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## SCHEDULES

### SCHEDULE 10

Section 48

#### RIGHT TO VARY LEASE TO REPLACE RENT WITH PEPPERCORN RENT

##### *Right to vary lease to replace rent with peppercorn rent*

- 1 (1) This Schedule has effect for the purpose of conferring on the tenant under a qualifying lease the right to have any obligation under the lease to pay rent varied so that the whole or part of the rent payable becomes and will remain a peppercorn rent.
- (2) That right has effect and is exercisable subject to, and in accordance with, the following provisions of this Schedule.

##### *Meaning of “qualifying lease” and exclusion of certain rent from the right to vary*

- 2 (1) In this Schedule “qualifying lease” means—
  - (a) a qualifying lease of a house, or
  - (b) a qualifying lease of a flat.
- (2) But a lease is not a qualifying lease if—
  - (a) the unexpired term of the lease is less than 150 years, or
  - (b) the lease is an excepted lease for the purposes of the LR(GR)A 2022 under—
    - (i) section 2(6) to (7B) of that Act (community housing leases), or
    - (ii) section 2(8) to (11) of that Act (home finance plan leases).
- (3) A lease is a “qualifying lease of a house” for the purposes of [this Schedule](#) if the tenant—
  - (a) is, by virtue of the lease, entitled to acquire an extended lease under the LRA 1967, or
  - (b) is not so entitled, but only—
    - (i) because a requirement in section 1 of the LRA 1967 for the tenancy to be at a low rent is not met,
    - (ii) because a requirement in section 1(1)(a)(i) or (ii) of the LRA 1967 for the house and premises or the tenancy to be above a certain value is not met, or
    - (iii) by virtue of a Crown interest (see section 33 of that Act).
- (4) A lease is a “qualifying lease of a flat” for the purposes of [this Schedule](#) if the tenant—
  - (a) is, by virtue of the lease, entitled to acquire an extended lease under the LRHUDA 1993, or
  - (b) is not so entitled, but only by virtue of a Crown interest (see section 94 of that Act).

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- (5) If only some of the property demised by a qualifying lease is qualifying property, the right to a peppercorn rent applies only in relation to so much of the rent which relates to the qualifying property (and, accordingly, any rent which relates to the other property demised by the qualifying lease is not affected by this Schedule).
- (6) For that purpose, property demised by a lease is “qualifying property” if the entitlement to acquire an extended lease referred to in sub-paragraph (3) or (4) does arise, or would arise (but for the impediment referred to in sub-paragraph (3)(b) or (4)(b)), in relation to that property by virtue of the qualifying lease.
- (7) If the qualifying lease is a shared ownership lease, the right to a peppercorn rent applies only in relation to rent payable in respect of the tenant’s share in the demised premises (and, accordingly, any rent which is payable in respect of the landlord’s share in the demised premises is not affected by this Schedule).
- (8) For that purpose, if the qualifying lease does not reserve separate rents in respect of the tenant’s share in the demised premises and the landlord’s share in the demised premises, any rent reserved is to be treated as reserved in respect of the landlord’s share.
- (9) In this paragraph—
  - (a) “shared ownership lease” means a lease of premises—
    - (i) granted on payment of a premium calculated by reference to a percentage of the value of the premises or of the cost of providing them, or
    - (ii) under which the tenant (or the tenant’s personal representatives) will or may be entitled to a sum calculated by reference, directly or indirectly, to the value of the premises;
  - (b) in relation to a shared ownership lease—
    - (i) “tenant’s share” means the tenant’s initial share in the premises demised by the lease, plus any additional share or shares in those demised premises which the tenant has acquired;
    - (ii) “landlord’s share” means the share in the premises demised by the lease which is not comprised in the tenant’s share.

### *Claiming the right to a peppercorn rent*

- 3 (1) A claim by a tenant to exercise the right to a peppercorn rent is made by the tenant giving notice of the claim (a “rent variation notice”) to—
  - (a) the landlord under the qualifying lease, and
  - (b) any other party to the qualifying lease.
- (2) But a rent variation notice is of no effect if it is given at a time when—
  - (a) a lease extension notice,
  - (b) a lease enfranchisement notice, or
  - (c) another rent variation notice,
 which relates to the qualifying lease has effect.
- (3) Paragraph 4 makes provision about the suspension of a rent variation notice.
- (4) A rent variation notice must state whether the right to a peppercorn rent applies—
  - (a) to all of the rent under the qualifying lease, or

