SCHEDULE.

Section 23.

Session and Chapter.	Short Title.	Extent of Repeal.
1 & 2 Vict. c. 119.	The Sheriff Courts (Scotland) Act, 1838.	Section twenty-eight.
39 & 40 Vict. c. 70.	The Sheriff Courts (Scotland) Act. 1876.	Section forty.
7 Edw. 7. c. 51	The Sheriff Courts (Scotland) Act, 1907.	Sections twenty-two to twenty-four.

CHAPTER 36.

An Act to provide for the payment of compensation for improvements and goodwill to tenants of premises used for business purposes, or the grant of a new lease in lieu thereof; and to amend the law of landlord and tenant.

[22nd December 1927.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

PART I.

COMPENSATION FOR IMPROVEMENTS AND GOODWILL ON THE TERMINATION OF TENANCIES OF BUSINESS PREMISES.

Tenant's right to compensation for improvements.

1.—(1) Subject to the provisions of this Part of this Act, a tenant of a holding to which this Part of this Act applies shall, if a claim for the purpose is made in the prescribed manner—

(*a*) in the case of a tenancy terminated by notice, within one month after the notice was served on or by the tenant; and

(*b*) in any other case, not more than thirty-six nor less than twelve months before the termination of the tenancy;

be entitled, at the termination of the tenancy, on quitting his holding, to be paid by his landlord compensation in respect of any improvement (including the erection of any building) on his holding made by him or his predecessors in title, not being a trade or other fixture which the tenant is by law entitled to remove, which at the termination of the tenancy adds to the letting value of the holding:

Provided that the sum to be paid as compensation for any improvement shall not exceed—

(*a*) the net addition to the value of the holding as a whole which may be determined to be the direct result of the improvement; or

(*b*) the reasonable cost of carrying out the improvement at the termination of the tenancy, subject to a deduction of an amount equal to the cost (if any) of putting the works constituting the improvement into a reasonable state of repair, except so far as such cost is covered by the liability of the tenant under any covenant or agreement as to the repair of the premises.

(2) In determining the amount of such net addition as aforesaid, regard shall be had to the purposes for which it is intended that the premises shall be used after the termination of the tenancy, and if it is shown that it is intended to demolish or to make structural alterations in the premises or any part thereof or to use the premises for a different purpose, regard shall be had to the effect of such demolition, alteration or change of user on the additional value attributable to the improvement, and to the length of time likely to elapse between the termination of the tenancy and the demolition, alteration or change of user.

(3) In the absence of agreement between the parties, all questions as to the right to compensation under this section, or as to the amount thereof, shall be determined by the tribunal hereinafter mentioned, and if the tribunal determines that, on account of the intention to demolish or alter or to change the user of the premises, no compensation or a reduced amount of compensation shall be paid, the tribunal may authorise a further application for compensation to be made by the

tenant if effect is not given to the intention within such time as may be fixed by the tribunal.

Limitation on tenant's right to compensation in certain cases.

2.—(1) A tenant shall not be entitled to compensation under this Part of this Act—

(*a*) in respect of any improvement made before the commencement of this Act; or

(*b*) in respect of any improvement made in pursuance of a statutory obligation, or of any improvement which the tenant or his predecessors in title were under an obligation to make in pursuance of a contract entered into, whether before or after the passing of this Act, for valuable consideration, including a building lease; or

(*c*) in respect of any improvement made less than three years before the termination of the tenancy; or

(*d*) if within two months after the making of the claim under section one, subsection (1), of this Act the landlord serves on the tenant notice that he is willing and able to grant to the tenant, or obtain the grant to him of, a renewal of the tenancy at such rent and for such term as, failing agreement, the tribunal may consider reasonable; and, where such a notice is so served and the tenant does not within one month from the service of the notice send to the landlord an acceptance in writing of the offer, the tenant shall be deemed to have declined the offer.

(2) Where an offer of the renewal of a tenancy by the landlord under this section is accepted by the tenant, the rent fixed by the tribunal shall be the rent which in the opinion of the tribunal a willing lessee other than the tenant would agree to give and a willing lessor would agree to accept for the premises, having regard to the terms of the lease, but irrespective of the value attributable to the improvement in respect of which compensation would have been payable.

(3) The tribunal in determining the compensation for an improvement shall in reduction of the tenant's claim take into consideration any benefits which the tenant or his predecessors in title may have received from the

landlord or his predecessors in title in consideration expressly or impliedly of the improvement.

Landlord's right to object.

3.—(1) Where a tenant of a holding to which this Part of this Act applies proposes to make an improvement on his holding, he shall serve on his landlord notice of his intention to make such improvement, together with a specification and plan showing the proposed improvement and the part of the existing premises affected thereby, and if the landlord, within three months after the service of the notice, serves on the tenant notice of objection, the tenant may, in the prescribed manner, apply to the tribunal, and the tribunal may, after ascertaining that notice of such intention has been served upon any superior landlords interested and after giving such persons an opportunity of being heard, if satisfied that the improvement—

(*a*) is of such a nature as to be calculated to add to the letting value of the holding at the termination of the tenancy; and

(*b*) is reasonable and suitable to the character thereof; and

(*c*) will not diminish the value of any other property belonging to the same landlord, or to any superior landlord from whom the immediate landlord of the tenant directly or indirectly holds;

and after making such modifications (if any) in the specification or plan as the tribunal thinks fit, or imposing such other conditions as the tribunal may think reasonable, certify in the prescribed manner that the improvement is a proper improvement:

Provided that, if the landlord proves that he has offered to execute the improvement himself in consideration of a reasonable increase of rent, or of such increase of rent as the tribunal may determine, the tribunal shall not give a certificate under this section unless it is subsequently shown to the satisfaction of the tribunal that the landlord has failed to carry out his undertaking.

(2) In considering whether the improvement is reasonable and suitable to the character of the holding, the tribunal shall have regard to any evidence brought before it by the landlord or any superior landlord (but not any other person) that the improvement is

calculated to injure the amenity or convenience of the neighbourhood.

