

Joint Report by Chairman and CEO

We are pleased to present our joint report in respect of Trencor's 2021 financial year.

In prior years, we shared with stakeholders information on the progress achieved in the simplification of Trencor's interests. In this report and the enclosed 2021 integrated annual report ("IAR"), an update is provided on the current status of the simplification as well as on developments in respect of the commercial availability of our cash resources and our estimates of net operating expenses into the future.

SIMPLIFICATION OF INTERESTS

A great amount of detail has been provided in previous IARs outlining the steps taken to simplify Trencor's interests. Major steps in this simplification process included, inter alia, the unbundling of Trencor's entire shareholding in Textainer Group Holdings Limited to Trencor shareholders by way of two in specie dividends in December 2019 and June 2020 respectively and the cash sale by Trencor's subsidiary, TAC Limited, of its container asset owning company, Leased Assets Pool Company Limited.

As a result of the simplification process, the group is now invested solely in cash and other liquid assets.

COMMERCIAL AVAILABILITY OF CASH RESOURCES

Our business strategy remains to distribute the Group's remaining cash resources to shareholders as and when these become commercially available. The commercial availability of the remaining cash resources has been restricted by certain matters, including, inter alia, the provision of indemnities pursuant to the simplification of Trencor's interests; providing for estimated future operating expenses until the Group can be dissolved; and the need to retain a cash buffer against unforeseeable future expenses and events.

The remaining indemnity restricting the commercial availability of these cash resources is that provided by Trencor to the Halco Trust indemnitees in a negotiated amount of US\$62 million, in lieu of the indemnity which the trustee enjoyed under the Deed of Settlement of the Halco Trust at the time. Trencor is contractually required in terms of these arrangements to retain sufficient cash and other liquid assets equal to the full face value of the maximum potential exposure under the indemnity until the indemnity terminates on 31 December 2024. We comply with this obligation by retaining US denominated cash and liquid assets to the full value of any possible exposure under the indemnity to avoid any possible currency exchange risk. To date, the indemnitees have declined to agree to a reduction in either the quantum or the duration of the indemnity. We remind stakeholders that, had Trencor not agreed to this indemnity, it would not have been possible to effect the in specie distributions of the Textainer shares to shareholders.

We continue to explore opportunities to increase the yield on our cash and other liquid assets with due conservatism to avoid any risk of losses.

ESTIMATED NET OPERATING EXPENSES AND BUFFER AGAINST UNFORSEEABLE FUTURE EXPENSES AND EVENTS

Continued investigations are being made to identify areas for possible savings in relation to estimated net operating expenses through to the end of March 2025 when it is projected that the group will be dissolved.

The table below reflects the current estimate of net operating expenses to 31 March 2025 as well as the comparatives provided in last year's IAR.

	2021 Estimate Rm	2020 Estimate Rm
For the period 2021 to 31 March 2025		
Operating expenses ¹	(85)	(81)
Interest income ²	43	32
Net operating expenses	(42)	(49)

¹ 2021 actual of R23 million included in 2021 estimate

² 2021 actual of R7 million included in 2021 estimate

Based on updated cash flow projections the table below reflects an estimate of free cash resources which have been prudently reserved as a cash buffer against unforeseeable future expenses and events.

	Latest Estimate		2020 Estimate	
R/US\$ exchange rate				
	R15,03	R15,87	R15,25	
	11 Mar 2022	31 Dec 2021	31 Dec 2020	
	Rm US\$m	Rm US\$m	Rm US\$m	US\$m
Deposits:				
US\$	60	63	61	4
Rand	126	126	124	8
Deposits	186	189	185	12

DIVIDEND CONSIDERATION

In view of the considerations outlined above, no cash dividends were declared in respect of 2021.

APPRECIATION

We thank the Trencor team and our board colleagues in pursuing Trencor's objectives, in a unique corporate environment. We again express our appreciation for the support of our shareholders throughout the simplification of Trencor's interests.



David Nurek
Chairman

30 March 2022



Ric Sieni
Chief Executive Officer