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- (b) in accordance with paragraph 2(5), only to rent which relates to qualifying property demised by the qualifying lease.
- (5) If the notice states that the right applies only to rent which relates to qualifying property, the rent variation notice must also describe that qualifying property.
- (6) A rent variation notice must also specify—
- (a) the premium which the tenant is proposing to pay for the rent reduction, and
  - (b) any other variations which need to be made to the lease in consequence of the reduction of the rent in accordance with this Schedule.
- (7) A rent variation notice—
- (a) is registrable under the Land Charges Act 1972, or
  - (b) may be the subject of a notice under the Land Registration Act 2002, as if it were an estate contract.
- (8) Where a rent variation notice is given, the rights and obligations of the tenant are assignable with, but are not capable of subsisting apart from, the qualifying lease or that lease so far as it demises qualifying property (see paragraph 2(5) and (6)); and, if the qualifying lease or that lease so far as it demises qualifying property is assigned—
- (a) with the benefit of the notice, any reference in this Schedule to the tenant is to be construed as a reference to the assignee;
  - (b) without the benefit of the notice, the notice is to be deemed to have been withdrawn by the tenant as at the date of the assignment.
- (9) If a rent variation notice is the subject of a registration or notice of the kind mentioned in sub-paragraph (7), the notice is binding on—
- (a) any successor in title to the whole or part of the landlord's interest under the qualifying lease, and
  - (b) any person holding any interest granted out of the landlord's interest;
- and any reference in this Schedule to the landlord is to be construed accordingly.

#### *Suspension of rent variation notices*

- 4 (1) This paragraph applies if conditions A and B are met.
- (2) Condition A is met if—
- (a) a rent variation notice is current at the time when a collective enfranchisement notice is given, or
  - (b) a collective enfranchisement notice is current at the time when a rent variation notice is given.
- (3) Condition B is met if—
- (a) the rent variation notice relates to premises to which the claim for collective enfranchisement relates, and
  - (b) the tenant under the lease to which the rent variation notice relates is not a participating tenant in relation to the claim for collective enfranchisement.
- (4) The operation of the rent variation notice is suspended during the currency of the claim for collective enfranchisement; and so long as it is so suspended no further notice may be given, and no application may be made, under this Schedule with a view to resisting or giving effect to the tenant's claim for a peppercorn rent.

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- (5) Where the operation of the rent variation notice is suspended by virtue of this paragraph, the landlord must, not later than the end of the relevant response period, give the tenant a notice informing the tenant of—
- (a) the suspension,
  - (b) the date on which the collective enfranchisement notice was given, and
  - (c) the name and address of the nominee purchaser for the time being appointed in relation to the claim for collective enfranchisement.
- (6) The landlord must give that notice—
- (a) as soon as is reasonably practicable, if a rent variation notice is current when a collective enfranchisement notice is given, or
  - (b) before the end of the period for responding specified in the rent variation notice in accordance with paragraph 5(7), if a collective enfranchisement notice is current when a rent variation notice is given.
- (7) Where, as a result of the claim for collective enfranchisement ceasing to be current, the operation of the rent variation notice ceases to be suspended by virtue of this paragraph—
- (a) the landlord must, as soon as possible after becoming aware of the circumstances by virtue of which the claim for collective enfranchisement has ceased to be current, give the tenant a notice informing the tenant that the operation of the rent variation notice is no longer suspended as from the date when the claim for collective enfranchisement ceased to be current;
  - (b) any time period for performing any action under this Schedule (including the response period) which was running when the rent variation notice was suspended begins to run again, for its full duration, from and including the date when the claim for collective enfranchisement ceased to be current.
- (8) In this paragraph—
- “claim for collective enfranchisement” means the claim to which the collective enfranchisement notice relates;
- “collective enfranchisement notice” means a notice under section 13 of the LRHUDA 1993 (notice of claim to exercise right to collective enfranchisement).

#### *Counter-notice*

- 5 (1) This paragraph applies if the landlord is given a rent variation notice by the tenant.
- (2) Before the end of the response period, the landlord must give the tenant a notice (a “counter-notice”) which states either—
- (a) that the landlord admits that, on the relevant date, the tenant had the right to a peppercorn rent, or
  - (b) that, for reasons specified in the notice, the landlord does not admit that the tenant had that right on that date,
- and which also specifies an address in England and Wales at which notices may be given to the landlord under this Schedule.
- (3) If the counter-notice admits the tenant’s right, the admission is binding on the landlord as to the tenant’s right to a peppercorn rent, unless the landlord shows that misrepresentation or concealment of material facts induced the landlord to make the admission.

