Chairman's Statement

The year 2015 marks two major milestones in the group's history – 60 years being listed on the JSE and 85 years since the business was started in Springbok.

Trencor's results for 2014 are quite satisfactory and again largely reflect the performance of Textainer – the container leasing business in which Trencor has a 48% beneficiary interest through Halco Holdings under the Halco Trust. Textainer operates worldwide and is listed on the New York Stock Exchange and headquartered in Bermuda.

Trading profit after net financing costs decreased by 1% from R2 038 million in 2013 to R2 021 million.

Headline earnings per share (including the effect of net realised and unrealised foreign exchange translation gains) were 546,6 cents (2013: 792,6 cents).

Adjusted headline earnings per share (which excludes the effect of net unrealised foreign exchange translation gains and in 2013 the gain arising from the modification of certain borrowing terms) were 519,4 cents (2013: 630,7 cents). Adjusted headline earnings per share in 2013 included 82,9 cents in respect of the value of the option held by Halco to acquire additional shares in TAC. Ignoring this once-off option gain in 2013, adjusted headline earnings per share decreased from 547,8 to 519,4 cents.

Net unrealised foreign exchange gains arising on translation of net dollar receivables and the related valuation adjustments, not included in adjusted headline earnings, were R67 million or 27,2 cents per share (2013: R159 million or 64,7 cents per share).

These various earnings are better reflected in tabular form:

	2014 Cents per share	2013 Cents per share
Basic earnings per share	**542,0**	785,7
Headline earnings per share ('HEPS')	**546,6**	792,6
Deduct:		
Once-off gain on modification of debt terms	**–**	97,2
Net unrealised foreign exchange translation gains	**27,2**	64,7
Adjusted HEPS (including the value of the TAC option held by Halco)	**519,4**	630,7
Deduct once-off gain on value of the TAC option	**–**	82,9
Adjusted HEPS (excluding the value of the TAC option)	**519,4**	547,8
Year-end rate of exchange: SA rand to US dollar	**11,54**	10,46
Average rate of exchange for the year: SA rand to US dollar	**10,78**	9,67

Based on the spot exchange rate of US$1 = R11,54 and the price of Textainer's shares listed on the NYSE on 31 December 2014 (US$34,32), the consolidated net asset value of Trencor at that date was as follows:

	R million	**R per share**
Net beneficiary interest in Textainer	**10 803,8**	**61,01**
Net beneficiary interest in TAC	**466,3**	**2,63**
Net interest in long-term receivables	**564,7**	**3,19**
Cash	**1 785,3**	**10,08**
Net liabilities	**(113,3)**	**(0,64)**
	13 506,8	**76,27**

TEXTAINER

The 48% beneficiary interest in Textainer remains core to Trencor and its future. I am again including as a direct quote the annual letter sent by the President and CEO of Textainer and myself as Chairman of the Textainer board to the shareholders of Textainer:

"To Our Shareholders:

2014 proved to be another solid year for Textainer. Our revenues grew 6.4% to a record level of $563.1 million and net income attributable to our common shareholders grew 3.6% to $189.4 million. Our fleet is now over 3.2 million TEU (twenty-foot equivalent units), a 6.3% increase, as a result of investing $864 million in new and used containers during the year. We leased out over 500,000 TEU of new and used containers, continuing our track record as the industry's most reliable supplier of dry freight containers. We provided our shareholders with a return on average equity of 16.5% which we believe is especially impressive given our relatively low leverage. While we see challenges ahead in 2015, we are well positioned. We have an excellent track record of delivering strong returns in volatile market conditions and a long history of profitable growth. We look forward to continuing this solid performance.

Year in Review

In many ways 2014 was better than we initially anticipated. We started the year with utilization at 93.6% and saw moderate lease-out activity during the first few months. A significant increase in demand occurred in the summer and continued into the early fall, which although somewhat of a surprise was reminiscent of the traditional second and third quarter peaks we had not seen since 2010. Fortunately, we were well positioned for this demand, having placed a large order for new containers in April before the trend was readily apparent. As this strong demand continued for several months, we capitalized by leasing out not only new containers but also the majority of our off-lease containers, allowing us to reduce our depot inventory by more than 60% to its lowest level in 2.5 years. At the same time as we were benefiting from this leasing demand, we were also selling older off-lease containers. We sold more than 120,000 in-fleet and trading containers, the highest quantity of containers we have ever sold in one year. The lease-out of so many depot and new containers coupled with the sale of so many older containers led utilization to increase 3.2 percentage points to 97.5% at year end. Utilization remains near that level today.

