



Landlord and Tenant Act 1987

1987 CHAPTER 31

PART I

TENANTS' RIGHTS OF FIRST REFUSAL

Preliminary

1 Qualifying tenants to have rights of first refusal on disposals by landlord

- (1) A landlord shall not make a relevant disposal affecting any premises to which at the time of the disposal this Part applies unless—
 - (a) he has in accordance with section 5 previously served a notice under that section with respect to the disposal on the qualifying tenants of the flats contained in those premises (being a notice by virtue of which rights of first refusal are conferred on those tenants); and
 - (b) the disposal is made in accordance with the requirements of sections 6 to 10.
- (2) Subject to subsections (3) and (4), this Part applies to premises if—
 - (a) they consist of the whole or part of a building; and
 - (b) they contain two or more flats held by qualifying tenants; and
 - (c) the number of flats held by such tenants exceeds 50 per cent. of the total number of flats contained in the premises.
- (3) This Part does not apply to premises falling within subsection (2) if—
 - (a) any part or parts of the premises is or are occupied or intended to be occupied otherwise than for residential purposes; and
 - (b) the internal floor area of that part or those parts (taken together) exceeds 50 per cent. of the internal floor area of the premises (taken as a whole);and for the purposes of this subsection the internal floor area of any common parts shall be disregarded.
- (4) This Part also does not apply to any such premises at a time when the interest of the landlord in the premises is held by an exempt landlord or a resident landlord.

- (5) The Secretary of State may by order substitute for the percentage for the time being specified in subsection (3)(b) such other percentage as is specified in the order.

2 Landlords for the purposes of Part I

- (1) Subject to subsection (2), a person is for the purposes of this Part the landlord in relation to any premises consisting of the whole or part of a building if he is—
- (a) the immediate landlord of the qualifying tenants of the flats contained in those premises, or
 - (b) where any of those tenants is a statutory tenant, the person who, apart from the statutory tenancy, would be entitled to possession of the flat in question.
- (2) Where the person who is, in accordance with subsection (1), the landlord in relation to any such premises for the purposes of this Part ("the immediate landlord") is himself a tenant of those premises under a tenancy which is either—
- (a) a tenancy for a term of less than seven years, or
 - (b) a tenancy for a longer term but terminable within the first seven years at the option of the person who is the landlord under that tenancy ("the superior landlord"),

the superior landlord shall also be regarded as the landlord in relation to those premises for the purposes of this Part and, if the superior landlord is himself a tenant of those premises under a tenancy falling within paragraph (a) or (b) above, the person who is the landlord under that tenancy shall also be so regarded (and so on).

3 Qualifying tenants

- (1) Subject to the following provisions of this section, a person is for the purposes of this Part a qualifying tenant of a flat if he is the tenant of the flat under a tenancy other than—
- (a) a protected shorthold tenancy as defined in section 52 of the Housing Act 1980;
 - (b) a tenancy to which Part II of the Landlord and Tenant Act 1954 (business tenancies) applies; or
 - (c) a tenancy terminable on the cessation of his employment.
- (2) A person is not to be regarded as being a qualifying tenant of any flat contained in any particular premises consisting of the whole or part of a building if—
- (a) he is the tenant of any such flat solely by reason of a tenancy under which the demised premises consist of or include—
 - (i) the flat and one or more other flats, or
 - (ii) the flat and any common parts of the building; or
 - (b) he is the tenant of more than 50 per cent. of the total number of flats contained in those premises.
- (3) For the purposes of subsection (2)(b) any tenant of a flat contained in the premises in question who is a body corporate shall be treated as the tenant of any other flat so contained and let to an associated company.
- (4) A tenant of a flat whose landlord is a qualifying tenant of that flat is not to be regarded as being a qualifying tenant of that flat.

4 Relevant disposals

- (1) In this Part references to a relevant disposal affecting any premises to which this Part applies are references to the disposal by the landlord of any estate or interest (whether legal or equitable) in any such premises, including the disposal of any such estate or interest in any common parts of any such premises but excluding—
 - (a) the grant of any tenancy under which the demised premises consist of a single flat (whether with or without any appurtenant premises); and
 - (b) any of the disposals falling within subsection (2).
- (2) The disposals referred to in subsection (1)(b) are—
 - (a) a disposal of—
 - (i) any interest of a beneficiary in settled land within the meaning of the Settled Land Act 1925,
 - (ii) any interest under a mortgage, or
 - (iii) any incorporeal hereditament;
 - (b) a disposal to a trustee in bankruptcy or to the liquidator of a company;
 - (c) a disposal in pursuance of an order made under section 24 or 24A of the Matrimonial Causes Act 1973 or section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;
 - (d) a disposal in pursuance of a compulsory purchase order or in pursuance of an agreement entered into in circumstances where, but for the agreement, such an order would have been made or (as the case may be) carried into effect;
 - (e) a disposal by way of gift to a member of the landlord's family or to a charity;
 - (f) a disposal by one charity to another of an estate or interest in land which prior to the disposal is functional land of the first-mentioned charity and which is intended to be functional land of the other charity once the disposal is made;
 - (g) a disposal consisting of the transfer of an estate or interest held on trust for any person where the disposal is made in connection with the appointment of a new trustee or in connection with the discharge of any trustee;
 - (h) a disposal consisting of a transfer by two or more persons who are members of the same family either—
 - (i) to fewer of their number, or
 - (ii) to a different combination of members of the family (but one that includes at least one of the transferors);
 - (i) a disposal in pursuance of—
 - (i) any option or right of pre-emption binding on the landlord (whether granted before or after the commencement of this section), or
 - (ii) any other obligation binding on him and created before that commencement;
 - (j) a disposal consisting of the surrender of a tenancy in pursuance of any covenant, condition or agreement contained in it;
 - (k) a disposal to the Crown; and
 - (l) where the landlord is a body corporate, a disposal to an associated company.
- (3) In this Part "disposal" means a disposal whether by the creation or the transfer of an estate or interest and—
 - (a) includes the surrender of a tenancy and the grant of an option or right of pre-emption, but