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- (4) If the counter-notice admits the tenant’s right, the counter-notice must also state either—
- (a) that the landlord admits that the right applies to the rent in respect of which the right is claimed, or
  - (b) that, for reasons specified in the notice, the landlord does not admit that the right applies to that rent,
- and must also give the landlord’s response to the proposed premium, and any other consequential variations to the lease, specified in the rent variation notice in accordance with paragraph 3(6).
- (5) The “rent in respect of which the right is claimed” is—
- (a) all of the rent under the qualifying lease, if the rent variation notice includes a statement under paragraph 3(4)(a), or
  - (b) the rent which relates to the property described in the rent variation notice in accordance with paragraph 3(5), if it includes a statement under paragraph 3(4)(b).
- (6) If the counter-notice admits that the right applies to the rent in respect of which the right is claimed, the admission is binding on the landlord as to that rent, unless the landlord shows that misrepresentation or concealment of material facts induced the landlord to make the admission.
- (7) The “response period” is a period (for the landlord to give counter-notice) specified in the rent variation notice which begins with the day on which the notice is given.
- (8) The rent variation notice may not specify a period of less than two months or more than six months.

*Application to appropriate tribunal where claim or terms not agreed*

- 6 (1) This paragraph applies if the landlord is given a rent variation notice by the tenant.
- (2) If the landlord gives the tenant a counter-notice before the end of the response period which disputes—
- (a) that the tenant had the right to a peppercorn rent,
  - (b) that the right applies to the rent in respect of which it is claimed,
  - (c) the amount of the premium which the tenant is proposing to pay, or
  - (d) the consequential variations of the lease proposed by the tenant,
- the landlord or tenant may apply to the appropriate tribunal to determine the matters in dispute.
- (3) Any application under sub-paragraph (2) must be made before the end of the period of 6 months beginning with the day after the day on which the counter-notice is given.
- (4) If the landlord does not give the tenant a counter-notice before the end of the response period, the tenant may apply to the appropriate tribunal to determine—
- (a) whether the tenant has the right to a peppercorn rent,
  - (b) what rent that right applies in respect of,
  - (c) the amount of the premium which the tenant is to pay, or
  - (d) the variations of the lease that are to be made.

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- (5) Any application under sub-paragraph (4) must be made before the end of the period of 6 months beginning with the day after the last day of the response period.

#### *Variation of the lease*

- 7 (1) This paragraph applies if a rent variation notice becomes enforceable.
- (2) The landlord and the tenant, and any other party to the qualifying lease, must, upon the payment of the required premium by the tenant to the landlord, vary the qualifying lease by making the required peppercorn rent variation.
- (3) A rent variation notice is “enforceable” from the time when the landlord admits or the appropriate tribunal determines—
- (a) that the tenant has the right to a peppercorn rent, and
  - (b) all the terms on which the lease is to be varied, including what premium is payable (whether or not any shares of the premium that may be payable under paragraph 8(9) have been determined).
- (4) The “required peppercorn rent variation” is the variation of the lease as admitted by the landlord or determined by the appropriate tribunal (see sub-paragraph (3)(b)).
- (5) The “required premium” is the value of the right to receive rent over the remaining term of the qualifying lease.
- (6) Except in the case of a lease falling within paragraph 8, 10 or 11 of [Schedule 4](#) (market rack rent lease, lease already renewed under the LRA 1967 or business tenancy), that value is an amount equal to the term value of the lease as determined in accordance with paragraph 25 of [Schedule 4](#).
- (7) In this paragraph “relevant property” means the property demised by the qualifying lease to which the right to a peppercorn rent applies (see paragraph 2(6)).

#### *Reduction of rent under intermediate leases*

- 8 (1) This paragraph applies if, at the time when a rent variation notice is given, there are one or more qualifying intermediate leases.
- (2) For the purposes of this paragraph a lease is a “qualifying intermediate lease” if—
- (a) the lease demises the whole or a part of the property to which the rent variation notice relates,
  - (b) the lease is immediately superior to—
    - (i) the lease to which the rent variation notice relates, or
    - (ii) one or more other leases that are themselves qualifying intermediate leases,
  - (c) relevant rent is payable under the lease, and
  - (d) that relevant rent is more than a peppercorn rent.
- (3) The landlord or the tenant under a qualifying intermediate lease may, by giving notice to the relevant landlord or landlords before the variation of the lease to which the rent variation notice relates, require the rent payable under the qualifying intermediate lease to be reduced in accordance with sub-paragraphs (6) to (8).
- (4) If—