(3) The tenant shall, at the request of any superior landlord or at the request of the tribunal, supply such copies of the plans and specifications of the proposed improvement as may be required.

(4) Where no such notice of objection as aforesaid to a proposed improvement has been served within the time allowed by this section, or where the tribunal has certified an improvement to be a proper improvement, it shall be lawful for the tenant as against the immediate and any superior landlord to execute the improvement according to the plan and specification served on the landlord, or according to such plan and specification as modified by the tribunal or by agreement between the tenant and the landlord or landlords affected, anything in any lease of the premises to the contrary notwithstanding:

Provided that nothing in this subsection shall authorise a tenant to execute an improvement in contravention of any restriction created or imposed—

(*a*) for naval, military or air force purposes;

(*b*) for civil aviation purposes under the powers of the Air Navigation Act, 1920; 10 & 11 Geo. 5. c. 80.

(*c*) for securing any rights of the public over the foreshore or bed of the sea.

(5) A tenant shall not be entitled to claim compensation under this Part of this Act in respect of any improvement unless he has, or his predecessors in title have, served notice of the proposal to make the improvement under this section, and (in case the landlord has served notice of objection thereto) the improvement has been certified by the tribunal to be a proper improvement and the tenant has complied with the conditions, if any, imposed by the tribunal, nor unless the improvement is completed within such time after the service on the landlord of the notice of the proposed improvement as may be agreed between the tenant and the landlord or may be fixed by the tribunal, and where proceedings have been taken before the tribunal, the tribunal may defer making any order as to costs until the expiration of the time so fixed for the completion of the improvement.

(6) Where a tenant has executed an improvement of which he has served notice in accordance with this

section and with respect to which either no notice of objection has been served by the landlord or a certificate that it is a proper improvement has been obtained from the tribunal, the tenant may require the landlord to furnish to him a certificate that the improvement has been duly executed; and if the landlord refuses or fails within one month after the service of the requisition to do so, the tenant may apply to the tribunal who, if satisfied that the improvement has been duly executed, shall give a certificate to that effect.

Where the landlord furnishes such a certificate, the tenant shall be liable to pay any reasonable expenses incurred for the purpose by the landlord, and if any question arises as to the reasonableness of such expenses, it shall be determined by the tribunal.

Compensation for goodwill.

4.—(1) The tenant of a holding to which this Part of this Act applies shall, if a claim for the purpose is made in the prescribed manner—

(i) in the case of a tenancy terminated by notice, within one month after the service of the notice on the tenant; and

(ii) in any other case, not more than thirty-six nor less than twelve months before the termination of the tenancy;

be entitled, at the termination of the tenancy on quitting the holding, to be paid by his landlord compensation for goodwill if he proves to the satisfaction of the tribunal that by reason of the carrying on by him or his predecessors in title at the premises of a trade or business for a period of not less than five years goodwill has become attached to the premises by reason whereof the premises could be let at a higher rent than they would have realised had no such goodwill attached thereto:

Provided that—

(*a*) the sum to be awarded as compensation for such goodwill shall not exceed such addition to the value of the holding at the termination of the tenancy as may be determined to be the direct result of the carrying on of the trade or business by the tenant or his predecessors in title, and in determining such addition the tribunal shall, if it is proved that the premises will be demolished wholly or partially, or used for a different and more

profitable purpose, have regard to the effect of such demolition or change of user on the value of the goodwill to the landlord;

(*b*) the tenant shall not be entitled to compensation in respect of such goodwill if within two months after the making of the claim the landlord serves on the tenant notice that he is willing and able to grant to the tenant, or obtain the grant to him of a renewal of, the tenancy of the premises at which the trade or business is carried on at such rent and for such term not exceeding fourteen years as, failing agreement, the tribunal may consider reasonable; and if the tenant does not within one month from the service of the notice send to the landlord an acceptance in writing of the offer the tenant shall be deemed to have declined the offer;

(*c*) in the case of licensed premises the sum payable as compensation for goodwill under this section shall not include any addition to the value of the premises attributable to the fact that the premises are licensed premises;

(*d*) the tribunal shall, in determining the amount of compensation for goodwill—

(i) have regard to the intentions of the tenant as to carrying on the trade or business elsewhere, and may make it a condition of its award that the tenant shall undertake not to carry on the trade or business within such distance of the premises as may be specified in the award; and

(ii) disregard any value which is attributable exclusively to the situation of the premises;

(*e*) where the landlord proves that the value of the goodwill has been created or increased owing to restrictions imposed by the landlord, whether by agreement with the tenant or not, upon the letting for a competitive trade or business of other premises in the neighbourhood owned by or under the control of the landlord, the tribunal shall have regard

thereto and may refuse the application for compensation or may award a reduced amount of compensation;

(*f*) compensation under this section shall not be payable if the tenant has determined the tenancy or failed to exercise an option for a further term contained in the lease or in a collateral agreement, unless, in the case of an option, the terms of the option are such that the tenant could not reasonably be expected to exercise it;

(*g*) where any government department, or a local or public authority, or a charity, or a statutory or public utility company have, in pursuance of the powers contained in the lease, terminated the lease by resuming possession of the premises for the purpose of the department or any other government department, or of the authority, or of the charity, or of the undertaking of the company, or where premises the tenancy whereof has expired by effluxion of time are required for any such purpose no compensation shall be payable under this section.

(2) For the purposes of this section, premises shall be deemed to be used for a more profitable purpose if, but not unless, the rent which the landlord could obtain for the premises if used for that purpose would be greater than the rent which could be obtained if they were used for the purpose of the trade or business carried on by the tenant.

(3) Where an offer of the renewal of a tenancy by the landlord under this section is accepted by the tenant, the rent fixed by the tribunal shall be the rent which in the opinion of the tribunal a willing lessee other than the tenant would agree to give and a willing lessor would agree to accept for the premises having regard to the terms of the lease, but irrespective of the value of any goodwill which may have become attached to the premises by reason of the tenant or his predecessors in title having carried on thereat a particular trade or business.

