



Landlord and Tenant Act 1927

1927 CHAPTER 36

PART I

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

1 Tenant's right to compensation for improvements

- (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.