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- (a) under sub-paragraph (3) the rent under a lease is required to be reduced in accordance with this paragraph, and
  - (b) that lease is superior to one or more other qualifying intermediate leases, the rent payable under the other qualifying intermediate lease or leases is also to be reduced in accordance with sub-paragraphs (6) to (8).
- (5) The landlord and tenant under a qualifying intermediate lease must vary the lease—
- (a) to give effect to a reduction of the rent in accordance with sub-paragraphs (6) to (8), and
  - (b) to remove any terms of the lease which provide for an increase in the rent, or part of the rent, so reduced.
- (6) If the whole of the rent under a qualifying intermediate lease is relevant rent, the rent under that lease is to be reduced to a peppercorn rent.
- (7) If only part of the rent under a qualifying intermediate lease is relevant rent—
- (a) that part of the rent is to be reduced to zero, and
  - (b) the total rent is to be reduced accordingly.
- (8) But the amount of the reduction in a person’s rental liabilities as tenant is limited to the amount of the reduction in that person’s rental income as landlord; and here—
- (a) “reduction in a person’s rental liabilities as tenant” means the reduction in accordance with sub-paragraph (6) or (7) of the rent payable by the person as tenant under the qualifying intermediate lease;
  - (b) “reduction in that person’s rental income as landlord” means the amount (or total amount) of the relevant reduction (or reductions) in rent payable to that person as landlord of one or more other reduced rent leases.
- (9) Each eligible landlord is entitled to be paid a share of the required premium (see paragraph 7).
- (10) An eligible landlord’s share of the required premium is to be determined using this formula—

$$\text{required premium} \times \frac{\text{loss suffered by the eligible landlord}}{\text{total losses suffered by all eligible landlords}}$$

where the loss suffered by an eligible landlord is the loss which that landlord suffers as a result of the relevant reduction in the rent of the lease by virtue of which they are an eligible landlord (taking into account any relevant reduction in the rent of a lease of which they are the tenant).

- (11) In this paragraph—
- “eligible landlord” means the landlord of a lease whose rent is subject to a relevant reduction;
  - “reduced rent lease” means—
    - (a) the lease to which the rent variation notice relates, or
    - (b) a qualifying intermediate lease;
  - “relevant landlord” means—
    - (a) the landlord under the qualifying lease, and
    - (b) any superior landlord who must be given a copy of the rent variation notice in accordance with paragraph 16 or 17;
  - “relevant reduction” means—

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- (a) in relation to the lease to which the rent variation notice relates, a reduction resulting from that tenancy being varied in accordance with the other provisions of this Schedule;
  - (b) in relation to a qualifying intermediate lease, a reduction resulting from this paragraph;
- “relevant rent” means rent that has been, or would properly be, apportioned to the whole or a part of the property to which the rent variation notice relates.

*Jurisdiction of the appropriate tribunal in relation to paragraph 8*

- 9 (1) The appropriate tribunal may determine any matter arising under paragraph 8 (reduction of rent under intermediate leases on grant of a new lease), including what rent under an intermediate lease is apportioned to the qualifying property (see paragraph 2(6)).
- (2) In relation to paragraph 8—
- (a) if the landlord under a qualifying intermediate lease cannot be found or their identity cannot be ascertained, the appropriate tribunal may make such order as it thinks fit, including—
    - (i) an order dispensing with the requirement to give notice under paragraph 8(3) to that landlord, or
    - (ii) an order that such a notice has effect and has been properly served even though it has not been served on that landlord;
  - (b) the appropriate tribunal may make an order appointing a person to vary a lease in accordance with paragraph 8 on behalf of the landlord or tenant;
  - (c) if the appropriate tribunal makes a determination that a notice under paragraph 8(3) was of no effect, it may—
    - (i) determine whether another landlord or tenant could have given such a notice, and
    - (ii) if it determines that they could have done so, order that paragraph 8 is to apply as if they had done so.
- (3) The variation of a lease on behalf of a party in consequence of an order under subparagraph (2)(b) has the same force and effect (for all purposes) as if it had been executed by that party.

*Failure to vary lease*

- 10 (1) This paragraph applies if the qualifying lease is not varied in accordance with paragraph 7(2).
- (2) The appropriate tribunal may, on an application made by the tenant or the landlord, make—
- (a) such order as it thinks fit with respect to the making of that variation of the qualifying lease, or
  - (b) an order declaring that the rent variation notice is to cease to have effect.
- (3) An order under this paragraph may appoint a person to execute the variation of the lease on behalf of a party to the variation; and a variation executed in consequence of such an order has the same force and effect (for all purposes) as if it had been executed by that party.



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- (4) Any application for an order under sub-paragraph (2) must be made within the period of four months beginning with the day on which the rent variation notice becomes enforceable (within the meaning of paragraph 7).

