Joint Report by the Chairman and Chief Executive Officer

We are pleased to present Trencor's 2018 integrated annual report.

Our combined chairman and chief executive officer's report addresses the more material developments during the year and casts an eye over what the future is likely to hold for Trencor on a strategic front. More details regarding Trencor's 2018 financial results and information on its investments in Textainer and TAC are presented in the rest of this annual report.

SIMPLIFICATION OF TRENCOR'S INTERESTS

Considerable progress has been made by the various entities concerned, in their respective jurisdictions, towards the simplification of Trencor's interests. The result is that Trencor now owns 47,52% of the NYSE listed shares in Textainer and 100% of the unlisted shares in TAC. For more details on the key steps that resulted in this simplification, please refer to "Simplification of Interests" on page 23 of this annual report.

The structure above provides a useful vehicle for South African investors to effectively hold US dollar-based offshore investments in Textainer and TAC through owning Trencor shares listed on the JSE. Since the JSE-listed Trencor shares constitute local assets in the hands of its South African shareholders, they can effectively hold these US dollar-based investments without having to utilise their permissible foreign portfolio investment allowance or the like – a distinct advantage, we believe.

It is Trencor's strategy to ultimately distribute all of Trencor's assets to its shareholders. Most of our shareholders, however, would not wish or may not be allowed to directly hold Textainer shares listed only on the NYSE, without Textainer securing a secondary inward listing on a stock exchange in South Africa, as the Textainer shares would then be classified in South Africa as foreign assets for exchange control purposes. Shareholders would then be forced to utilise the shareholder's permissible foreign portfolio investment allowance or the like, alternatively to sell the shares. The unlisted shares in TAC would similarly constitute a foreign asset.

Should the Textainer board decide on an inward listing of Textainer on a South African stock exchange, it would enable the distribution by Trencor of the Textainer shares held by it to Trencor's shareholders as local assets. We hope to be in a position by the time of Trencor's upcoming annual general meeting on 25 June 2019 to provide shareholders with further updates regarding the inward listing of Textainer coupled with a distribution of such Textainer shares to Trencor's shareholders.

Regarding TAC, Trencor is contemplating potential solutions that will similarly enable a subsequent distribution of this asset or its value to Trencor's shareholders. We would be in a position to advise shareholders of definitive steps latest by the time of the envisaged distribution of the shares in Textainer.

Following the potential distributions of the above assets, Trencor's remaining asset will comprise cash. It is the intention of the board to distribute such cash to Trencor's shareholders as soon as circumstances permit. In this regard we advised in Trencor's reviewed condensed consolidated financial statements for the year ended 31 December 2018, that the board is of the view that Trencor should earmark mainly its cash resources for purposes of the indemnity provided by Trencor to the Halco Trust indemnitees before the distribution of trust assets to Trencor, as beneficiary of that trust. Whilst the indemnity expires in 2024, Trencor is exploring ways of possibly substituting any potential exposure with other cover acceptable to the indemnitees. If successful, Trencor may be able to distribute its available cash to its shareholders at an earlier stage.

REPORTING UNDER IFRS

In our report last year we informed shareholders of measures taken to reduce the risk of reporting delays such as those experienced in prior years, caused by the costly and time-consuming efforts required for converting the US GAAP results of Textainer and TAC to IFRS for purposes of Trencor's consolidated financial statements. We are pleased that as a result of these measures, Trencor was able to produce and release its 2018 reviewed results timeously and at considerably lower cost. Of great assistance in achieving this was the fact that such conversion is no longer required in respect of Textainer, as Trencor now accounts for Textainer as an investment measured at fair value through profit or loss. TAC continues to be converted from US GAAP to IFRS.

TRENCOR FINANCIAL RESULTS

With Textainer's results thus no longer consolidated into Trencor's financial results, it follows that Trencor's 2018 financial results are not comparable to those of the prior year, as the 2017 results were presented on the basis of consolidation. Detailed financial results for 2018 with corresponding 2017 results are presented later in this annual report.

Many of our shareholders prefer to assess Trencor's performance based on changes in its net asset value ("NAV"). Based on the relevant spot exchange rate and the listed share price of Textainer, the NAV of Trencor expressed in Rand per share at the dates below were as follows:

	18 April	31 December	
	2019	2018	2017
Textainer	22,57	**22,51**	40,97
TAC (US GAAP NAV)	9,58	**9,81**	5,67
TAC (IFRS adjustments)	(1,60)	**(1,64)**	(0,99)
Cash (excluding in Textainer and TAC)	5,17	**5,26**	6,19
Other net (liabilities)/assets	(0,07)	**(0,07)**	2,53
Total NAV per share	35,65	**35,87**	54,37

Refer to the more detailed table with assumptions on page 1 of this annual report.

