

1. COMMERCIAL LEASE – LICHFIELD CAR PARKING BUILDING

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Corporate Plan Output: Property - Service Delivery Properties, Car Parking Buildings	

The purpose of this report is to obtain the Council's approval to grant a new lease of the premises in the Lichfield car parking building to the purchaser of the assets of Transport South Limited trading as Thrifty Car Rental (in liquidation).

BACKGROUND

Transport South Limited – trading as Thrifty Car Rental, hold an agreement with the Council for a fifteen year lease of the premises at 33B Lichfield Street on the ground floor of the Lichfield car parking building. The lease is for the purposes of an administration office for car rental. The lease commenced on 22 June 1998 at a market rental being the amount assessed by the Council's valuer subject to review on 1 July 2000. The total floor area is some 113.20m².

The lease was granted under Section 572 of the Local Government Act 1974. The tenant is responsible for all outgoings. The lease agreed was to be prepared on the standard ADLS commercial deed of lease form.

New Lease

Rental Cars Limited has purchased the business known as Thrifty Car Rental (settled 12 November 1999) and has sought the approval of the Council to enter into a new lease on the same basis as the terms agreed with Transport South Limited in 1998. The original agreement was for a term of 5 years and commenced on 22 June 1998, but was extended by the Council at its September 1999 meeting by providing for two rights of renewal for five years, each to finally expire on 21 June 2013. A minimum of six months written notice of the intention to exercise the right of renewal is to be given by the tenant to the Council, such notice being irrevocable.

Rent review is to be the current market assessment on 1 July 2000 and thereafter at three yearly intervals. Each party is to meet their own legal costs in putting the new lease in place. The shareholder of Rental Cars Limited, Flexi Auto Lease Limited, has offered to sign the new lease as guarantor. Rental Cars Limited is a fully owned subsidiary of Flexi Autolease Limited which in turn is fully owned by South Canterbury Finance Limited. This Company was incorporated in 1926 and is New Zealand's seventh largest finance company.

CONCLUSION

There has been no loss of rental as a consequence of the liquidation of Transport South Limited. The new tenant's lease obligations will be guaranteed by a Company with considerable assets and the Council will continue to receive a rental return from these premises which have limited pedestrian activity. The original lease agreement entered into with Transport South Ltd dated 16 June 1998 does not provide for assignment, and it is appropriate that a new lease be signed in the name of Rental Cars Limited, who occupy the premises.

Recommendation: That the Council approve a new lease of 33B Lichfield Street to Rental Cars Limited, the term to commence from 1 March 2000 and expire on 21 June 2003 with two rights of renewal for terms of five years each on the same basis as the lease terms agreed with Transport South Limited (in liquidation).