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- (b) excludes a disposal under the terms of a will or under the law relating to intestacy;
- and references in this Part to the transferee in connection with a disposal shall be construed accordingly.
- (4) In this section "appurtenant premises", in relation to any flat, means any yard, garden, outhouse or appurtenance (not being a common part of the building containing the flat) which belongs to, or is usually enjoyed with, the flat.
 - (5) A person is a member of another's family for the purposes of this section if—
 - (a) that person is the spouse of that other person, or the two of them live together as husband and wife, or
 - (b) that person is that other person's parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece.
 - (6) For the purposes of subsection (5)(b)—
 - (a) a relationship by marriage shall be treated as a relationship by blood.
 - (b) a relationship of the half-blood shall be treated as a relationship of the whole blood,
 - (c) the stepchild of a person shall be treated as his child, and
 - (d) an illegitimate child shall be treated as the legitimate child of his mother and reputed father.

Notices conferring rights of first refusal

5 Requirement to serve notice conferring rights of first refusal

- (1) Where, in the case of any premises to which this Part applies, the landlord proposes to make a relevant disposal affecting the premises, he shall serve a notice under this section on the qualifying tenants of the flats contained in the premises.
- (2) A notice under this section must—
 - (a) contain particulars of the principal terms of the disposal proposed by the landlord, including in particular—
 - (i) the property to which it relates and the estate or interest in that property proposed to be disposed of, and
 - (ii) the consideration required by the landlord for making the disposal;
 - (b) state that the notice constitutes an offer by the landlord to dispose of the property on those terms which may be accepted by the requisite majority of qualifying tenants of the constituent flats;
 - (c) specify a period within which that offer may be so accepted, being a period of not less than two months which is to begin with the date of service of the notice; and
 - (d) specify a further period within which a person or persons may be nominated for the purposes of section 6, being a period of not less than two months which is to begin with the end of the period specified under paragraph (c).
- (3) Where, as the result of a notice under this section being served on different tenants on different dates, the period specified in the notice under subsection (2)(c) would, apart from this subsection, end on different dates—

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- (a) the notice shall have effect in relation to all the qualifying tenants on whom it is served as if it provided for that period to end with the latest of those dates, and for the period specified in the notice under subsection (2)(d) to begin with the end of that period; and
 - (b) references in this Part to the period specified in the notice under subsection (2)(c) or (as the case may be) subsection (2)(d) shall be construed accordingly.
- (4) Where a landlord has not served a notice under this section on all of the qualifying tenants on whom it was required to be served by virtue of subsection (1), he shall nevertheless be treated as having complied with that subsection if—
- (a) he has served such a notice on not less than 90 per cent. of the qualifying tenants on whom it was so required to be served, or
 - (b) where the qualifying tenants on whom it was so required to be served number less than ten, he has served such a notice on all but one of them.
- (5) Where a landlord proposes to effect a transaction that would involve both—
- (a) a disposal of an estate or interest in the whole or part of a building constituting a relevant disposal affecting any premises to which this Part applies, and
 - (b) a disposal of an estate or interest in the whole or part of another building (whether or not constituting a relevant disposal affecting any premises to which this Part applies) or more than one such disposal,
- the landlord shall, for the purpose of complying with this section in relation to any relevant disposal falling within paragraph (a) or (b) above, sever the transaction in such a way as to secure that, in the notice served by him under this section with respect to that disposal, the terms specified in pursuance of subsection (2)(a) are the terms on which he is willing to make that disposal.
- (6) References in this Part to the requisite majority of qualifying tenants of the constituent flats are references to qualifying tenants of those flats with more than 50 per cent. of the available votes; and for the purposes of this subsection—
- (a) the total number of available votes shall be determined as follows, namely—
 - (i) in a case where a notice has been served under this section, that number shall correspond to the total number of constituent flats let to qualifying tenants on the date when the period specified in that notice under subsection (2)(c) expires,
 - (ii) in a case where a notice is served under section 11 without a notice having been previously served under this section, that number shall correspond to the total number of constituent flats let to qualifying tenants on the date of service of the notice under section 11, and
 - (iii) in a case where a notice is served under section 12 or 15 without a notice having been previously served under this section or under section 11, that number shall correspond to the total number of constituent flats let to qualifying tenants on the date of service of the notice under section 12 or 15; and
 - (b) there shall be one available vote in respect of each of the flats so let on the date referred to in the relevant provision of paragraph (a) which shall be attributed to the qualifying tenant to whom it is let.
- (7) Nothing in this Part shall be construed as requiring the persons constituting the requisite majority of qualifying tenants in any one context to be the same as the persons constituting any such majority in any other context.

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- (8) For the purposes of—
- (a) subsection (2) above and sections 6 to 10, and
 - (b) subsection (6) above so far as it has effect for the purposes of those provisions, a flat is a constituent flat if it is contained in the premises affected by the relevant disposal with respect to which the notice was served under this section; and for the purposes of sections 11 to 17, and subsection (6) above so far as it has effect for the purposes of those sections, a flat is a constituent flat if it is contained in the premises affected by the relevant disposal referred to in section 11(1)(a).

