the site where the remains of Fort Tejon still stand to the State of California for the establishment of a state historic park.

Location, Location, Location – Connection, Connection, Connection

From its early beginnings as the nucleus of California's north/south connection, Tejon Ranch has become a vital bridge between the two. Residing on the state's highly trafficked north/south I-5 corridor, the Ranch is California's most significant real estate asset available for development.

The company is leveraging this asset to successfully develop commercial and retail properties, while also helping address California's substantial housing shortage through the development of four sustainable, master planned, mixed-use communities.

Whether it be for our commercial/retail development activities or our master planned communities, all key utilities and services necessary to successfully implement our plans go through Tejon Ranch, from 30 miles of the California Aqueduct, to almost 15 miles of I-5 frontage, to 390 miles of major utility infrastructure, including transmission lines for electricity, oil, natural gas and communication systems.

The significance of the California Aqueduct, which transports water from Northern to Southern California through a series of canals, tunnels, and pipelines, cannot be understated, since it gives us the unique opportunity to focus on water assets and water delivery, now and long into the future. Water delivery and availability is one of the most important factors in the development and success of master planned residential communities, and each of our communities will feature state-of-the-art water conservation measures, reclaimed water for irrigation, stormwater capture, and drought-tolerant landscaping. We have already implemented similar techniques at the Tejon Ranch Commerce Center and in our agricultural operations.

At the end of 2020, we had a total of 148,474 acre-feet of water held for future use and purchased water contracts. Our extensive water assets are not only sufficient for current and future needs related to the build-out of our various real estate developments, but until that need materializes, we are also able, on an opportunistic basis, to sell temporary right-of-use of our water to third parties. The demand for water varies from year-to-year, depending on a variety of factors, including whether California is in a wet or dry weather cycle. Just to be clear, when we make these transactions, we are not selling our water rights, only the use of our water for a specified, limited period of time.

Accommodating Fundamental Change to a Work-from-Home Lifestyle

In addition to our access to water, high-capacity fiber optic facilities run parallel to Interstate 5 along the ranch's western boundary. With such capacity literally at our door-step, we are positioned to be able to provide robust technology packages to future homeowners, including speeds of up to 1 gigabyte and more, which easily accommodates work-from-home lifestyles. The juxtaposition is amazing--one of California's most historic properties offering cutting edge technology.

Telecommuting is here to stay. As a result of the pandemic, working from home has become a necessity rather than a luxury. A recent survey of CEOs conducted by Deloitte found that an estimated 36 percent of their employees will be working remotely in January 2022, up from 13 percent pre-pandemic. Further, a poll by Pew Research Center showed that a majority of workers say their job can be performed from home and would like to continue doing so permanently post-pandemic. Additionally, with the fundamental shift to a work-from-home economy, there has been, and likely will continue to be an exodus from expensive city living to more reasonably priced housing in the suburbs and outlying areas, a trend that is positive for Tejon Ranch.

Activity Hub on the I-5

Interstate 5 runs almost 1,400 miles from the Mexican to the Canadian border. In California, Tejon Ranch sits one hour north of Los Angeles and is located precisely in the major industrial, commercial and retail gateway to Central California's Golden Empire, named for its rich history of gold, oil and agricultural production.

The company's centrally located Tejon Ranch Commerce Center (TRCC), a 20 million square-foot state-of-the-art commercial/industrial development sitting on both sides of the I-5, makes it the ideal logistics hub for both inbound and outbound shipments with direct and immediate access to the interstate. TRCC lies within two to four hours of the major ports of Los Angeles/Long Beach and Oakland that handle nearly 40% of the total volume in the United States. Additionally, TRCC's location allows retailers to reach more than 40 million people with next-day delivery and 70 million in two days, with the shortest average distance to major population centers in the western U.S.

