



Landlord and Tenant Act 1927

1927 CHAPTER 36

PART I

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

5 Right to new lease in certain cases

- (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.

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- (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.

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- (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.
- (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.

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- (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.