(4) In the absence of agreement between the parties, all questions as to the right to compensation under this

section, and as to the amount thereof, shall be determined by the tribunal.

Right to new lease in certain cases.

5.—(1) Where the tenant alleges that, though he would be entitled to compensation under the last foregoing section, the sum which could be awarded to him under that section would not compensate him for the loss of goodwill he will suffer if he removes to and carries on his trade or business in other premises, he may in lieu of claiming such compensation, at any time within the period allowed for making a claim under the said section, serve on the landlord notice requiring a new lease of the premises at which the trade or business is carried on to be granted to him.

(2) Where such a notice is so served, the tribunal, on application being made for the purpose either by the landlord or by the tenant not less than nine months before the termination of the tenancy, or, where the tenancy is terminated by notice, within two months after the service of the notice, may, if it considers that the grant of a new tenancy is in all the circumstances reasonable, order the grant of a new tenancy for such period (being a term of years absolute) not exceeding fourteen years and on such terms as the tribunal may determine to be proper, but if the tribunal is precluded on any of the grounds mentioned in paragraph (*b*) of the following subsection from making such an order the tribunal may award such compensation as is provided under the last foregoing section:

Provided that the rent fixed by the tribunal as the rent payable under the new tenancy shall be such rent as the tribunal may determine to be the rent which a willing lessee other than the tenant would agree to give and a willing lessor would agree to accept for the premises, having regard to the terms of the tenancy, but irrespective of any goodwill which may have become attached to the premises by reason of the tenant or his predecessors in title having carried on thereat a particular trade or business.

(3) Where the tenant is the applicant, the grant of a new lease under this section shall not be deemed to be reasonable—

(*a*) unless the tenant proves that he is a suitable tenant and that he would be entitled to compensation under the last foregoing section, but

that the sum which could be awarded to him under that section would not compensate him for the loss he would suffer if he removed to and carried on his trade or business in other premises; or

(*b*) if the landlord proves—

(i) that the premises are required for occupation by himself, or, where the landlord is an individual, for occupation by a son or daughter of his over eighteen years of age; or

(ii) that he intends to pull down or remodel the premises; or

(iii) that vacant possession of the premises is required in order to carry out a scheme of re-development; or

(iv) that for any other reason the grant of such a lease of the premises would not be consistent with good estate management, and for this purpose regard shall be had to the development of any other property of the same landlord:

Provided that, if the grant of a new lease is refused by the tribunal on any such ground as is mentioned in paragraph (*b*), the tribunal may make it a condition of refusal that if the landlord fails to carry out his intention within such period as may be allowed by the tribunal, the landlord shall pay to the tenant such compensation as the tribunal may fix not exceeding the amount of the loss which the tenant has suffered by reason of having been deprived of his right to the grant of a new lease under this section.

(4) Where the landlord proves to the satisfaction of the tribunal that the premises, though not required immediately on any such ground as aforesaid, will be so required after the lapse of a certain period, the term for which the lease is granted shall not extend beyond the expiration of that period, unless the lease is made subject to a condition that the landlord may at any time after the expiration of that period, on giving not less than six months' notice in writing, resume possession of the premises if he requires them for any such purpose as aforesaid.

(5) Every lease granted under this section shall, if the landlord so requires, be subject to a condition that if at any time after the expiration of seven years from the commencement of the term thereof the premises are required for the purpose of carrying out a scheme of re-development, the landlord, on satisfying the tribunal that the premises are so required, and on giving not less than twelve months' notice in writing to the tenant, may determine the lease and resume possession of the premises upon payment of such compensation as the tribunal may determine to be the value of the unexpired residue of the term of the lease.

(6) Where the landlord is a Government department or a local or public authority or a statutory or public utility company and it is proved to the satisfaction of the tribunal that the premises, though not required immediately for the purposes of the department or of any other Government department or of the authority or of the undertaking of the company, may be so required at some future time, the tribunal shall not order the grant of a lease unless the lease is made subject to a condition that the landlord may at any time on giving not less than six months' notice in writing resume possession of the premises if he requires them for any such purpose.

(7) The tribunal shall not order the grant of a new lease under this section if the landlord offers as an alternative thereto to sell to the tenant the landlord's interest in the premises for such consideration as, failing agreement, the tribunal may determine, and the duration of the landlord's interest is in the opinion of the tribunal adequate; and the consideration may as to the whole or any part thereof, if the tribunal so determines, be in the form of a terminable rent charge for such amount and of such duration not exceeding the duration of the landlord's interest as the tribunal may fix.

(8) No claim for a new lease under this section shall arise in respect of goodwill attaching to the premises and attributable to the trade or business carried on thereat during the term of a new lease granted in pursuance of this section, or of a renewal of a lease granted in lieu of compensation under the last foregoing section; without prejudice however to the right to make a claim for compensation under the last foregoing section in respect

of goodwill created during the term of such new lease or renewal.

(9) Where the immediate landlord is a mesne landlord, the expression "landlord" in this section shall include any superior landlord who may be affected by the order of the tribunal:

Provided that the tenant shall not be under the obligation to serve a notice under this section on any landlord except his immediate landlord, but his immediate landlord, if a mesne landlord, shall forthwith serve a copy of the notice on his immediate landlord, who shall in his turn forthwith serve a copy thereof on his immediate landlord if he may be affected by the provisions of this section, and so on; and if any such landlord fails so to serve a copy of the notice on his immediate landlord he shall be liable to pay to the tenant compensation for any loss the tenant may suffer in consequence of such failure, the amount of such compensation to be determined by the tribunal.

(10) Where an order for a new lease is made under this section, the landlord shall be bound to grant, and the tenant shall be bound to accept, a lease in accordance with the order:

Provided that, before making an order binding any superior landlord, the tribunal shall satisfy itself that notice of the application to the tribunal for a new lease has been served on him and that he has had an opportunity of appearing before the tribunal.