TRCC's proximity to northern Los Angeles County and Bakersfield is well suited for regional e-commerce fulfillment centers. Developed through land sales, or in conjunction with like-minded joint venture partners, today TRCC is home to distribution and logistics centers for some the world's largest companies, including Caterpillar, Dollar General, Famous Footwear, L'Oreal, and Ikea, which occupies more than two million square feet of space. Tejon also recently welcomed Camping World to TRCC. The company began its relocation from Bakersfield in January 2021.

We have successfully monetized six million square feet of commercial/industrial/retail space, building a thriving center for industrial distribution facilities and well-known retailers. Over the last three years, Tejon Ranch has developed nearly 1.1 million square feet, which is now 100% leased.

With approximately 14 million square feet of fully entitled space immediately available for sale, lease or build-to-suit, TRCC is well positioned to capture opportunities facilitated by the recent substantial increase in online shopping, which is driving the need for warehouse space. Because COVID-19 also disrupted foreign sourcing, inventories have been put at risk, requiring businesses to return to domestic operations and increase inventories, again driving the need for additional industrial square footage closer to home. Research from JLL forecasts that industrial demand, which is outstripping supply, will grow by more than one billion square feet by 2025. At Tejon Ranch, we are seeing an increasing number of inquiries about available space from manufacturers and large corporations seeking solutions for their western U.S. supply chain distribution, as well as third-party logistics. This accelerated demand should propel future growth at the Commerce Center. In the meantime, we will continue to ensure that food, water, and other essential supplies are being delivered across California through distribution centers located at TRCC, and by fueling the trucks needed to get goods to where they need to be.

In January of this year, we received a building permit for our newest spec building at TRCC, an approximate 630,000 square-foot state-of-the art distribution center we anticipate delivering in 2022. We also developed plans, which were recently approved by the Kern County Board of Supervisors, for a proposed 495-unit apartment home community located adjacent to the Outlets at Tejon. This new residential offering will turn the Commerce Center into a true mixed-use community. The two-phase project will include 13 residential buildings, each two-to-four stories high, including resident amenities, and 8,000 square feet of commercial space. The purpose of this project is to continue our efforts to create development that generates recurring revenue for the company, value for our shareholders, and provides a quality, live-work environment for people to enjoy. The new residences will also increase energy for the Outlets, complementing our already existing regional draw. It is important to note that this apartment home community will be the first Tejon Ranch housing project moving forward as part of our corporate goal of being a completely integrated real estate company.

All the retail offerings at TRCC, including our award-winning outlet center, also benefit from heavy traffic in the north/south California corridor, providing travelers with the convenience of stopping and refueling, grabbing a bite to eat, or even resting at one of the local hotels. While we saw some initial retail challenges at the start of the pandemic, the Outlets at Tejon rebounded nicely when stay-at-home orders in California were initially lifted in late summer. Even during times in which stay-at-home orders were in place in the state, the outlets remained open, following stringent COVID protocols, and have had some of their best performing days and weeks after reopening.

Fully operational, TRCC, along with our mineral resources and farming businesses, generate steady revenue and cash flow for investment into our future development commitments, both commercial and retail, as well as our master planned residential communities.

Helping Solve California's Housing Crisis

Granted with the largest single piece of private property in California, 270,000 acres in total, our vision is to use the land to make life better for Southern California residents and businesses, while preserving the incredible natural beauty and wildlife that exists on the Ranch. Our ownership of this land, combined with our substantial real estate knowledge and know-how, is being used to help solve California's ongoing, severe housing shortage and affordability crisis.

California's population growth continues to outpace housing supply, especially in areas adjacent to the Ranch's borders. By 2040, the California Department of Finance estimates that Kern County's population will grow to 1.13 million, 24% higher than in 2020. Los Angeles County's population is expected to grow at a slower rate, but will still be nearly 10.3 million in 2040. A report from the California Legislative Analyst's Office estimates California's current housing deficit at 3.5 million units in California, with very little being done to meaningfully close that gap, as the state continues to build less than half the housing units it needs on an annual basis just to keep pace with population growth. Further, median home prices are also growing, increasing more than 400% since 1980.