6 Acceptance of landlord's offer

- (1) Where—
- (a) the landlord has, in accordance with the provisions of section 5, served an offer notice on the qualifying tenants of the constituent flats, and
 - (b) within the period specified in that notice under section 5(2)(c), a notice is served on him by the requisite majority of qualifying tenants of the constituent flats informing him that the persons by whom it is served accept the offer contained in his notice,

the landlord shall not during the relevant period dispose of the protected interest except to a person or persons nominated for the purposes of this section by the requisite majority of qualifying tenants of the constituent flats.

- (2) In subsection (1) "the relevant period" means—
- (a) in every case, the period beginning with the date of service of the acceptance notice and ending with the end of the period specified in the offer notice under section 5(2)(d), and
 - (b) if any person is nominated for the purposes of this section within that period, an additional period of three months beginning with the end of the period so specified.
- (3) If no person has been nominated for the purposes of this section during the period so specified, the landlord may, during the period of 12 months beginning with the end of that period, dispose of the protected interest to such person as he thinks fit, but subject to the following restrictions, namely—
- (a) that the consideration required by him for the disposal must not be less than that specified in the offer notice, and
 - (b) that the other terms on which the disposal is made must, so far as relating to any matters covered by the terms specified in the offer notice, correspond to those terms.
- (4) It is hereby declared that the entitlement of a landlord, by virtue of subsection (3) or any other corresponding provision of this Part, to dispose of a particular estate or interest in any property during a specified period of 12 months extends only to a disposal of that estate or interest in the property, and accordingly the requirements of section 1(1) must be satisfied with respect to any other disposal by him affecting that property and made during that period of 12 months (unless the disposal is not a relevant disposal affecting any premises to which at the time of the disposal this Part applies).
- (5) A person nominated for the purposes of this section by the requisite majority of qualifying tenants of the constituent flats may only be replaced by another person so nominated if he has (for any reason) ceased to be able to act as a person so nominated.

- (6) Where two or more persons have been so nominated and any of them ceases to act as such a person without being replaced in accordance with subsection (5), any remaining person or persons so nominated shall be entitled to continue to act in his or their capacity as such.
- (7) Where subsection (1) above applies to the landlord, and he is precluded by virtue of any covenant, condition or other obligation from disposing of the protected interest to the nominated person unless the consent of some other person is obtained, then, subject to subsection (8)—
- (a) he shall use his best endeavours to secure that the consent of that person to that disposal is given, and
 - (b) if it appears to him that that person is obliged not to withhold his consent unreasonably but has nevertheless so withheld it, he shall institute proceedings for a declaration to that effect.
- (8) Subsection (7) shall not apply once a notice is served by or on the landlord in accordance with any provision of section 9 or 10.
- (9) In this Part—
- "acceptance notice" means a notice served on the landlord in pursuance of subsection (1)(b);
 - "offer notice" means a notice served under section 5; and
 - "the protected interest" means (subject to section 9(9)) any such estate or interest in any property as is specified in an offer notice in pursuance of section 5(2)(a).

7 Rejection of landlord's offer: counter-offer by tenants

- (1) Where—
- (a) a landlord has, in accordance with section 5, served an offer notice on the qualifying tenants of the constituent flats, and
 - (b) an acceptance notice is not served on the landlord by the requisite majority of qualifying tenants of the constituent flats within the period specified in the offer notice under section 5(2)(c), and
 - (c) paragraph (b) of subsection (2) below does not apply,
- the landlord may, during the period of 12 months beginning with the end of that period, dispose of the protected interest to such person as he thinks fit, but subject to the restrictions mentioned in section 6(3)(a) and (b).
- (2) Where—
- (a) a landlord has served an offer notice as mentioned in subsection (1)(a), and
 - (b) within the period specified in the offer notice under section 5(2)(c), a notice is served on the landlord by the requisite majority of qualifying tenants of the constituent flats stating that the persons by whom it is served are making him a counteroffer for the acquisition by them of such estate or interest in the property specified in the offer notice under section 5(2)(a) as is specified in their notice,
- the landlord shall serve on such person as is specified in that notice in pursuance of subsection (3)(b) a notice which either accepts the counteroffer or rejects it.

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- (3) Any notice making a counter-offer in accordance with subsection (2)(b) must specify—
- (a) the terms (including those relating to the consideration payable) on which the counter-offer is made; and
 - (b) the name and address of a person on whom any notice by the landlord under subsection (2) is to be served.
- (4) If the landlord serves a notice under subsection (2) above accepting the counter-offer, section 6(1) and the other provisions of section 6 shall apply to him as if an acceptance notice had been served on him as mentioned in section 6(1)(b), except that—
- (a) any reference to the protected interest shall be read as a reference to any such estate or interest as is specified in the notice making the counter-offer in accordance with subsection (2)(b) above;
 - (b) any reference in section 6(3) to the offer notice shall be read as a reference to the notice making the counter-offer; and
 - (c) where the landlord's notice is served under subsection (2) above after the end of the period specified under section 5(2)(c), section 6(2) and (3) shall have effect as if the period specified under section 5(2)(d) began with the date of service of the landlord's notice.
- (5) If the landlord serves a notice under subsection (2) above rejecting the counter-offer, then, unless it is a notice falling within section 8(1), subsection (1) above shall apply to him as if no such notice as is mentioned in subsection (2)(b) above had been served on him (except that where he serves his notice under subsection (2) above after the end of the period specified under section 5(2)(c), subsection (1) above shall have effect as if the period of 12 months there mentioned began with the date of service of that notice).