*Missing landlord or third party*

- 11 (1) On an application made by the tenant under a qualifying lease, the appropriate tribunal may make a determination that the landlord under, or another party to, a qualifying lease cannot be found or their identity cannot be ascertained.
- (2) The following provisions of this paragraph apply if the appropriate tribunal makes such determination.
- (3) The appropriate tribunal may make such order as it thinks fit including—
- (a) an order dispensing with the requirement to give notice under paragraph 3 to that landlord or other party, or
  - (b) an order that such a notice has effect and has been properly served even though it has not been served on that landlord or other party.
- (4) If the appropriate tribunal is satisfied that the tenant has the right to a peppercorn rent, the tribunal may make such order as it thinks fit with respect to the variation of the qualifying lease to give effect to that right.
- (5) An order under sub-paragraph (4) may appoint a person to execute the variation of the lease on behalf of a party to the variation; and a variation executed in consequence of such an order has the same force and effect (for all purposes) as if it had been executed by that party.
- (6) Before making a determination or order under this paragraph, the appropriate tribunal may require the tenant to take such further steps by way of advertisement or otherwise as the tribunal thinks proper for the purpose of tracing the person in question.
- (7) If, after an application is made under this paragraph and before the lease is varied to give effect to the right to a peppercorn rent, the landlord or other party is traced—
- (a) no further proceedings shall be taken with a view to a lease being varied in accordance with this paragraph,
  - (b) the rights and obligations of all parties shall be determined as if the tenant had, at the date of the application, duly given the rent variation notice, and
  - (c) the appropriate tribunal may give such directions as it thinks fit as to the steps to be taken for giving effect to the right to a peppercorn rent, including directions modifying or dispensing with any of the requirements of this Schedule or any regulations.

*Circumstances in which notice ceases to have effect etc*

- 12 (1) A rent variation notice ceases to have effect from the time when—
- (a) the tenant gives notice to the landlord, before the lease is varied in pursuance of the rent variation notice, that the tenant withdraws the notice (a “notice of withdrawal”);
  - (b) the qualifying lease to which the notice relates is varied in accordance with the notice so that any rent under it is a peppercorn rent;
  - (c) a lease enfranchisement notice or lease extension notice which relates to the qualifying lease is given;

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- (d) any order setting aside the notice is made by the appropriate tribunal or a court;
  - (e) the appropriate tribunal determines on an application under paragraph 6 that the tenant does not have the right to a peppercorn rent;
  - (f) the period of six months mentioned in paragraph 6(3) or (5) ends, where the application mentioned there could be made, but is not made before the end of that period;
  - (g) the period of four months mentioned in paragraph 10(4) ends, where the application mentioned there could be made, but is not made before the end of that period;
  - (h) it ceases to have effect in accordance with any legislation applying to this Schedule by virtue of paragraph 20 or regulations under paragraph 21(3).
- (2) If a rent variation notice ceases to have effect, the landlord is under no obligation under [this Schedule](#) in respect of the notice as it previously had effect, except for any obligation arising under any provision of the LRHUDA 1993 that applies by virtue of paragraph 20.

#### *Tenant's liability for costs*

- 13 (1) A tenant is not liable for any costs incurred by any other person as a result of the tenant's exercise of the right to a peppercorn rent, except as referred to in—
- (a) sub-paragraph (4),
  - (b) paragraph 14 (liability where claim ceases to have effect), and
  - (c) paragraph 15 (liability where tenant obtains the variation of the lease).
- (2) A former tenant is not liable for any costs incurred by any other person as a result of the former tenant's claim to the right to a peppercorn rent, except as referred to in sub-paragraphs (4) and (5).
- (3) A lease, transfer, contract or other arrangement is accordingly of no effect to the extent it would provide to the contrary.
- (4) A tenant or former tenant is liable for costs incurred by another person in connection with proceedings before a court or tribunal if—
- (a) the court or tribunal has power under this Schedule or another enactment to order that the tenant or former tenant pay those costs, and
  - (b) the court or tribunal makes such an order.
- (5) A former tenant is liable for costs incurred by a successor in title to the extent agreed between the former tenant and that successor in title.
- (6) In this paragraph and paragraphs 14 and 15—
- “claim” includes an invalid claim;
  - “former tenant” means a person who was a tenant making a claim to the right to a peppercorn rent, but is no longer a tenant.

#### *Liability for costs: failed claims*

- 14 (1) A tenant is liable to the landlord for a prescribed amount in respect of non-litigation costs if the tenant's claim ceases to have effect by virtue of paragraph 12(1), unless it ceases to have effect by virtue of—
- (a) paragraph 12(1)(b), or

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- (b) paragraph 12(1)(h) because of the application of section 55 of the LRHUDA 1993.
- (2) For the purposes of this paragraph—
  - (a) “prescribed” means prescribed by, or determined in accordance with, regulations made—
    - (i) in relation to England, by the Secretary of State;
    - (ii) in relation to Wales, by the Welsh Ministers;
  - (b) “non-litigation costs” are costs that are or could be incurred by a landlord as a result of a claim under this Schedule other than in connection with proceedings before a court or tribunal;
  - (c) where a claim ceases to have effect by virtue of a person who was a tenant assigning their lease without assigning the claim under paragraph 3(8), “tenant” includes that person.
- (3) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.