With Textainer and TAC now being Trencor's only share investments, it would be informative to look at the operational performance of these companies during 2018. Textainer is a global container leasing business, operating worldwide. TAC owns a fleet of marine containers, the bulk of which is managed on its behalf by Textainer. Trading conditions in the industry in which these companies operate were challenging in 2016, but improved steadily through 2017 and 2018, resulting in a much improved financial performance. Specific aspects relevant to industry conditions and financial performance, as well as a view on prospects in the container leasing industry, are addressed in the annual letter from the Chairman and the President/CEO of Textainer to the shareholders of Textainer. We reproduce this letter on pages 7 and 8 of this annual report, for your ease of reference.

From the perspective of Trencor as investor in Textainer and TAC, the Trencor board is of the view that the financial performance at Textainer and TAC is satisfactory. The management team at Textainer worked extremely hard in recovering from what is generally recognised as one of the most challenging periods in the container leasing industry from late 2015 to early 2017, and has met the goals set for the team in this regard. Textainer's financial results in 2018 reflect a marked recovery from that difficult period.

SUSTAINABILITY

With Trencor's operations in South Africa comprising only a small corporate office, the important subjects of due attention to, and contributions towards, sustainable operations and practices are best addressed at operational level within Trencor's investments, with reference to the businesses of Textainer and TAC. We do so in our sustainability report but would here again emphasise the major beneficial impact of containerisation of global trade on many environmental aspects and related matters. Textainer and TAC play a major part in this, of which they and Trencor as investor are justly proud. Further details are provided in our sustainability report on page 18 of this annual report.

CASH FLOW AND DIVIDEND CONSIDERATION

In considering any distribution such as a dividend and/or the potential unbundling of Trencor's assets to its shareholders referred to in our report above, the board would have to satisfy itself that post such distribution Trencor will retain assets and liquidity adequate for covering the maximum potential exposure under the indemnity to the Halco indemnitees referred to above. The board's view is that in order to enable the envisaged distribution of as many as possible of its investment shares to shareholders Trencor should at this stage earmark mainly its cash resources for this purpose. Accordingly, the board resolved not to pay a final dividend in respect of 2018.

APPRECIATION

We thank our colleagues on the board and our employees for their hard work and unwavering attention to pursuing Trencor's objectives. As in 2017, the ongoing efforts required in bringing the simplification of Trencor's interests to the advanced stage described above were demanding.

David Nurek
Chairman

Hennie van der Merwe
Chief Executive Officer

30 April 2019

Textainer Letter to its Shareholders

TO OUR SHAREHOLDERS:

2018 was a pivotal year for Textainer. We delivered continued revenue growth driven by strong lease-out activity and our net income more than doubled over the prior year. We leased out over 500,000 TEU of new and used containers on attractive terms. We experienced favorable market conditions through the first three quarters of the year, with attractive new and used container prices and strong lease-out demand. In addition, 2018 saw growth in container trade and a continued preference by shipping lines for leasing containers.

While the market was relatively quiet during the fourth quarter, we believe demand will return in 2019 as the industry's reasonable available inventory levels and attractive new container prices are expected to offset trade uncertainty. While we are cautious on the macro environment, our high utilization, low container turn-ins, favorable resale prices and the return of demand for new containers, coupled with our focus on operational discipline and prudent investment, should provide continued improvement in our financial performance.

YEAR IN REVIEW

Container leasing market conditions at the start of 2018 continued the favorable trends from 2017. New container prices were stable for most of the year and well above the lows experienced in 2016. Disposal container prices were also stable at approximately 50% of prevailing new production prices. Firm new and used container prices, limited depot container inventories, limited turn-in activity, and trade growth in general created strong container demand in the first three quarters of 2018 with total dry container production reaching 4 million TEU.

Container trade continued to grow in excess of 5.0% in 2018, or approximately 1.4 times the rate of growth in global GDP. The growth in container trade volumes benefitted shipping lines, but volatile freight rates and fuel costs and continued overcapacity resulted in their mixed financial performance. Shipping lines generally preferred to lease instead of buy containers. Leasing companies purchased over 60% of the new container production as shipping lines focused their capital on vessels and prepared to comply with the IMO2020 rules that will limit Sulphur emissions from vessels.

New container rental rates peaked in the first half of the year supported by strong demand, low inventories and stable new container prices. During the fourth quarter, rental rates declined in parallel with new container prices. During this quarter, the overall market activity was limited with rates at levels that still provided double-digit returns on the lower new production prices. Depot container rental rates remained attractive in 2018, supported by high utilization and limited global depot stock.

New container prices were very stable during the first half of 2018, generally $2,200 +/- $50 per CEU, and were consistent with the prices that prevailed in 2017. During this period, manufacturers built the bulk of the near record 4 million TEU of dry containers produced in 2018. However, at the end of the third quarter and into the fourth quarter, prices declined due to more limited demand, a weaker Chinese currency and declining steel prices. Prices ended the year at about $1,800 per CEU.

Prices for used containers remained high and consistent throughout 2018, continuing the strong market seen in 2017. As a result, we realized over $36 million in gains on used container sales in 2018, an increase of $10 million from the prior year, even as fewer containers were sold.