8 Fresh offer by landlord: further negotiations between parties

- (1) This section applies where the landlord serves a notice under subsection (2) of section 7 rejecting a counter-offer but the notice—
- (a) states that it constitutes a fresh offer by the landlord to dispose of an estate or interest in the property specified in the offer notice under section 5(2)(a) which may be accepted by the requisite majority of qualifying tenants of the constituent flats;
 - (b) contains particulars of the estate or interest in that property which he proposes to dispose of, the consideration required by him for the disposal and the other principal terms of the disposal; and
 - (c) specifies a period within which the offer may be accepted as mentioned in paragraph (a) above.
- (2) If, within the period specified in the landlord's notice under subsection (1)(c) above, a notice is served on the landlord by the requisite majority of qualifying tenants of the constituent flats informing him that the persons by whom it is served accept the offer contained in the landlord's notice, section 6(1) and the other provisions of section 6 shall apply to the landlord as if an acceptance notice had been served on him as mentioned in section 6(1)(b), except that—
- (a) any reference to the protected interest shall be read as a reference to any such estate or interest as is specified in the landlord's notice in pursuance of subsection (1)(b) above; and

- (b) any reference in section 6(3) to the offer notice shall be read as a reference to the landlord's notice under subsection (1) above; and
 - (c) where the notice served on the landlord in pursuance of this subsection is served after the end of the period specified under section 5(2)(c), section 6(2) and (3) shall have effect as if the period specified under section 5(2)(d) began with the date of service of that notice.
- (3) If, within the period specified in the landlord's notice under subsection (1)(c) above, no notice is served on the landlord as mentioned in subsection (2) above and subsection (4) below does not apply, the landlord may, during the period of 12 months beginning with the end of that period dispose of any such estate or interest as is specified in the landlord's notice under subsection (1)(b) above to such person as he thinks fit, but subject to the following restrictions, namely—
- (a) that the consideration required by him for the disposal must not be less than that specified in his notice under subsection (1), and
 - (b) that the other terms on which the disposal is made must, so far as relating to any matters covered by the terms specified in that notice, correspond to those terms.
- (4) If, within the period so specified in the landlord's notice, a notice is served on him by the requisite majority of qualifying tenants of the constituent flats stating that the persons by whom it is served are making him a further counter-offer for the acquisition by them of such estate or interest in the property specified in the offer notice under section 5(2)(a) as is specified in their notice, the provisions of subsections (2) to (5) of section 7 and the provisions of this section (including this subsection) shall apply, with any necessary modifications, in relation to any such notice as they apply in relation to a notice served as mentioned in subsection (2)(b) of section 7.

9 Withdrawal of either party from transaction

- (1) Where—
- (a) section 6(1) applies to a landlord by virtue of any provision of sections 6 to 8, and
 - (b) any person has been nominated for the purposes of section 6 by the requisite majority of qualifying tenants of the constituent flats within the period specified by the landlord in his offer notice under section 5(2)(d) (taking into account any postponement of the commencement of that period effected by any of the preceding provisions of this Part), and
 - (c) the nominated person serves a notice on the landlord indicating an intention no longer to proceed with the acquisition of the protected interest,
- the landlord may, during the period of 12 months beginning with the date of service of the nominated person's notice, dispose of the protected interest to such person as he thinks fit, but subject to the restrictions mentioned in subsection (2).
- (2) The restrictions referred to in subsection (1) are—
- (a) that the consideration required by him for the disposal must not be less than the amount which has been agreed to by the parties (subject to contract) for the disposal of the protected interest, and
 - (b) that the other terms on which the disposal is made must correspond to those so agreed to by the parties in relation to the disposal.

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- (3) If at any time the nominated person becomes aware that the number of the qualifying tenants of the constituent flats desiring to proceed with the acquisition of the protected interest is less than the requisite majority of qualifying tenants of those flats, he shall forthwith serve on the landlord such a notice as is mentioned in subsection (1)(c).
- (4) Where—
- (a) paragraphs (a) and (b) of subsection (1) apply, and
 - (b) the landlord serves a notice on the nominated person indicating an intention no longer to proceed with the disposal of the protected interest,
- the landlord shall not be entitled to dispose of that interest in accordance with that subsection but the notice shall have the consequences set out in subsection (5) or (6) (as the case may be).
- (5) If any notice served in pursuance of subsection (1), (3) or (4) above is served not later than the end of the first four weeks of the period referred to in subsection (1)(b) above, the party serving it shall not be liable for any costs incurred by the other party in connection with the disposal.
- (6) If any such notice is served after the end of those four weeks, the party on whom it is served may recover from the other party any costs reasonably incurred by the first-mentioned party in connection with the disposal between the end of those four weeks and the time when that notice is served on him.
- (7) For the purposes of this section the parties are—
- (a) the landlord, and
 - (b) the qualifying tenants who served the acceptance notice or other notice accepting an offer by the landlord, or (as the case may be) the notice making the counter-offer which was accepted by the landlord, together with the nominated person,
- and any liability of those tenants and the nominated person which arises under this section shall be a joint and several liability.
- (8) Nothing in this section applies where a binding contract for the disposal of the protected interest has been entered into by the landlord and the nominated person.
- (9) In this section and section 10—
- "the nominated person" means the person or persons for the time Wing nominated for the purposes of section 6 by the requisite majority of qualifying tenants of the constituent flats; and
- "the protected interest" means—
- (a) except where section 6(1) applies to the landlord by virtue of section 7(4) or 8(2), the protected interest as defined by section 6(9); and
 - (b) where section 6(1) applies to the landlord by virtue of section 7(4) or 8(2), any such estate or interest as is mentioned in section 7(4)(a) or (as the case may be) in section 8(2)(a).