(11) Where the term for which, in the opinion of the tribunal, a new lease should be ordered to be granted would extend beyond the termination of the lease held by the immediate landlord, the power of the tribunal under this section to order the grant of a new lease shall include power to order the grant of such lease and reversionary leases that the combined effect thereof will be equivalent to the grant of a new lease for such term as aforesaid:

Provided that every such lease and reversionary lease shall be so framed as to confer on the landlord granting the lease the same rights of distress as he would have enjoyed had he retained a reversion expectant on the termination thereof.

A reversionary lease granted in pursuance of such an order shall be deemed to be a lease authorised by section ninety-nine of the Law of Property Act, 1925. 15 Geo. 5. c. 20.

(12) A new lease under this section shall, if the landlord so requires, contain a covenant prohibiting the carrying on of any trade or business and the doing of any act prohibited by the original lease, unless the landlord has by licence or otherwise consented to a variation of the original terms of the lease in this respect.

(13) Where it appears to the tribunal that proceedings under this section cannot be completed and a new lease in accordance with the order of the tribunal entered into before the termination of the tenancy of the tenant, and that the delay is not due to any default on the part of the tenant, the tribunal may make an interim order authorising the tenant to continue in possession of the premises for such time after the termination of his tenancy and on such terms as the tribunal may allow.

Right of landlord to offer alternative accommodation.

6. The tenant shall not be entitled to compensation under section four of this Act or to a new lease under section five thereof if within one month after the tenant has made a claim under section four, subsection (1), or served a notice under section five, subsection (1), the landlord serves on the tenant notice that he is willing to grant to the tenant at such rent and for such term as the tribunal may consider reasonable a tenancy of other premises which, in the opinion of the tribunal, would reasonably preserve to the tenant the goodwill of his business.

Provision when claim is both for improvement and goodwill.

7. Where in respect of any holding a claim for compensation has been made both for improvements and for goodwill, and the landlord has offered in lieu of compensation for either such claim to grant to the tenant, or obtain the grant to him of, a renewal of the tenancy, the rent under such renewal shall, if both such claims are valid, be fixed irrespective of any increased value of the premises attributable whether to the improvements or to the goodwill.

Rights of mesne landlords.

8.—(1) Where, in the case of any holding, there are several persons standing in the relation to each other of lessor and lessee, the following provisions shall apply:—

Any mesne landlord who has paid or is liable to pay compensation under this Part of this

Act shall, at the end of his term, be entitled to compensation from his immediate landlord in like manner and on the same conditions as if he had himself made the improvement or created the goodwill in question, except that it shall be sufficient if the claim for compensation is made at least two months before the expiration of his term:

A mesne landlord shall not be entitled to make a claim under this section unless he has, within the time and in the manner prescribed, served on his immediate superior landlord copies of all documents relating to proposed improvements and claims which have been sent to him in pursuance of this Part of this Act:

Where such copies are so served, the said superior landlord shall have, in addition to the mesne landlord, the powers conferred by or in pursuance of this Part of this Act in like manner as if he were the immediate landlord of the occupying tenant, and shall, in the manner and to the extent prescribed, be at liberty to appear before the tribunal and shall be bound by the proceedings:

Where more than one landlord is concerned and they do not agree as to whether an offer of the renewal of the tenancy in lieu of compensation for an improvement or for goodwill should be made, the matter shall be referred to the tribunal, and the decision of the tribunal as to whether or not any such offer is to be made shall be binding on all the landlords concerned,

(2) In this section, references to a landlord shall include references to his predecessors in title.

Restriction on contracting out.

9. This Part of this Act shall apply notwithstanding any contract to the contrary, being a contract made at any time after the eighth day of February, nineteen hundred and twenty-seven:

Provided that, if on the hearing of a claim or application under this Part of this Act it appears to the tribunal that a contract made after such date as aforesaid, so far as it deprives any person of any right under this

Part of this Act, was made for adequate consideration, the tribunal shall in determining the matter give effect thereto.

Right of entry.

10. The landlord of a holding to which this Part of this Act applies, or any person authorised by him may at all reasonable times enter on the holding or any part of it, for the purpose of executing any improvement he has undertaken to execute and of making any inspection of the premises which may reasonably be required for the purposes of this Part of this Act.

Right to make deductions.

11.—(1) Out of any money payable to a tenant by way of compensation under this Part of this Act, the landlord shall be entitled to deduct any sum due to him from the tenant under or in respect of the tenancy.

(2) Out of any money due to the landlord from the tenant under or in respect of the tenancy, the tenant shall be entitled to deduct any sum payable to him by the landlord by way of compensation under this Part of this Act.

Application of 13 & 14 Geo. 5. c. 9. s. 20.

12. Section twenty of the Agricultural Holdings Act, 1923 (which relates to charges in respect of money paid for compensation), as set out and modified in the First Schedule to this Act, shall apply to the case of money paid for compensation under this Part of this Act, including any proper costs, charges, or expenses incurred by a landlord in opposing any proposal by a tenant to execute an improvement, or in contesting a claim for compensation, and to money expended by a landlord in executing an improvement the notice of a proposal to execute which has been served on him by a tenant under this Part of this Act.

Power to apply and raise capital money. 15 Geo. 5. c. 18. 15 Geo. 5. c. 24.

13.—(1) Capital money arising under the Settled Land Act, 1925 (either as originally enacted or as applied in relation to trusts for sale by section twenty-eight of the Law of Property Act, 1925), or under the University and College Estates Act, 1925, may be applied—

(*a*) in payment as for an improvement authorised by the Act of any money expended and costs incurred by a landlord under or in pursuance of this Part of this Act in or about the execution of any improvement;

(*b*) in payment of any sum due to a tenant under this Part of this Act in respect of compensation

for an improvement or goodwill, and any costs, charges, and expenses incidental thereto;

(c) in payment of the costs, charges, and expenses of opposing any proposal by a tenant to execute an improvement.