Overall, the strong market conditions allowed us to increase utilization to an average of 98.1% for the year, an improvement of 170 basis points over 2017. We leased out over 500,000 TEU, three-quarters of which were new production. Lease rates in 2018 provided low double-digit returns with longer lease terms . Lease agreements require a high percentage of containers to be returned in China and other locations in Asia where we anticipate there will be future demand. High utilization and strong lease-out activity allowed us to reduce our stock of depot containers.

We invested $830 million to purchase more than 410,000 TEU of new and used containers in 2018. 92% of our investments were for our own fleet. In October 2018, we purchased the 75% interest in TW Container Leasing we had not owned to acquire sole ownership of seasoned finance leases with a book value in excess of $100 million. At year-end, our fleet totaled 3.4 million TEU, and we owned 79% of our fleet.

In 2018, we continued to build our net income following our return to profitability in the second half of 2017. However full year profits were negatively impacted by $27 million in container impairments, largely arising from unrecoverable containers held by delinquent lessees and write downs for unleasable containers moved to disposal, some remaining from the Hanjin bankruptcy in 2016. Disposal of these containers will allow us to save on storage costs and redeploy the capital. Our adjusted net income for the year was $51.5 million, or $0.90 per diluted common share, a substantial increase from $23.1 million adjusted net income in 2017.

We continue to maintain a strong balance sheet. During 2018, we completed $2.1 billion in debt financings, including raising new funds and refinancing existing facilities. We were able to improve pricing and extend the remaining term of our main revolving credit facility to five years. We finished the year with approximately $779 million of available borrowing capacity in our facilities. Our debt-to-equity ratio at 2.8:1 remains the lowest among our publicly listed peers. We continue to believe that investing in our business will provide attractive long-term returns.

Finally, Textainer welcomed a new management team in 2018, as Olivier Ghesquiere was promoted to President and CEO and Michael Chan was appointed Executive Vice President and CFO. With this new management team, it is our strategic priority to improve profitability. We continue to seek opportunities to lower operating costs and speed up turnaround time. We remain focused on quality revenue increases with double-digit average cash on cash yields and we intend to continue to improve our fleet yield through organic growth and optimized re-pricing of existing leases. We are taking a profit-oriented approach to lease reviews and extensions. If a lease extension does not achieve our targeted yield, we will leverage the favorable resale environment for used containers to dispose of equipment and realize immediate gains. We are also taking a stricter and more proactive approach to identify and initiate recovery of equipment held by customers on the verge of default, in order to limit future losses. We intend to invest in the business to maintain adequate new production inventory and better serve customer needs on short notice. However, we will be measured and disciplined with yields on leases and will only seek growth under the right returns.

OUTLOOK

Global GDP is expected to grow 3.5% in 2019, and we project container demand will continue to expand at a similar pace. While the market was quiet in the fourth quarter of 2018, we expect demand to return as the industry's low available inventory levels and attractive new container prices are expected to offset continued trade uncertainty. In addition, we continue to experience fewer returns of on-lease containers, which supports our strategy of high utilization, low depot inventory and strong used container sales prices.

We expect container production in 2019 to be lower than the very high 4.0 million TEU produced last year and have recently noted that new container prices increased by about 10% from their recent lows. We expect container production to be supported by slower but continued trade growth, the need for container fleet replacement and attractive new container prices.

Used container prices were positive in 2018, with some declines at year end in connection with the generally quiet market and declining new production prices. Given the continued demand for second hand containers throughout the world, high utilization and limited depot supply, we expect used container prices to remain around their current levels in 2019.

New factory inventory currently is around 650,000 TEU, of which approximately 60% belongs to lessors. With limited new container orders, high utilization and low depot inventories, the current factory inventory level appears balanced for this time of the year.

Major shipping lines saw mixed financial performance in 2018 as industry profitability was negatively impacted by volatile freight rates and fuel costs. Excess vessel capacity also continues to be a concern despite lower new vessel orders. In 2019, shipping lines are expected to ramp up their efforts to comply with the IMO2020 emissions rules. Compliance with these regulations will require significant capital investment in ships and/or higher fuel costs for low Sulphur fuel. The shipping lines' ability to pass these higher costs on to shippers through fuel surcharges and higher freight rates is essential for their financial performance and this issue will continue to evolve in 2019. As shipping lines deploy their capital to comply with the new emissions rules, we are optimistic that they will continue to rely heavily on container lessors in 2019.

Despite ongoing trade disputes, the outlook for GDP growth and container trade is positive. We expect container prices to increase from the lows seen at the end of 2018 as order volumes and steel prices increase. Current rental rates provide attractive returns on equity, however higher interest rates, increased competition or the increased supply of capital to our industry are always risks that can negatively impact our performance.

We remain positive and are confident in our ability to continue to improve our financial performance as we move through 2019.

CLOSING REMARKS

2019 marks Textainer's 40th anniversary as a container lessor. Over that time, we have successfully navigated through both strong and weak markets in this cyclical business. As we look out to 2019, we are comforted by current market trends, our fleet profile and our financial strength. We are encouraged by our improving financial performance and we look forward to continued growth and improved results this year.

We would like to thank our shareholders, customers, suppliers and employees for their loyalty, support and dedication.