*Liability for costs: successful claims*

- 15
- (1) A tenant is liable to the landlord for the amount referred to in sub-paragraph (2) if—
    - (a) the tenant makes a claim to the right to a peppercorn rent,
    - (b) the rent is reduced in consequence of the claim,
    - (c) the premium payable by the tenant for the variation of the lease is less than a prescribed amount,
    - (d) the landlord incurs costs as a result of the claim,
    - (e) the costs are incurred other than in connection with proceedings before a court or tribunal,
    - (f) the costs incurred by the landlord are reasonable, and
    - (g) the costs are more than the premium payable.
  - (2) The amount is the difference between—
    - (a) the premium payable by the tenant, and
    - (b) the costs incurred by the landlord, or, if those costs exceed a prescribed amount, that prescribed amount.
  - (3) In this paragraph “prescribed” means prescribed by, or determined in accordance with, regulations made—
    - (a) in relation to England, by the Secretary of State;
    - (b) in relation to Wales, by the Welsh Ministers.
  - (4) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.

*Duty of landlord to give copies of the rent variation notice to superior landlords*

- 16
- (1) This paragraph applies if the landlord is given a rent variation notice by the tenant.
  - (2) The landlord must give a copy of the rent variation notice to any person whom the landlord believes is a superior landlord.

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- (3) But that duty does not apply if the landlord has been notified under paragraph 17(5)(b) that a copy of the rent variation notice has been given to that person.
- (4) The landlord must comply with that duty as soon as reasonably practicable after—
  - (a) being given the rent variation notice, or
  - (b) forming the belief that a person is a superior landlord (if that is after the rent variation notice was given).
- (5) If the landlord gives a copy of the rent variation notice to a person under sub-paragraph (2), the landlord must, together with the copy, give that person the names of—
  - (a) all of the persons to whom the landlord has given a copy of the notice under this paragraph, and
  - (b) any other persons that the landlord is aware have been given a copy of the notice.
- (6) If the landlord fails to comply with a duty in this paragraph, the landlord is liable in damages for any loss suffered by any other person as a result of the failure.

*Duty of superior landlord to give copies of the rent variation notice to other superior landlords*

- 17 (1) This paragraph applies if a superior landlord is given a copy of a rent variation notice under paragraph 16 or this paragraph.
- (2) The superior landlord (the “forwarding landlord”) must give a copy of the rent variation notice to any person whom the forwarding landlord believes is a superior landlord.
  - (3) But that duty does not apply if the forwarding landlord has been notified under paragraph 16 or this paragraph that a copy of the rent variation notice has been given to that person.
  - (4) The forwarding landlord must comply with that duty as soon as reasonably practicable after—
    - (a) being given the copy of the rent variation notice, or
    - (b) forming the belief that a person is a superior landlord (if that is after the copy of the rent variation notice was given).
  - (5) If the forwarding landlord gives a copy of the rent variation notice to a person under sub-paragraph (2), the forwarding landlord—
    - (a) must, together with the copy, give that person the names of—
      - (i) all of the persons to whom the forwarding landlord has given a copy of the notice under this paragraph, and
      - (ii) any other persons that the forwarding landlord is aware have been given a copy of the notice;
    - (b) must notify the landlord that the forwarding landlord has given the copy to that person.
  - (6) If the forwarding landlord fails to comply with a duty in this paragraph, the forwarding landlord is liable in damages for any loss suffered by any other person as a result of the failure.

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#### *Actions of immediate landlord binding on other landlords*

- 18 (1) This paragraph applies if there are one or more qualifying intermediate leases of property to which a rent variation notice relates.
- (2) The following are binding on the other landlords and on their interests in the property to which the rent variation notice relates or any other property—
- (a) any notice given under this Schedule by the immediate landlord to the tenant,
  - (b) any agreement for the purposes of this Schedule between the immediate landlord and the tenant, and
  - (c) any determination of the appropriate tribunal under this Schedule in proceedings between the immediate landlord and the tenant.
- (3) The immediate landlord is not liable to any of the other landlords for any loss or damage caused by any act or omission in the exercise or intended exercise of the authority given by sub-paragraph (2) if the immediate landlord acts in good faith and with reasonable care and diligence.
- (4) In this paragraph—
- “immediate landlord” means the immediate landlord under the lease to which the rent variation notice relates (and to which the rent variation notice must be given);
  - “other landlord” means the landlord under a qualifying intermediate lease of property to which the rent variation notice relates;
  - “qualifying intermediate lease” has the meaning given in paragraph 8.