10 Lapse of landlord's offer

- (1) If, at any time after a landlord has served an offer notice with respect to any relevant disposal affecting any premises to which this Part applies, those premises cease to be premises to which this Part applies, the landlord may serve a notice on the qualifying tenants of the constituent flats stating—

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- (a) that the premises have ceased to be premises to which this Part applies, and
- (b) that the offer notice, and anything done in pursuance of it, is to be treated as not having been served or done;

and, on the service of any such notice, the provisions of this Part shall cease to have effect in relation to that disposal.

- (2) Subsection (4) of section 5 shall apply to a notice under subsection (1) above as it applies to a notice under that section, but as if the references to the qualifying tenants on whom such a notice is required to be served by virtue of subsection (1) of that section were references to the qualifying tenants mentioned in subsection (1) above.
- (3) In a case where a landlord is entitled to serve a notice under subsection (1) above but does not do so, this Part shall continue to have effect in relation to the disposal in question as if the premises in question were still premises to which this Part applies.
- (4) Where—
 - (a) in the case of a landlord to whom section 6(7) applies—
 - (i) the landlord has discharged any duty imposed on him by that provision, and
 - (ii) any such consent as is there mentioned has been withheld, and
 - (iii) no such declaration as is there mentioned has been made, or
 - (b) the period specified in section 6(2)(b) has expired without any binding contract having been entered into between the landlord and the nominated person,

and the landlord serves a notice on the nominated person stating that paragraph (a) or (b) above applies, the landlord may, during the period of 12 months beginning with the end of the period specified in section 6(2)(b), dispose of the protected interest to such person as he thinks fit, but subject to the restrictions mentioned in section 9(2).

References in this subsection to section 6(2)(b) include references to that provision as it has effect by virtue of section 7(4)(c) or 8(2)(c).

- (5) Where any such notice is served in a case to which paragraph (b) of subsection (4) applies, the landlord may recover from the other party any costs reasonably incurred by him in connection with the disposal to the nominated person between the end of the first four weeks of the period referred to in section 9(1)(b) and the time when that notice is served by him; and section 9(7) shall apply for the purposes of this section as it applies for the purposes of section 9.
- (6) Where any binding contract with respect to the disposal of the protected interest has been entered into between the landlord and the nominated person but it has been lawfully rescinded by the landlord, the landlord may, during the period of 12 months beginning with the date of the rescission of the contract, dispose of that interest to such person (and on such terms) as he thinks fit.
- (7) Section 9(9) applies for the purposes of this section.

Enforcement by tenants of rights against new landlords

11 Duty of new landlord to furnish particulars of disposal made in contravention of Part I

- (1) Where—

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- (a) a landlord has made a relevant disposal affecting any premises to which at the time of the disposal this Part applied ("the original disposal"), and
 - (b) either no notice was served by the landlord under section 5 with respect to that disposal or it was made in contravention of any provision of sections 6 to 10, and
 - (c) those premises are still premises to which this Part applies,
- the requisite majority of qualifying tenants of the constituent flats may, before the end of the period specified in subsection (2) below, serve a notice on the transferee under the original disposal requiring him to furnish a person (whose name and address are specified for the purpose in the notice) with particulars of the terms on which the original disposal was made (including those relating to the consideration payable) and the date on which it was made; and in the following provisions of this Part the transferee under that disposal is referred to as "the new landlord".
- (2) The period referred to in subsection (1) is the period, of two months beginning with the date by which—
 - (a) notices under section 3 of the Landlord and Tenant Act 1985 (in this Act referred to as "the 1985 Act") relating to the original disposal, or
 - (b) documents of any other description indicating that the original disposal has taken place,
 have been served on the requisite majority of qualifying tenants of the constituent flats.
 - (3) Any person served with a notice in accordance with subsection (1) shall comply with the notice within the period of one month beginning with the date on which it is served on him.

12 Right of qualifying tenants to compel sale etc. by new landlord

- (1) Where—
 - (a) paragraphs (a) and (b) of section 11(1) apply to a relevant disposal affecting any premises to which at the time of the disposal this Part applied (other than a disposal consisting of such a surrender as is mentioned in section 15(1)(b)), and
 - (b) those premises are still premises to which this Part applies,
 the requisite majority of qualifying tenants of the constituent flats may, before the end of the period specified in subsection (2), serve a notice ("a purchase notice") on the new landlord requiring him (except as provided by the following provisions of this Part) to dispose of the estate or interest that was the subject-matter of the original disposal, on the terms on which it was made (including those relating to the consideration payable), to a person or persons nominated for the purposes of this section by any such majority of qualifying tenants of those flats.
- (2) The period referred to in subsection (1) is—
 - (a) in a case where a notice has been served on the new landlord under section 11(1), the period of three months beginning with the date on which a notice is served by him under section 11(3); and
 - (b) in any other case, the period of three months beginning with the date mentioned in section 11 (2).
- (3) A purchase notice—