Having secured all relevant local legislative entitlements, we are currently evaluating different approaches to raising capital to supplement our internal capital generation for the environmentally sustainable development of three additional mixed-use residential master planned communities that will create an additional 35,000+ housing units and help ease some of the region's housing shortage. Strategically located, these developments sit in the direct path of anticipated population growth.

The master planned community closest to development is Mountain Village, which sits in the middle of our four residential developments. Entitled for 3,450 homes, 750 hotel rooms and 160,000 square feet of commercial space, Mountain Village will have a resort-like feel, appealing primarily, at least initially, to those looking for second homes. Over time, we expect a 50/50 split between second homes and primary home ownership. A tentative tract map covering the first four phases of development, consisting of 752 lots, has been approved. The site plan for phase one of the planned commercial center at the entrance to the community has also been approved. To address the capital needs for Mountain Village, we are currently exploring different capital strategies to help fund development. At the same time, we

are completing the Final Map for submittal and approval by Kern County, which is the last regulatory step before grading and construction permits can be granted.

To the south of Mountain Village is Centennial, located in the Western Economic Opportunity Zone designated in the Antelope Valley Area Plan and the Los Angeles County General Plan. Centennial will include more than 19,000 residential units, 18 percent of which will be officially designated as affordable units, and 10.1 million square feet of commercial space. Centennial is being planned as a family-oriented and active adult community, comprised mostly of primary residences. As with our other planned residential development projects, this large-scale mixed-use community will incorporate sustainability, conservation, and state-of-the-art fire protection. With the creation of more than 23,000 permanent jobs and nearly 25,000 construction jobs, Centennial will create economic growth in the area, while also addressing Southern California's housing shortage. Our plan and development agreement for Centennial were approved by the LA County Board of Supervisors in 2019. We expect to continue working through the remaining legal challenges over the next few years as they work their way through the court system.

Grapevine is the mixed-use master planned community strategically located adjacent to TRCC at the base of the foothills in the San Joaquin Valley. Grapevine, together with the new apartment home community we are currently planning, is expected to support economic growth throughout the region. With 12,000 residential units and 5.1 million square feet of commercial development, the Grapevine community will appeal to everyone from first-time homebuyers, to families, to active adults who are seeking market-rate housing. Grapevine had been challenged in court multiple times by extremist environmental organizations, so we were extremely pleased when, in January 2021, the district court rejected and dismissed their frivolous legal claims.

Given the ease at which California's Environmental Quality Act (CEQA) allows for legal challenges to legislatively approved development, litigation hurdles must be cleared before physical development can begin. We have already prevailed in environmental lawsuits challenging Mountain Village, TRCC, and now Grapevine. While legal challenges remain at Centennial and there's a possibility of an appeal of the district court's ruling on Grapevine, we believe these challenges are surmountable and we will continue to vigorously defend these project approvals through the end of the judicial process so we can ultimately build the homes and create the job opportunities that California so desperately needs.

Environmental - Social - Governance

Environmental stewardship, or sustainability, is one of Tejon Ranch Co.'s core values, along with quality and visionary innovation. This commitment to sustainability manifests itself in many ways across the Company and its operations.

We understand many of our investors are interested in how the Company addresses and discloses information related to ESG. While the information is disclosed throughout our filings and in various reports, I thought it would be helpful to give you a brief overview here.

Environmental Sustainability

Environmental stewardship, or sustainability, is one of Tejon Ranch Co.'s core values, along with quality and visionary innovation. This commitment to sustainability manifests itself in many ways across the Company and its operations.

Climate Change

The Company maintains policies intended to both reduce its carbon footprint and proactively sequester, or capture and store, carbon.