(2) The satisfaction of a claim for such compensation as aforesaid shall be included amongst the purposes for which a tenant for life, statutory owner, trustee for sale, or personal representative may raise money under section seventy-one of the Settled Land Act, 1925.

(3) Where the landlord liable to pay compensation for an improvement or goodwill is a tenant for life or in a fiduciary position, he may require the sum payable as compensation and any costs, charges, and expenses incidental thereto, to be paid out of any capital money held on the same trusts as the settled land.

In this subsection "capital money" includes any personal estate held on the same trusts as the land, and "settled land" includes land held on trust for sale or vested in a personal representative.

Power to sell or grant leases notwithstanding restrictions.

14. Where the powers of a landlord to sell or grant leases are subject to any statutory or other restrictions, he shall, notwithstanding any such restrictions or any rule of law to the contrary, be entitled to offer to sell or grant any such reversion or lease as would under this Part of this Act relieve him from liability to pay compensation thereunder, and to convey and grant the same, and to execute any lease which he may be ordered to grant under this Part of this Act.

Provisions as to reversionary leases.

15.—(1) Where the amount which a landlord is liable to pay as compensation for an improvement under this Part of this Act has been determined by agreement or by an award of the tribunal, and the landlord had before the passing of this Act granted or agreed to grant a reversionary lease commencing on or after the termination of the then existing tenancy, the rent payable under the reversionary lease shall, if the tribunal so directs, be increased by such amount as, failing agreement, may be determined by the tribunal having regard to the addition to the letting value of the holding attributable to the improvement:

Provided that no such increase shall be permissible unless the landlord has served or caused to be served on the reversionary lessee copies of all documents relating

to the improvement when proposed which were sent to the landlord in pursuance of this Part of this Act.

(2) The reversionary lessee shall have the same right of objection to the proposed improvement and of appearing and being heard at any proceedings before the tribunal relative to the proposed improvement as if he were a superior landlord, and if the amount of compensation for the improvement is determined by the tribunal, any question as to the increase of rent under the reversionary lease shall, where practicable, be settled in the course of the same proceedings.

(3) Where a landlord who would have been liable to pay compensation for goodwill under this Part of this Act had, before the thirty-first day of March, nineteen hundred and twenty-seven, granted or agreed to grant a reversionary lease commencing on or after the termination of the then existing tenancy, the landlord shall not be liable to pay compensation to the tenant for goodwill under this Part of this Act.

Landlord's right to reimbursement of increased taxes, rates or insurance premiums.

16. Where the landlord is liable to pay any taxes (otherwise than by deduction from rent) or rates (including water rate) in respect of any premises comprised in a holding, or has undertaken to pay the premiums on any fire insurance policy on any such premises, and in consequence of any improvement executed by the tenant on the premises under this Act the assessment of the premises or the rate of premium on the policy is increased, the tenant shall be liable to pay to the landlord sums equal to the amount by which—

(*a*) the taxes or rates payable by the landlord are increased by reason of the increase of such assessment;

(*b*) the fire premium payable by the landlord is increased by reason of the increase in the rate of premium;

and the sums so payable by the tenant shall be deemed to be in the nature of rent and shall be recoverable as such from the tenant, anything to the contrary in the Rent and Mortgage Interest (Restrictions) Acts, 1920 to 1925, contained notwithstanding.

Holdings to which Part I. applies.

17.—(1) The holdings to which this Part of this Act applies are any premises held under a lease, other than a mining lease, made whether before or after the commencement of this Act, and used wholly or partly

for carrying on thereat any trade or business, and not being agricultural holdings within the meaning of the Agricultural Holdings Act, 1923.

(2) This Part of this Act shall not apply to any holding let to a tenant as the holder of any office, appointment or employment, from the landlord, and continuing so long as the tenant holds such office, appointment or employment, but in the case of a tenancy created after the commencement of this Act, only if the contract is in writing and expresses the purpose for which the tenancy is created.

(3) For the purposes of this section, premises shall not be deemed to be premises used for carrying on thereat a trade or business—

(*a*) by reason of their being used for the purpose of carrying on thereat any profession;

(*b*) by reason that the tenant thereof carries on the business of subletting the premises as residential flats, whether or not the provision of meals or any other service for the occupants of the flats is undertaken by the tenant:

Provided that, so far as this Part of this Act relates to improvements, premises regularly used for carrying on a profession shall be deemed to be premises used for carrying on a trade or business.

(4) In the case of premises used partly for purposes of a trade or business and partly for other purposes, this Part of this Act shall apply to improvements only if and so far as they are improvements in relation to the trade or business.

PART II.

GENERAL AMENDMENTS OF THE LAW OF LANDLORD AND TENANT.

Provisions as to covenants to repair.

18.—(1) Damages for a breach of a covenant or agreement to keep or put premises in repair during the currency of a lease, or to leave or put premises in repair at the termination of a lease, whether such covenant or agreement is expressed or implied, and whether general or specific, shall in no case exceed the amount (if any) by which the value of the reversion (whether immediate or not) in the premises is diminished owing to the breach of such covenant or agreement as aforesaid; and in particular no damage shall be recovered for a breach of any such covenant or agreement to leave or

put premises in repair at the termination of a lease, if it is shown that the premises, in whatever state of repair they might be, would at or shortly after the termination of the tenancy have been or be pulled down, or such structural alterations made therein as would render valueless the repairs covered by the covenant or agreement.

(2) A right of re-entry or forfeiture for a breach of any such covenant or agreement as aforesaid shall not be enforceable, by action or otherwise, unless the lessor proves that the fact that such a notice as is required by section one hundred and forty-six of the Law of Property Act, 1925, had been served on the lessee was known either—

(*a*) to the lessee; or

(*b*) to an under-lessee holding under an under-lease which reserved a nominal reversion only to the lessee; or

(*c*) to the person who last paid the rent due under the lease either on his own behalf or as agent for the lessee or under-lessee;

and that a time reasonably sufficient to enable the repairs to be executed had elapsed since the time when the fact of the service of the notice came to the knowledge of any such person.