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- (a) shall, where the estate or interest that was the subject-matter of the original disposal related to any property in addition to the premises to which this Part applied at the time of the disposal—
 - (i) require the new landlord to dispose of that estate or interest only so far as relating to those premises, and
 - (ii) require him to do so on the terms referred to in subsection (1) subject to such modifications as are necessary or expedient in the circumstances;
 - (b) may, instead of specifying the estate or interest to be disposed of or any particular terms on which the disposal is to be made by the new landlord (whether doing so expressly or by reference to the original disposal), provide for that estate or interest, or (as the case may be) for any such terms, to be determined by a rent assessment committee in accordance with section 13.
- (4) Where the property which the new landlord is required to dispose of in pursuance of the purchase notice has at any time since the original disposal become subject to any charge or other incumbrance, then, unless the court by order directs otherwise—
- (a) in the case of a charge to secure the payment of money or the performance of any other obligation by the new landlord or any other person, the instrument by virtue of which the property is disposed of by the new landlord to the person or persons nominated for the purposes of this section shall (subject to the provisions of Part I of Schedule 1) operate to discharge the property from that charge; and
 - (b) in the case of any other incumbrance, the property shall be so disposed of subject to the incumbrance but with a reduction in the consideration payable to the new landlord corresponding to the amount by which the existence of the incumbrance reduces the value of the property.
- (5) Subsection (4)(a) and Part I of Schedule 1 shall apply, with any necessary modifications, to mortgages and liens as they apply to charges; but nothing in those provisions shall apply to a rentcharge.
- (6) Where the property referred to in subsection (4) has at any time since the original disposal increased in monetary value owing to any change in circumstances (other than a change in the value of money), the amount of the consideration payable to the new landlord for the disposal by him of the property in pursuance of the purchase notice shall be the amount that might reasonably have been obtained on a corresponding disposal made on the open market at the time of the original disposal if the change in circumstances had already taken place.
- (7) The person or persons initially nominated for the purposes of this section shall be so nominated in the purchase notice; and any such person may only be replaced by another person so nominated by the requisite majority of qualifying tenants of the constituent flats if he has (for any reason) ceased to be able to act as a person so nominated.
- (8) Where two or more persons have been so nominated and any of them ceases to act as such a person without being replaced in accordance with subsection (7), any remaining person or persons so nominated shall be entitled to continue to act in his or their capacity as such.
- (9) Where, in the exercise of its power to award costs, the court or the Lands Tribunal makes, in connection with any proceedings arising under or by virtue of this Part, an award of costs against the person or persons so nominated, the liability for those costs

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shall be the joint and several liability of that person or those persons together with the qualifying tenants by whom the relevant purchase notice was served.

13 Determination by rent assessment committees of questions relating to purchase notices

- (1) A rent assessment committee shall have jurisdiction to hear and determine—
 - (a) any question arising in relation to any matters specified in a purchase notice (whether relating to the nature of the estate or interest, or the identity of the property, to be disposed of or relating to any other terms on which the disposal by the new landlord is to be made); and
 - (b) any question arising for determination in consequence of a provision in a purchase notice such as is mentioned in section 12(3)(b).
- (2) An application to a rent assessment committee under this section must be in such form, and contain such particulars, as the Secretary of State may by regulations prescribe.
- (3) On any application under this section the interests of the persons by whom a purchase notice has been served shall be represented by the nominated person, and accordingly the parties to any such application shall not include those persons.
- (4) Any costs incurred by a party to an application under this section in connection with the application shall be borne by that party.
- (5) A rent assessment committee shall, when constituted for the purpose of hearing and determining any question falling within subsection (1) above, be known as a leasehold valuation tribunal, and paragraphs 1 to 3 and 7 of Schedule 22 to the Housing Act 1980 (provisions relating to leasehold valuation tribunals) shall accordingly apply to any such committee when so constituted.
- (6) In this section and sections 14, 16 and 17 "the nominated person" means (subject to section 15(5)) the person or persons for the time being nominated for the purposes of section 12 by the requisite majority of qualifying tenants of the constituent flats.

14 Withdrawal of nominated person from transaction

- (1) Where, at any time before a binding contract is entered into in pursuance of a purchase notice, the nominated person serves a notice on the new landlord indicating an intention no longer to proceed with the disposal required by the purchase notice, the new landlord may recover from that person any costs reasonably incurred by him in connection with that disposal down to the time when the notice is served on him under this subsection.
- (2) If, at any such time as is mentioned in subsection (1) above, the nominated person becomes aware that the number of qualifying tenants of the constituent flats desiring to proceed with the disposal required by the purchase notice is less than the requisite majority of those tenants, he shall forthwith serve on the new landlord a notice indicating such an intention as is mentioned in subsection (1), and that subsection shall apply accordingly.
- (3) If a notice is served under this section at a time when any proceedings arising under or by virtue of this Part are pending before the court or the Lands Tribunal, the liability of the nominated person for any costs incurred by the new landlord as mentioned in

subsection (1) above shall be such as may be determined by the court or (as the case may be) by the Tribunal.

- (4) By virtue of section 13(4) the costs that may be recovered by the new landlord under the preceding provisions of this section do not include any costs incurred by him in connection with an application to a rent assessment committee.
- (5) Any liability for costs to which a nominated person becomes subject by virtue of this section shall be such a joint and several liability as is mentioned in section 12(9).
- (6) Section 13(6) applies for the purposes of this section.

15 Right of qualifying tenants to compel grant of new tenancy by superior landlord

(1) Where—

- (a) paragraphs (a) and (b) of section 11(1) apply to a relevant disposal affecting any premises to which at the time of the disposal this Part applied, and
- (b) the disposal consisted of the surrender by the landlord of a tenancy held by him ("the relevant tenancy"), and
- (c) those premises are still premises to which this Part applies,

the requisite majority of qualifying tenants of the constituent flats may, before the end of the period specified in section 12(2), serve a notice on the new landlord requiring him (except as provided by the following provisions of this Part) to grant a new tenancy of the premises subject to the relevant tenancy, on the terms referred to in subsection (2) below and expiring on the date on which that tenancy would have expired, to a person or persons nominated for the purposes of this section by any such majority of qualifying tenants of those flats.