Since 2008, the Company has voluntarily conserved 240,000 acres of its land covered by trees and other vegetation. A recent analysis conducted for the Company by Dudek Environmental Services determined that this acreage effectively sequesters 3.3 million tons of carbon. That equals the volume of carbon produced in a single year by 2.5 million passenger vehicles-10% of California's 2019 passenger vehicle fleet.

Solar power is used significantly within TRCC. For example, in 2019 the Company installed a solar covered parking structure at the Outlets at Tejon. The structure covers 1.85 acres and is projected to offset 83% of the center's electricity needs for shared spaces and produce 1,076,000 kWh of clean energy every year. In addition, the IKEA distribution center at TRCC features a 1.8 MW photovoltaic solar array covering 370,000 square feet of the warehouse's rooftop. The system handles the power needs of IKEA's distribution center and provides power into the electric grid as well.

The Company has entered into a lease with Calpine Energy, a power generating company, for the development of a 600-acre industrial-sized solar field. Located immediately adjacent to Calpine's PEF, a natural gas and steam powered generating plant in the San Joaquin Valley portion of the Ranch, the solar array is expected to produce approximately 100 MW of power once fully operational.

The Company's three master planned mixed use residential communities are also designed to make use of renewable energy sources:

At Grapevine, 50% or more of its energy supply will be produced on site by renewable sources.

All homes in Mountain Village will feature roof-top photovoltaic solar arrays.

At Centennial, 50% or more of its energy supply will be produced on site by renewable sources.

Air Quality

The Company has contracted with the San Joaquin Valley Unified Air Pollution Control District to pre-mitigate air emissions related to the Company's current development at TRCC-East, and future development at Mountain Village and Grapevine. As of last year, the air district had fully offset current air emissions at TRCC-East, as well as future emissions projected to occur at full build-out of the project.

Nearly two decades ago, the Company helped establish and has continuously supported, a non-profit, 501(c)(3) public charity that advances quantifiable and voluntary solutions addressing air pollution in California's San Joaquin Valley, a region with some of the worst air quality and highest poverty levels in the United States. The Company continues to support the organization in its mission to improve public health and quality of life in disadvantaged communities located in the region.

Its programs deliver up to \$850 in smog repair vouchers and \$9,500 in down payment incentives to low-income residents in the region so they can replace high-polluting vehicles with used plug-in or hybrid cars.

In the past five years, it has helped more than 35,000 households improve their vehicle emissions by completing over 20,000 smog repairs and providing more than 26,000 smog repair vouchers. Additionally, the vehicle replacement program has delivered more than 2,000 plug-in electric vehicles. Based on pre- and post-repair emission capture readings, the vehicle repair and replacement work has cut 692 tons of oxides of nitrogen (also known as "NOx"), 71 tons of carbon monoxide, and 90 tons of hydro-carbon emissions from the Valley's air.

Water Conservation

As mentioned previously, water conservation is at the heart of our water asset and delivery plans. At TRCC-East, reclaimed water from the water treatment plant

is used for irrigation purposes . Landscaping at the Outlets at Tejon consists of drought-tolerant, native planting material. Each of the Company's master planned mixed-use residential communities will feature state-of-the-art water conservation measures, reclaimed water for irrigation, stormwater capture, and drought-tolerant landscaping. The Company's agricultural operations use highly efficient drip irrigation to water its orchards and vineyards.

Social

Tejon Ranch's business operations, at their core, benefit society. We are, and will be, creating jobs, which is especially important given we are in a region that traditionally suffers from high unemployment. Our crops help feed the world. Distribution centers and our TravelCenters help goods get to market.

We will be creating much-needed housing, including affordable housing, for California. A recent study by the Partnership for America's Economic Success examined the societal impact of the housing crisis, particularly on childhood development. It concluded that, at the most basic level, the lack of affordable housing puts safe, healthy, well-maintained housing out of reach for too many families, leaving children in homes that can impede their development.