Manufacturers produced approximately 3.0 million TEU of dry freight containers in 2014, about 500,000 TEU more than in 2013. This level of production remains well below theoretical factory capacity of almost two times that amount. We estimate leasing companies purchased 55% of all new containers in 2014, compared to approximately 50% in 2013.

While utilization, capital investment and our financial results were all impressive in 2014, several headwinds that have been apparent in our industry for the last few years remain. New container prices continued to decline in 2014, from a high of about $2,250 to $1,900 by year end for 20 foot standard dry freight containers. This decline built on the decline in 2013 when container prices reached a high of about $2,400 and led to continued pressure on rental rates and used container sale prices, which fell approximately 25% in 2013 and an additional 8% in 2014.

In addition to low new container prices, low interest rates and ample access to financing by container lessors have also contributed to the decline in container rental rates. Both the asset-backed debt and bank lending markets have been very favorable to leasing companies and the resulting increase in liquidity has intensified the competition among lessors for each lease-out opportunity. Fortunately, we have been aggressive and successful in capturing the benefit of lower interest rates. While we are pleased with our funding costs, we are surprised and concerned that the debt markets do not differentiate in terms of borrowing costs between Textainer, as the largest lessor with the most conservative financial structure, established global presence and operational expertise, and smaller, more leveraged lessors that may be less able to effectively manage and dispose of containers over their lifecycle.

Textainer purchased 449,000 TEU of new, purchase-leaseback and previously managed containers in 2014. We believe that among lessors we were the largest buyer of dry freight containers in 2014 and among the top investors in dry specialized and refrigerated containers. We invested $864 million in containers, up 15% from 2013, 98% of which was invested in containers for our owned fleet. At year-end, our fleet totaled 3.2 million TEU. The percentage of our fleet which we own grew by 3.3 percentage points from the end of 2013 to 79% currently, the highest level in our history. Not only do we remain the only lessor with a fleet in excess of 3 million TEU, we believe our owned fleet, at over 2.5 million TEU, is as large as or larger than the total fleet of any of our competitors. Our size, operating efficiency and best-in-class operating costs provide a competitive advantage.

Our joint venture with Trifleet, one of the leading lessors of tank containers, continues to grow. As the tank market is smaller, more technical and involves different lessees than the dry freight or refrigerated container markets, we are pleased to have a strong established partner. We look forward to continuing to develop our relationship with Trifleet.

High utilization led to reduced storage and maintenance costs in 2014. Additionally, we realized $7.9 million from the settlement of a claim with a bankrupt lessee, which reduced bad debt expense and increased lease rental income and gain on sale of containers, net. We also had a $22.4 million discrete income tax benefit. Depreciation expense grew not only solely due to our larger fleet but also because new containers have generally been higher-priced than the older depreciated containers they replaced and because we continue investing in refrigerated containers which have higher depreciation than dry freight containers due to their shorter life and lower residual value as a percentage of the original container cost.

As previously noted, our 2014 net income attributable to common shareholders was $189.4 million, a 3.6% increase over the prior year. If the settlement of the bankruptcy claim and income tax benefit noted above are excluded, net income attributable to common shareholders would have decreased 7.1% from 2013 to $163.7 million due largely to declines in rental rates and gains from container sales. Fortunately, the increase in our fleet size, high utilization and lower interest rates served to offset much of these declines.

Liquidity

We continue to maintain a strong and flexible balance sheet. Our debt-to-equity ratio is 2.4:1, lower than our publicly listed peers. Our financial results and relatively low leverage, have allowed us access to the capital markets when and as needed and at very competitive terms. Our financial strength enables us to remain the industry's most reliable supplier and to have the ability to take advantage of investment opportunities when they arise, such as the purchase of managed fleets or other acquisitions.