(2) Those terms are—

- (a) the terms of the relevant tenancy; and
- (b) if the new landlord paid any amount to the landlord as consideration for the surrender by him of that tenancy, that any such amount is paid to the new landlord by the person or persons so nominated.

(3) A notice under this section—

- (a) shall, where the premises subject to the relevant tenancy included premises other than those to which this Part applied at the time of the original disposal—
 - (i) require the new landlord to grant a new tenancy only of the premises to which this Part so applied, and
 - (ii) require him to do so on the terms referred to in subsection (2) subject to such modifications as are necessary or expedient in the circumstances;
- (b) may, instead of specifying the premises to be demised under the new tenancy or any particular terms on which that tenancy is to be granted by the new landlord (whether doing so expressly or by reference to the relevant tenancy), provide for those premises, or (as the case may be) for any such terms, to be determined by a rent assessment committee in accordance with section 13 (as applied by subsection (4) below).

(4) The following provisions, namely—

- section 12(7) to (9),
- sections 13 and 14, and

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sections 16 and 17,

shall apply in relation to a notice under this section as they apply in relation to a purchase notice (whether referred to as such or as a notice served under section 12(1)) but subject to the modifications specified in subsection (5) below.

- (5) Those modifications are as follows—
- (a) any reference to the purposes of section 12 shall be read as a reference to the purposes of this section;
 - (b) the reference in section 13(1)(b) to section 12(3)(b) shall be read as a reference to subsection (3)(b) above;
 - (c) the references in section 16 to the estate or interest that was the subject-matter of the original disposal shall be read as a reference to the estate or interest which, prior to the surrender of the relevant tenancy, constituted the reversion immediately expectant on it; and
 - (d) the references in sections 16 and 17 to sections 12 to 14 shall be read as references to sections 12(7) to (9), 13 and 14 (as applied by subsection (4) above) and this section.

Enforcement by tenants of rights against subsequent purchasers

16 Right of qualifying tenants to compel sale etc. by subsequent purchaser

- (1) Where, at the time when a notice is served under section 11(1) or 12(1) on the new landlord, he no longer holds the estate or interest that was the subject-matter of the original disposal, then—
 - (a) in the case of a notice served under section 11(1), the new landlord shall, within the period specified in section 11(3)—
 - (i) furnish such person as is specified in the notice with the information that he is required to furnish by virtue of it, and
 - (ii) serve on that person a notice informing him of the name and address of the person to whom the new landlord disposed of that estate or interest ("the subsequent purchaser"), and
 - (iii) serve on the subsequent purchaser a copy of the notice under section 11(1) and of the information furnished by him under subparagraph (i) above;
 - (b) in the case of a notice served under section 12(1), the new landlord shall forthwith—
 - (i) forward the notice to the subsequent purchaser, and
 - (ii) serve on the nominated person such a notice as is mentioned in paragraph (a)(ii) above.
- (2) If the new landlord serves a notice in accordance with subsection (1)(a)(ii) or (b)(ii) above, sections 12 to 14 shall, instead of applying to the new landlord, apply to the subsequent purchaser as if he were the transferee under the original disposal.
- (3) Subsections (1) and (2) above shall have effect, with any necessary modifications, in a case where, instead of disposing of the whole of the estate or interest referred to in subsection (1) to another person, the new landlord has disposed of it in part or in parts to one or more other persons and accordingly sections 12 to 14 shall—
 - (a) in relation to any part of that estate or interest retained by the new landlord, apply to the new landlord, and

- (b) in relation to any part of that estate or interest disposed of to any other person, apply to that other person instead as if he were (as respects that part) the transferee under the original disposal.
- (4) Subsection (1) shall not apply in a case where the premises affected by the original disposal have ceased to be premises to which this Part applies.
- (5) Section 13(6) applies for the purposes of this section.

Termination of rights against new landlords etc.

17 Termination of rights against new landlord or subsequent purchaser

- (1) If, at any time after a notice has been served under section 11(1) or 12(1), the premises affected by the original disposal cease to be premises to which this Part applies, the new landlord may serve a notice on the qualifying tenants of the constituent flats stating—
 - (a) that the premises have ceased to be premises to which this Part applies, and
 - (b) that any notice served on him under section 11(1) or 12(1), and anything done in pursuance of it, is to be treated as not having been served or done.
- (2) Subsection (4) of section 5 shall apply to a notice under subsection (1) above as it applies to a notice under that section, but as if the references to the qualifying tenants on whom such a notice is required to be served by virtue of subsection (1) of that section were references to the qualifying tenants mentioned in subsection (1) above.
- (3) Where a period of three months beginning with the date of service of a purchase notice on the new landlord has expired—
 - (a) without any binding contract having been entered into between the new landlord and the nominated person, and
 - (b) without there having been made any application in connection with the purchase notice to the court or to a rent assessment committee under section 13,the new landlord may serve on the nominated person a notice containing such a statement as is mentioned in subsection (1)(b) above.
- (4) Where—
 - (a) any such application as is mentioned in paragraph (b) of subsection (3) was made within the period of three months referred to in that subsection, but
 - (b) a period of two months beginning with the date of the determination of that application has expired, and
 - (c) no binding contract has been entered into between the new landlord and the nominated person, and
 - (d) no other such application as is mentioned in subsection (3)(b) is pending,the new landlord may serve on the nominated person a notice containing such a statement as is mentioned in subsection (1)(b).
- (5) Where the new landlord serves a notice in accordance with subsection (1), (3) or (4), this Part shall cease to have effect in relation to him in connection with the original disposal.