We also value diversity in the workplace and can confidently say our workforce reflects the diverse makeup of our community.

Governance

We are governed by a diverse board of highly experienced professionals whose experience and expertise directly relates to and benefits the business operations of Tejon Ranch Co. The company is fully complying with the gender diversity policies of the State of California and will continue to add diversity to the Board going forward.

Last year the Board also made the decision to de-classify the Board over a three-year period, leading to the annual election of directors.

Focused on a Bright Future

2020 was challenging in many respects, as the COVID-19 pandemic quickly changed our way of life. As an essential business designated by the state of California, the majority of our operations, including agricultural production, logistics and supply chain, and travel centers remained open, although we faced some challenges in our retail operations at the Outlets at Tejon. In the second half of the year, we experienced continuing signs of a rebound from pre-pandemic levels, while work on

our residential master planned communities is continuing without disruption. Even so, assuming the pandemic continues well into 2021, we are carefully managing our spending to conserve cash.

During the past year, we won a significant summary judgment in favor of Tejon Ranch and the U.S. Fish & Wildlife Service stemming from a 2019 lawsuit that challenged the 2013 approval of a Multi-Species Habitat Conservation Plan covering the upland regions of Tejon Ranch. With the court rejecting every argument made by the plaintiffs, we are even more excited about our ability to provide new housing for thousands of Californians.

New development is also slated to take place in close proximity to the ranch. In January 2021, the Secretary of the Interior signed a Record of Decision authorizing the federal government to take 300 acres of land, located just four miles north of TRCC, into trust on behalf of the Tejon Indian Tribe and its partners, the Hard Rock Hotel and Casino, and the Seminole Tribe from Florida. The reservation will become the Tejon Tribe's new home and is also the site of the proposed Hard Rock Hotel & Casino Tejon. The plan to build a new hotel and casino-anchored entertainment venue must also be ratified by the State of California through the issuance of a Gaming Compact. We have a great relationship with the Tejon Tribe and all the parties involved and will continue to closely monitor their progress. The addition of a hotel and casino to the Tejon area will enhance its reputation as a destination and is additional evidence of the strategic nature of our location.

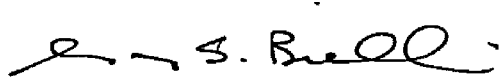
While California is notoriously difficult for new real estate development, high barriers to entry also uniquely position companies like Tejon Ranch that have the assets, knowledge, and vision to bring much needed economic growth, housing and industrial development to a vibrant and growing region. We have been very successful in executing our plans at TRCC, and we see no reason why we can't continue that success as we expand into providing apartment homes and replicate that success with our other three master planned communities.

With a very long and storied history, Tejon Ranch is firmly focused on a bright future: on helping businesses meet ever-changing consumer demands; on providing affordable, amenity-heavy housing solutions; and on creating a fully integrated real estate development company with staying power.

Our strategic location, extraordinary assets, and committed and strong operating team will continue to serve us well, as we focus on our vision of monetizing tens of thousands of acres of raw land to meet the ongoing housing, employment and lifestyle needs of current and future generations of Californians.

Implementing our vision could not be possible without the hard work of the entire team at Tejon Ranch, and without the unwavering support of all our stakeholders, upon whom our success depends. We look forward to bringing more of our plans to life for the benefit of all.