Where a notice has been sent by registered post addressed to a person at his last known place of abode in the United Kingdom, then, for the purposes of this subsection, that person shall be deemed, unless the contrary is proved, to have had knowledge of the fact that the notice had been served as from the time at which the letter would have been delivered in the ordinary course of post.

This subsection shall be construed as one with section one hundred and forty-six of the Law of Property Act, 1925.

(3) This section applies whether the lease was created before or after the commencement of this Act.

Provisions as to covenants not to assign, &c. without licence or consent.

19.—(1) In all leases whether made before or after the commencement of this Act containing a covenant condition or agreement against assigning, underletting, charging or parting with the possession of demised premises or any part thereof without licence or consent, such covenant condition or agreement shall, notwith-

standing any express provision to the contrary, be deemed to be subject—

(*a*) to a proviso to the effect that such licence or consent is not to be unreasonably withheld, but this proviso does not preclude the right of the landlord to require payment of a reasonable sum in respect of any legal or other expenses incurred in connection with such licence or consent; and

(*b*) (if the lease is for more than forty years, and is made in consideration wholly or partially of the erection, or the substantial improvement, addition or alteration of buildings, and the lessor is not a Government department or local or public authority, or a statutory or public utility company) to a proviso to the effect that in the case of any assignment, under-letting, charging or parting with the possession (whether by the holders of the lease or any under-tenant whether immediate or not) effected more than seven years before the end of the term no consent or licence shall be required, if notice in writing of the transaction is given to the lessor within six months after the transaction is effected.

(2) In all leases whether made before or after the commencement of this Act containing a covenant condition or agreement against the making of improvements without licence or consent, such covenant condition or agreement shall be deemed, notwithstanding any express provision to the contrary, to be subject to a proviso that such licence or consent is not to be unreasonably withheld; but this proviso does not preclude the right to require as a condition of such licence or consent the payment of a reasonable sum in respect of any damage to or diminution in the value of the premises or any neighbouring premises belonging to the landlord, and of any legal or other expenses properly incurred in connection with such licence or consent nor, in the case of an improvement which does not add to the letting value of the holding, does it preclude the right to require as a condition of such licence or consent, where such a requirement would be reasonable, an undertaking on the part of the tenant to reinstate the premises in

the condition in which they were before the improvement was executed.

(3) In all leases whether made before or after the commencement of this Act containing a covenant condition or agreement against the alteration of the user of the demised premises, without licence or consent, such covenant condition or agreement shall, if the alteration does not involve any structural alteration of the premises, be deemed, notwithstanding any express provision to the contrary, to be subject to a proviso that no fine or sum of money in the nature of a fine, whether by way of increase of rent or otherwise, shall be payable for or in respect of such licence or consent; but this proviso does not preclude the right of the landlord to require payment of a reasonable sum in respect of any damage to or diminution in the value of the premises or any neighbouring premises belonging to him and of any legal or other expenses incurred in connection with such licence or consent.

Where a dispute as to the reasonableness of any such sum has been determined by a court of competent jurisdiction, the landlord shall be bound to grant the licence or consent on payment of the sum so determined to be reasonable.

(4) This section shall not apply to leases of agricultural holdings within the meaning of the Agricultural Holdings Act, 1923, and paragraph (*b*) of subsection (1), subsection (2) and subsection (3) of this section shall not apply to mining leases.

Apportionment of rents. 17 & 18 Vict. c. 97.

20.—(1) An order of apportionment of a rent reserved by a lease or any such other rent or payment as is mentioned in section ten of the Inclosure Act, 1854, may be made by the Minister of Agriculture and Fisheries under sections ten to fourteen of that Act, on the application of any person interested in the rent or payment, or any part thereof, or in the land in respect of which such rent or payment is payable, without the concurrence of any other person:

Provided that the Minister may in any such case, on the application of any person entitled to the rent or payment or any part thereof, require as a condition of making the order that any apportioned part of the rent or payment which does not exceed the yearly sum of two pounds shall be redeemed forthwith in accordance with

section one hundred and ninety-one of the Law of Property Act, 1925.

(2) Where the reason for the application was due to any action taken by a person other than the applicant, the Minister shall, notwithstanding anything in section fourteen of the Inclosure Act, 1854, have power to direct by whom and in what manner the expenses of the application or any part thereof are to be paid.

PART III.

GENERAL.

Provisions as to tribunal.

21.—(1) The tribunal for the purposes of Part I of this Act shall be the county court within the district of which the premises or any part thereof are situated acting under and in accordance with this section:

Provided that—

(*a*) if before commencing proceedings in the county court the claimant or applicant and all persons affected agree that the claim or application should be heard by the High Court; or

(*b*) if on an application being made to the High Court within the prescribed time the matter is transferred to the High Court in accordance with and subject to the provisions of section one hundred and twenty-six of the County Courts Act, 1888;

51 & 52 Vict. c. 43.

the High Court shall, in respect of the matter, be the tribunal for the purposes of Part I of this Act.

(2) Where proceedings are commenced in the county court in respect of any claim or application under Part I of this Act and are not transferred to the High Court, the matter shall, unless the parties otherwise agree, or it is otherwise prescribed, stand referred for inquiry and report to such one of the panel of referees appointed by the Reference Committee hereinafter mentioned as may be selected by the county court, as if with the consent of the parties the matter had been so referred to him in pursuance of section six of the County Courts Act, 1919.

9 & 10 Geo. 5. c. 73.

(3) The power of selecting a referee from the panel shall, unless any of the parties object, be exerciseable

by the registrar of the county court, and if there is such an objection by the judge.

(4) In any proceedings before the referee not more than one expert witness on either side shall be heard unless the referee or the judge of the county court otherwise directs.

(5) County court rules may be made for regulating proceedings under this section and for enabling any party to apply to the county court for directions as to the conduct of a reference under this section, and those rules may fix the remuneration of referees and may provide for applying, subject to the necessary adaptations and exceptions, to costs of proceedings in county courts under this section, the provisions of subsections (1), (2) and (3) of section five of the Acquisition of Land (Assessment of Compensation) Act, 1919, relating to costs of proceedings under that Act. 9 & 10 Geo. 5. c. 57.