During 2014, we executed approximately $2.4 billion in debt financings, including both raising new funds and amending and refinancing existing facilities. These financings allowed us to significantly lower our funding costs, add flexibility and liquidity, and optimize our capital structure. In 2013 we were able to lower our overall funding costs by about 100 basis points and in 2014 we further reduced funding costs by an additional 77 basis points. Our current average annual hedged interest rate is below 3%.

Dividends

We paid a total of $1.88 per share in dividends in 2014. Our policy is to pay a dividend which is sustainable over the long term taking into account the appropriate mix between investing in our business and rewarding shareholders. We consider dividends to be an important part of the total return we provide. Since going public in 2007, we have maintained or increased our dividend every quarter.

Outlook

Our early read is that 2015 is expected to be similar to 2014. Prior to Chinese New Year, we faced very competitive market conditions. Many lessors had invested in new containers at the end of 2014 resulting in a high inventory of new containers. However, one of the great strengths of our business is that containers have a very short cycle from ordering to delivery, generally two to three months. Both shipping lines and lessors have historically exercised restraint in placing additional new orders when inventories are high or demand is limited. These factors have helped maintain the high level of utilization our industry generally enjoys.

New container prices continue at low levels, around $1,900, for a 20 foot standard container. Prices could fall further due, in part, to container factory production capacity being significantly higher than current output levels and to falling steel costs. We do not foresee container prices increasing in the near term unless steel prices or demand rise unexpectedly. With global economic growth projected to be weak during 2015, a strong U.S. dollar and low oil prices, significant increases in interest rates or commodity prices do not appear likely in the near term. Competition for lease-outs should remain strong as we do not foresee a change in the high level of liquidity available to container lessors. As a result, we expect ongoing pressure on rental rates and used container prices.

Shipping lines are expected to continue to lease more than half of their new containers in 2015 as they recognize the value leasing provides in today's low rental rate environment. With trade growth estimates ranging from 4%-6%, there will be demand for containers. We will remain selective in the deals that we pursue, investing in and leasing out containers only when the projected returns meet our investment criteria. We also are focused on maintaining or growing our market share consistent with our reputation as the most reliable container lessor. While we only invest when the projected return is acceptable, we believe that over a medium term horizon containers purchased at today's lower prices will prove to be good investments should container prices and/or interest rates increase and these containers re-price and are sold under stronger market conditions.

We remain well positioned, with 84% of our fleet subject to long-term and finance leases and only 8% of our leases expiring in 2015, largely in the second half of the year. We believe utilization will remain at or near its current level. We are conservatively levered and believe we have sufficient access to financing to pursue compelling investment opportunities that may arise. We have the largest fleet, at more than 3.2 million TEU, and the lowest operating costs in the industry. We believe that in 2015, like 2014, fleet growth, high utilization and low interest rates will help offset the decline in container rental rates and reduced gains from the sales of containers. We are well prepared to take advantage of our market leading position and market developments during 2015.

Without the support, trust and dedication of our shareholders, customers, suppliers and employees, we would not be the world's leading container leasing company. We would like to take this opportunity to thank all of you."

– End of Textainer letter.

CASH FLOW AND DIVIDEND

As noted in the Textainer letter above, the high levels of capital available for investment in containers and competitive structure of the industry have left the market in a more fluid state after some years of relative stability. In these conditions, Textainer continues to seek growth opportunities and to the extent that this may require raising fresh capital, we understand that Halco may wish to maintain its approximate shareholding in Textainer and, going forward, Halco's ongoing cash retention is likely to take into consideration this potential cash requirement.

The board declared a final dividend of 195 cents per share, bringing the total for the year to 267 cents, compared to 230 cents for 2013.

APPRECIATION

It is a pleasure to express my appreciation to all the people involved with Trencor and in particular the small group at the corporate office, who are responsible for our excellent administration.

And finally, our board of directors – we value the wide range of experience and expertise they bring to our business and the great responsibility they assume in the overall leadership in the conduct of our affairs. They are always assiduous in attending to our needs.

N I Jowell

29 April 2015