#### *Duty of immediate landlord to conduct commutation claim on behalf of affected other landlords*

- 19 (1) This paragraph applies if—
- (a) there are one or more qualifying intermediate leases of property to which a rent variation notice relates, and
  - (b) notice is given under paragraph 8(3).
- (2) The immediate landlord must conduct the response to the tenant’s claim for a rent reduction on their own behalf and on behalf of the affected other landlords, including by—
- (a) agreeing the terms of variation of the qualifying lease,
  - (b) agreeing the amount of the required premium,
  - (c) receiving the whole of the required premium and (where it is so received) holding the required premium for themselves and the affected other landlords pending determination of the shares of the required premium in accordance with paragraph 8(9), and
  - (d) conducting all proceedings arising out of the rent variation notice (whether the proceedings are for resisting or giving effect to the claim).
- (3) If the immediate landlord receives the whole of the required premium, the immediate landlord’s written receipt for payment of that premium is a complete discharge to the tenant.
- (4) Sub-paragraphs (2)(c) and (3) do not apply if the price payable is required to be paid into the tribunal by virtue of sub-paragraph (6)(c).

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- (5) The immediate landlord is not liable to any of the affected other landlords for any loss or damage caused by any act or omission in compliance or intended compliance with the duty under sub-paragraph (2) if the immediate landlord acts in good faith and with reasonable care and diligence.
- (6) Any affected other landlord may—
- (a) apply to the appropriate tribunal for directions as to the manner in which the immediate landlord is to exercise the authority given by sub-paragraph (2);
  - (b) be separately represented in any proceedings in which the amount of the required premium is being determined;
  - (c) by giving notice to the tenant and the immediate landlord, require the tenant to pay into the tribunal the whole of the required premium.
- (7) Each of the affected other landlords must make such contribution as is just to costs and expenses which are properly incurred by the immediate landlord in connection with the claim by the tenant under this Schedule but which are not recoverable or recovered from the tenant.
- (8) The appropriate tribunal—
- (a) may determine any matter arising in relation to the amount of any costs payable by virtue of sub-paragraph (7), and
  - (b) where it has determined such an amount of costs, may make an order requiring a person to pay those costs.
- (9) The court or the appropriate tribunal may order any affected other landlord to pay to the immediate landlord the costs, or a contribution to the costs, incurred by the immediate landlord in obtaining from the appropriate tribunal money that has been paid into it in compliance with a requirement imposed under sub-paragraph (6)(c) if—
- (a) that affected other landlord imposed the requirement, and
  - (b) the immediate landlord shows that it was unreasonable for that affected other landlord to impose the requirement.
- (10) The court or the appropriate tribunal may order the immediate landlord to pay to any affected other landlord the costs, or a contribution to the costs, incurred by that affected other landlord in obtaining from the appropriate tribunal money that has been paid into it in compliance with a requirement imposed under sub-paragraph (6)(c) if—
- (a) that affected other landlord imposed the requirement, and
  - (b) that affected other landlord shows that the requirement was imposed because of unreasonable conduct by the immediate landlord.
- (11) In this paragraph—
- “affected other landlord” means the landlord under a qualifying intermediate lease of which the rent is to be reduced in accordance with paragraph 8 (whether by virtue of paragraph 8(3) or (4));
  - “immediate landlord” means the immediate landlord under the lease to which the rent variation notice relates (and to which the rent variation notice must be given);
  - “qualifying intermediate lease” has the meaning given in paragraph 8;
  - “required premium” means the required premium payable under paragraph 7.

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*Provisions of the LRHUDA 1993 that apply for the purposes of this Schedule*

- 20 (1) The provisions of the LRHUDA 1993 set out in the first column of the table below (the “applied provisions”) are to apply for the purposes of [this Schedule](#) (whether in its application to a house or flat).
- (2) In its application by virtue of this paragraph, an applied provision has effect subject to—
- (a) any specific modification set out in the second column of the entry in the table below which relates to that provision, and
  - (b) the general modifications set out in sub-paragraph (3) (so far as they are applicable to the provision).

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<i>Applied provisions</i>	<i>Specific modification(s) (if any)</i>
Sections 50 and 51 (missing landlords)	
Section 55(3) (compulsory acquisition)	
Section 56(3)(a) and (c) (exercise of right subject to payment of other sums)	The reference to any price payable has effect as a reference to the required premium payable under paragraph 7 of this Schedule
Section 58, except for subsection (4) (effect of right on mortgages)	A reference to the new lease has effect as a reference to the deed of variation of the lease
Section 93(1) and (2) (limitations on agreements to exclude or modify right)	
Section 93A (trustees)	
Schedule 2 (provisions relevant to special categories of landlord)	
Schedule 4 (provision of information by landlords)	
Schedule 12, paragraph 9 (inaccurate notices)	