(6) The Reference Committee for the purposes of this Act shall consist of the Lord Chief Justice of England, the Master of the Rolls, the President of the Law Society and the President of the Surveyors' Institution, and the Committee shall have power to appoint such persons as they think fit to be members of the panel of referees either generally or for particular localities, and to remove from the panel any person so appointed.

(7) Rules of the Supreme Court may be made regulating proceedings under this Act commenced in or transferred to the High Court and those rules may provide that on the hearing of a summons for directions, the court or a judge thereof may, without any application for the purpose being made by any party, order the matter to be referred for inquiry and report to such one of the said panel of referees as may be selected by the court or a judge thereof, subject to such directions (if any) as the court or judge may think fit to give; and in any such case the referee so selected shall be deemed to be a special referee within the meaning of section eighty-eight of the Supreme Court of Judicature (Consolidation) Act, 1925. 15 & 16 Geo. 5. c. 49.

(8) Nothing in this Act shall prevent an agreement being made for referring to arbitration under the Arbitration Act, 1889, any matter which under this Act is to be determined by the tribunal. 52 & 53 Vict. c. 49.

Such an agreement may be contained in the original lease or may be made in writing at any date subsequent to the date of the lease.

Power of tribunal to extend time.

22. Where in any proceedings under this Act the tribunal has fixed or allowed any period for the doing of any act or thing, the tribunal may, on an application being made by any party to the proceeding, either before or after the expiration of the period so fixed or allowed, extend that period.

Service of notices.

23.—(1) Any notice, request, demand or other instrument under this Act shall be in writing and may be served on the person on whom it is to be served either personally, or by leaving it for him at his last known place of abode in England or Wales, or by sending it through the post in a registered letter addressed to him there, or, in the case of a local or public authority or a statutory or a public utility company, to the secretary or other proper officer at the principal office of such authority or company, and in the case of a notice to a landlord, the person on whom it is to be served shall include any agent of the landlord duly authorised in that behalf.

(2) Unless or until a tenant of a holding shall have received notice that the person theretofore entitled to the rents and profits of the holding (hereinafter referred to as "the original landlord") has ceased to be so entitled, and also notice of the name and address of the person who has become entitled to such rents and profits, any claim, notice, request, demand, or other instrument which the tenant shall serve upon or deliver to the original landlord shall be deemed to have been served upon or delivered to the landlord of such holding.

Application to Crown, Duchy, ecclesiastical and charity lands.

24.—(1) This Act shall apply to land belonging to His Majesty in right of the Crown or the Duchy of Lancaster and to land belonging to the Duchy of Cornwall, and to land belonging to any Government department, and for that purpose the provisions of the Agricultural Holdings Act, 1923, relating to Crown and Duchy lands, as set out and adapted in Part I of the Second Schedule to this Act, shall have effect.

(2) The provisions of the Agricultural Holdings Act, 1923, with respect to the application of that Act to ecclesiastical and charity lands, as set out and adapted in

Part II of the Second Schedule to this Act, shall apply for the purposes of this Act.

(3) Where the landlord is the incumbent of a benefice—

(*a*) any documents required to be served on the landlord shall also be served on the Ecclesiastical Commissioners;

(*b*) the Ecclesiastical Commissioners shall be entitled to appear and be heard at any proceedings before the tribunal at which the landlord would be entitled to appear and be heard;

(*c*) the incumbent shall not be entitled to offer the grant of a renewal of a tenancy without the consent of the Ecclesiastical Commissioners;

(*d*) any order of the tribunal for the grant of a new tenancy by the incumbent shall be binding on the Ecclesiastical Commissioners;

(*e*) no consent other than that of the Ecclesiastical Commissioners shall be required to the renewal of a tenancy in pursuance of such an offer, or to the grant of a new tenancy in pursuance of such an order.

(4) Where any land is vested in the official trustee of charity lands in trust for any charity, the trustees of the charity and not the official trustee shall be deemed to be the landlord for the purposes of this Act.

Interpretation.

25.—(1) For the purposes of this Act, unless the context otherwise requires—

The expression "tenant" means any person entitled in possession to the holding under any contract of tenancy, whether the interest of such tenant was acquired by original contract, assignment, operation of law or otherwise;

The expression "landlord" means any person who under a lease is, as between himself and the tenant or other lessee, for the time being entitled to the rents and profits of the demised premises payable under the lease;

The expression "predecessor in title" in relation to a tenant or landlord means any person through whom the tenant or landlord has derived title, whether by assignment, by will, by intestacy, or by operation of law;

The expression "lease" means a lease, under-lease or other tenancy, assignment operating as a lease or under-lease, or an agreement for such lease, under-lease tenancy, or assignment;

The expression "mining lease" means a lease for any mining purpose or purposes connected therewith, and "mining purposes" include the sinking and searching for, winning, working, getting, making merchantable, smelting or otherwise converting or working for the purposes of any manufacture, carrying away, and disposing of mines and minerals, in or under land, and the erection of buildings, and the execution of engineering and other works suitable for those purposes;

The expression "term of years absolute" has the same meaning as in the Law of Property Act, 1925;

The expression "statutory company" means any company constituted by or under an Act of Parliament to construct, work or carry on any gas, water, electricity, tramway, hydraulic power, dock, canal or railway undertaking; and the expression "public utility company" means any company within the meaning of the Companies (Consolidation) Act, 1908, or a society registered under the Industrial and Provident Societies Acts, 1893 to 1913, carrying on any such undertaking;

8 Edw. 7. c. 69.

The expression "prescribed" means prescribed by County Court Rules, except that in relation to proceedings before the High Court, it means prescribed by rules of the Supreme Court.

(2) The designation of landlord and tenant shall continue to apply to the parties until the conclusion of any proceedings taken under or in pursuance of this Act in respect of compensation.