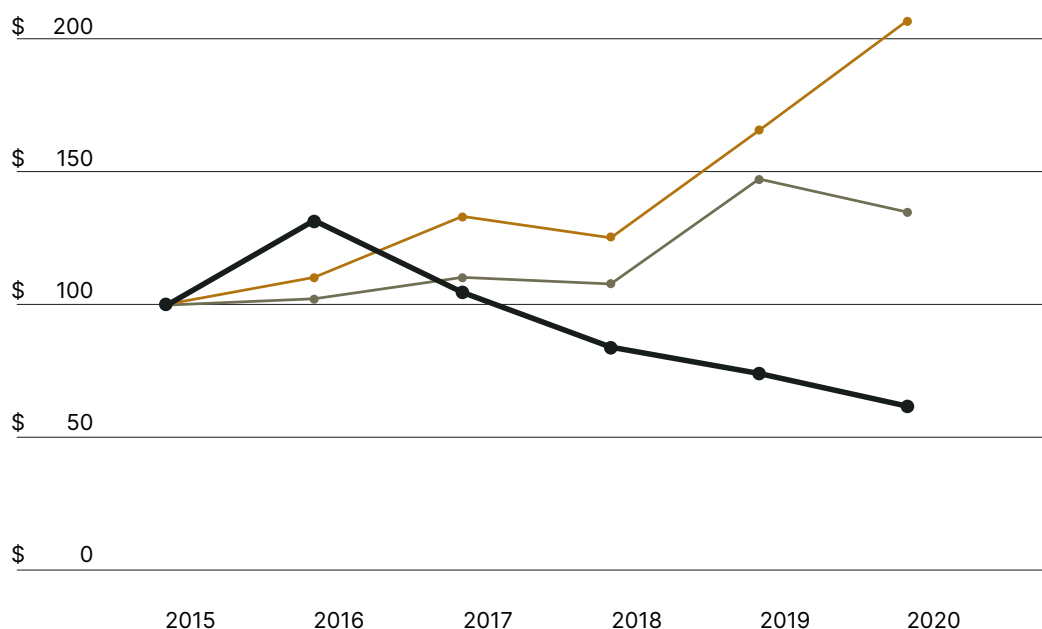
Sincerely,

A handwritten signature in black ink, appearing to read "G. S. Bielli". The signature is fluid and cursive, with a small dot above the "i" in "Bielli".

Gregory S. Bielli

President and CEO

Comparison of Five Year Cumulative Total Returns



- Assumes \$100 invested on December 30, 2015
- Total return assumes reinvestment of dividends
- Fiscal year ending December 31

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|---------------|----------------|----------------|---------------|---------------|
| Tejon Ranch | 32.79% | -18.36% | -20.13% | -3.62% | -9.57% |
| DJ Equity MKT | 12.62% | 21.17% | -5.30% | 30.90% | 26.79% |
| DJ Real Estate | 7.56% | 9.84% | -4.03% | 28.92% | -5.29% |

The stock price performance depicted in the above graph is not necessarily indicative of future price performance.

The Performance Graph will not be deemed to be incorporated by reference in any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except where the Company specifically incorporates the Performance Graph by reference.

The Dow Jones Real Estate Index, for the most part, includes companies which have revenues substantially greater than those of the Company. The Company is unaware of any industry or line-of-business index that is more nearly comparable.

Corporate Directory

Board of Directors

Norman Metcalfe

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

Steven A. Betts

*Managing Director of Development
Holualoa Companies*

Gregory S. Bielli

*President and
Chief Executive Officer,
Tejon Ranch Co.*

Jean Fuller

Retired California State Legislator

Anthony L. Leggio

*President,
Bolthouse Properties LLC
Real Estate Development
and Management*

Frawn Morgan

*Managing Member and Chief Executive
LDC Advisors, LLC
Real Estate Development*

Geoffrey L. Stack

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

Daniel R. Tisch

*Managing Member,
TowerView LLC
Investment Management*

Michael H. Winer

Private Investments

Executive Officers

Gregory S. Bielli

*President and
Chief Executive Officer*

Allen E. Lyda

*Executive Vice President,
Chief Operating Officer,
Assistant Secretary*

Hugh F. McMahon IV

*Executive Vice President,
Real Estate*

Robert D. Velasquez

*Senior Vice President,
Chief Financial Officer*

Corporate Information

Corporate Office

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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

Deloitte & Touche, 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

*Senior Vice President,
Corporate Communications &
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