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- (3) A reference of a kind set out in the first column of an entry in the following table in an applied provision (however expressed) has effect as a reference of the kind set out in the second column of that entry—

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<i>A reference of this kind in an applied provision...</i>	<i>...has effect as a reference of this kind...</i>
A person exercising or purporting to exercise the right to acquire a new lease of a flat	A person exercising or purporting to exercise the right to a peppercorn rent
The grant of a new lease in pursuance of the right to acquire a new lease	The variation of a qualifying lease in accordance with this Schedule
Property which the tenant is, or is not, entitled to have demised under a new lease	Property in respect of which the tenant has, or does not have, the right to a peppercorn rent under this Schedule
The price payable for the new lease	The required premium payable under paragraph 7 of this Schedule
A notice under section 42 to claim the right to a new lease	A rent variation notice
Counter-notice under section 45	Counter-notice under this Schedule
Notice of withdrawal under section 52	Notice of withdrawal under this Schedule
The relevant date	The relevant date under this Schedule
The LRHUDA 1993 or a Part, or Chapter of a Part, of the LRHUDA 1993	This Schedule
Particular provision of the LRHUDA 1993	The corresponding provision made in or under this Schedule

### *Regulations*

- 21 (1) The Secretary of State may by regulations make provision for giving effect to the rights of a tenant under [this Schedule](#).
- (2) Regulations under sub-paragraph (1) may (in particular) make provision about notices under [this Schedule](#), including provision about—
- (a) the giving of notices under [this Schedule](#);
  - (b) the form of notices under this Schedule;
  - (c) information to be included in notices under [this Schedule](#).
- (3) The regulations may (in particular) provide that notice which does not comply with provision made in the regulations—
- (a) is not a notice under [this Schedule](#), or
  - (b) is to cease to have effect.
- (4) The Secretary of State may, by regulations, amend paragraph 20 so as to—
- (a) change the provisions of the LRHUDA 1993 which are applied by that paragraph;
  - (b) provide for, or change, the modifications subject to which a provision applied by that paragraph has effect.



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- (5) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.
- (6) In [this paragraph](#) “notice under this Schedule” means—
- (a) a rent variation notice;
  - (b) a counter-notice;
  - (c) a notice of withdrawal.

### Interpretation

22 (1) In this Schedule—

“appropriate tribunal” means—

- (a) in respect of property wholly in Wales, a leasehold valuation tribunal;
- (b) in respect of other property, the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal;

“counter-notice” has the meaning given in [paragraph 5](#);

“landlord” is to be read subject to [paragraph 3\(9\)](#);

“lease enfranchisement notice” means a notice under—

- (a) section 8 of the LRA 1967 (notice of desire to acquire freehold of house), or
- (b) section 13 of the LRHUDA 1993 (notice of claim to exercise right to collective enfranchisement);

and a lease enfranchisement notice under section 13 of the LRHUDA 1993 relates to the qualifying lease if the tenant under the lease is one of the participating tenants in relation to the claim under the notice;

“lease extension notice” means a notice under—

- (a) section 14 of the LRA 1967 (notice of desire to extend lease of house), or
- (b) section 42 of the LRHUDA 1993 (notice of claim to exercise right to acquire new lease of flat);

“notice” means notice in writing;

“notice of withdrawal” has the meaning given in [paragraph 12](#);

“peppercorn rent” has the same meaning as in the LR(GR)A 2022 (see [section 4\(3\)](#) of that Act);

“peppercorn rent variation” means the variation of a lease as mentioned in [paragraph 1\(1\)](#);

“qualifying lease”, “qualifying lease of a flat” and “qualifying lease of a house” have the meanings given in [paragraph 2](#);

“relevant date”, in relation to a claim to exercise the right to a peppercorn rent, means the date on which the rent variation notice is given;

“rent” (except in the expression “low rent”) has the same meaning as in the LR(GR)A 2022 (see [section 22\(2\)](#) and [\(3\)](#) of that Act);

“rent variation notice” has the meaning given in [paragraph 3](#);

“response period” has the meaning given in [paragraph 5](#);

“right to a peppercorn rent” means the right conferred by this Schedule as described in [paragraph 1](#);

“tenant” is to be read subject to [paragraph 3\(8\)](#).

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- (2) For the purposes of this Schedule an order of the appropriate tribunal becomes final—
- (a) if not appealed against, on the expiry of the time for bringing an appeal, or
  - (b) if appealed against and not set aside in consequence of the appeal, at the time when the appeal and any further appeal is disposed of—
    - (i) by the determination of it and the expiry of the time for bringing a further appeal (if any), or
    - (ii) by its being abandoned or otherwise ceasing to have effect.