Short title, commencement and extent.

26.—(1) This Act may be cited as the Landlord and Tenant Act, 1927.

(2) This Act shall come into operation on the twenty-fifth day of March, nineteen hundred and twenty-eight.

(3) This Act shall extend to England and Wales only.

SCHEDULES.

FIRST SCHEDULE.

Section 12.

Provisions as to Charges.

(1) A landlord, on paying to the tenant the amount due to him under Part I of this Act, in respect of compensation for an improvement or goodwill under that Part, or on expending after notice given in accordance with that Part such amount as may be necessary to execute an improvement, shall be entitled to obtain from the Minister of Agriculture and Fisheries (hereinafter referred to as the Minister) an order in favour of himself and the persons deriving title under him charging the holding, or any part thereof, with repayment of the amount paid or expended, including any proper costs, charges or expenses incurred by a landlord in opposing any proposal by a tenant to execute an improvement or in contesting a claim for compensation, and of all costs properly incurred by him in obtaining the charge, with such interest, and by such instalments, and with such directions for giving effect to the charge, as the Minister thinks fit.

(2) Where the landlord obtaining the charge is not an absolute owner of the holding for his own benefit, no instalment or interest shall be made payable after the time when the improvement or goodwill in respect whereof compensation is paid will, in the opinion of the Minister, have become exhausted.

(3) Where the estate or interest of a landlord is determinable or liable to forfeiture by reason of his creating or suffering any charge thereon, that estate or interest shall not be determined or forfeited by reason of his obtaining such a charge, anything in any deed, will or other instrument to the contrary thereof notwithstanding.

(4) The sum charged shall be a charge on the holding, or the part thereof charged, for the landlord's interest therein and for interests in the reversion immediately expectant on the termination of the lease; but so that, in any case where the landlord's interest is an interest in a leasehold, the charge shall not extend beyond that leasehold interest.

(5) Any company now or hereafter incorporated by Parliament, and having power to advance money for the improvement of land, may take an assignment of any charge made under this Schedule, upon such terms and conditions as may be agreed upon between the company and the person entitled to the charge, and may assign any charge so acquired by them.

(6) Where a charge may be made under this Schedule for compensation due under an award, the tribunal making the award

1ST SCH. —*cont.*

shall, at the request and cost of the person entitled to obtain the charge, certify the amount to be charged and the term for which the charge may properly be made, having regard to the time at which each improvement or the goodwill in respect of which compensation is awarded is to be deemed to be exhausted.

(7) A charge under this Schedule may be registered under section ten of the Land Charges Act, 1925, as a land charge of Class A.

15 Geo. 5. c. 22.

Section 24.

SECOND SCHEDULE.

PART I.

APPLICATION TO CROWN AND DUCHY LAND.

1.—(*a*) With respect to any land belonging to His Majesty in right of the Crown, or to a Government department, for the purposes of this Act, the Commissioners of Crown Lands, or other the proper officer or body having charge of the land for the time being, or, in case there is no such officer or body, then such person as His Majesty may appoint in writing under the Royal Sign Manual, shall represent His Majesty, and shall be deemed to be the landlord.

(*b*) The power given to the Treasury by section fifteen of the Crown Lands Act, 1927 (being a power to direct the cost of certain improvements to be charged to capital and repaid out of income), shall extend to any compensation under Part I. of this Act payable by the Commissioners of Crown Lands.

17 & 18 Geo. 5. c. 23.

2.—(*a*) With respect to land belonging to His Majesty in right of the Duchy of Lancaster, for the purposes of this Act, the Chancellor of the Duchy shall represent His Majesty, and shall be deemed to be the landlord.

(*b*) The amount of any compensation under Part I. of this Act payable by the Chancellor of the Duchy shall be raised and paid as an expense incurred in improvement of land belonging to His Majesty in right of the Duchy within section twenty-five of the Act of the fifty-seventh year of King George the Third, chapter ninety-seven.

3.—(*a*) With respect to land belonging to the Duchy of Cornwall, for the purposes of this Act, such person as the Duke of Cornwall, or the possessor for the time being of the Duchy of Cornwall appoints, shall represent the Duke of Cornwall or other the possessor aforesaid, and be deemed to be the landlord, and may do any act or thing under this Act which a landlord is authorised or required to do thereunder.

(*b*) Any compensation under Part I. of this Act payable by the Duke of Cornwall, or other the possessor aforesaid, shall be paid, and advances therefor made, in the manner and subject to the provisions of section eight of the Duchy of Cornwall Management Act, 1863, with respect to improvements of land mentioned in that section. 2ND SCH. —*cont.* 26 & 27 Vict. c. 49.

PART II.

APPLICATION TO ECCLESIASTICAL AND CHARITY LAND.

1.—(*a*) Where lands are assigned or secured as the endowment of a see, the powers by this Act conferred on a landlord in respect of charging land shall not be exercised by the bishop in respect of those lands, except with the previous approval in writing of the Estates Committee of the Ecclesiastical Commissioners.

(*b*) Where a landlord is incumbent of an ecclesiastical benefice, the powers by this Act conferred on a landlord in respect of charging land shall not be exercised by him in respect of the glebe land or other land belonging to the benefice, except with the previous approval in writing of the Ecclesiastical Commissioners.

(*c*) The Ecclesiastical Commissioners may, if they think fit, on behalf of an ecclesiastical corporation, out of any money in their hands, pay to the tenant the amount of compensation due to him under Part I. of this Act, and thereupon they may, instead of the corporation obtain from the minister a charge on the holding in respect thereof in favour of themselves, and every such charge shall where the landlord is the incumbent of a benefice be effectual notwithstanding any change of the incumbent.

2. The powers by this Act conferred on a landlord in respect of charging land shall not be exercised by trustees for ecclesiastical or charitable purposes, except with the approval in writing of the Charity Commissioners or the Board of Education, as the case may require.

CHAPTER 37.

An Act to regulate further the lighting of vehicles.

[22nd December 1927.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present