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- (6) In a case where a new landlord is entitled to serve a notice under subsection (1) above but does not do so, this Part shall continue to have effect in relation to him in connection with the original disposal as if the premises in question were still premises to which this Part applies.
- (7) References in this section to the new landlord shall be read as including references to any other person to whom sections 12 to 14 apply by virtue of section 16(2) or (3).
- (8) Section 13(6) applies for the purposes of this section.

Notices served by prospective purchasers

18 Notices served by prospective purchasers to ensure that rights of first refusal do not arise

- (1) Where—
 - (a) any disposal of an estate or interest in any premises consisting of the whole or part of a building is proposed to be made by a landlord, and
 - (b) it appears to the person who would be the transferee under that disposal ("the purchaser") that any such disposal would, or might, be a relevant disposal affecting premises to which this Part applies.

the purchaser may serve notices under this subsection on the tenants of the flats contained in the premises referred to in paragraph (a) ("the flats affected").
- (2) Any notice under subsection (1) shall—
 - (a) inform the person on whom it is served of the general nature of the principal terms of the proposed disposal, including in particular—
 - (i) the property to which it would relate and the estate or interest in that property proposed to be disposed of by the landlord, and
 - (ii) the consideration required by him for making the disposal;
 - (b) invite that person to serve a notice on the purchaser stating—
 - (i) whether the landlord has served on him, or on any predecessor in title of his, a notice under section 5 with respect to the disposal, and
 - (ii) if the landlord has not so served any such notice, whether he is aware of any reason why he is not entitled to be served with any such notice by the landlord, and
 - (iii) if he is not so aware, whether he would wish to avail himself of the right of first refusal conferred by any such notice if it were served; and
 - (c) inform that person of the effect of the following provisions of this section.
- (3) Where the purchaser has served notices under subsection (1) on at least 80 per cent. of the tenants of the flats affected and—
 - (a) not more than 50 per cent. of the tenants on whom those notices have been served by the purchaser have served notices on him in pursuance of subsection (2)(b) by the end of the period of 28 days beginning with the date on which the last of them was served by him with a notice under this section, or
 - (b) more than 50 per cent. of the tenants on whom those notices have been served by the purchaser have served notices on him in pursuance of subsection (2) (b) but the notices in each case indicate that the tenant serving it either—

- (i) does not regard himself as being entitled to be served by the landlord with a notice under section 5 with respect to the disposal, or
 - (ii) would not wish to avail himself of the right of first refusal conferred by such a notice if it were served,
- the premises affected by the disposal shall, in relation to the disposal, be treated for the purposes of this Part as premises to which this Part does not apply.
- (4) For the purposes of subsection (3) each of the flats affected shall be regarded as having one tenant, who shall count towards any of the percentages specified in that subsection whether he is a qualifying tenant of the flat or not.

Supplementary

19 Enforcement of obligations under Part I

- (1) The court may, on the application of any person interested, make an order requiring any person who has made default in complying with any duty imposed on him by any provision of this Part to make good the default within such time as is specified in the order.
- (2) An application shall not be made under subsection (1) unless—
- (a) a notice has been previously served on the person in question requiring him to make good the default, and
 - (b) more than 14 days have elapsed since the date of service of that notice without his having done so.
- (3) The restriction imposed by section 1(1) may be enforced by an injunction granted by the court.

20 Construction of Part I and power of Secretary of State to prescribe modifications

- (1) In this Part—
- "acceptance notice" means a notice served on a landlord in pursuance of section 6(1)(b);
 - "associated company", in relation to a body corporate, means another body corporate which is (within the meaning of section 736 of the Companies Act 1985) that body's holding company, a subsidiary of that body or another subsidiary of that body's holding company;
 - "constituent flat" shall be construed in accordance with section 5(8);
 - "disposal" has the meaning given by section 4(3), and references to the acquisition of an estate or interest shall be construed accordingly;
 - "landlord", in relation to any premises, shall be construed in accordance with section 2;
 - "the new landlord" means any such transferee under a relevant disposal as is mentioned in section 11(1);
 - "offer notice" means a notice served by a landlord under section 5;
 - "the original disposal" means the relevant disposal referred to in section 11(1);

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"the protected interest" means (subject to section 9(9)) any such estate or interest in any property as is specified in an offer notice in pursuance of section 5(2)(a);

"purchase notice" means a notice served on a new landlord in pursuance of section 12(1);

"qualifying tenant", in relation to a flat, shall be construed in accordance with section 3;

"relevant disposal" shall be construed in accordance with section 4;

"the requisite majority", in relation to qualifying tenants, shall be construed in accordance with section 5(6) and (7);

"transferee", in relation to a disposal, shall be construed in accordance with section 4(3).

(2) In this Part—

- (a) any reference to an offer or counter-offer is a reference to an offer or counter-offer made subject to contract, and
- (b) any reference to the acceptance of an offer or counter-offer is a reference to its acceptance subject to contract.

(3) Any reference in this Part to a tenant of a particular description shall be construed, in relation to any time when the interest under his tenancy has ceased to be vested in him, as a reference to the person who is for the time being the successor in title to that interest.

(4) The Secretary of State may by regulations make such modifications of any of the provisions of sections 5 to 18 as he considers appropriate, and any such regulations may contain such incidental, supplemental or transitional provisions as he considers appropriate in connection with the regulations.

(5) In subsection (4) "modifications" includes additions, omissions and alterations.