



Requesting a market rent only (MRO) lease

From 30 June 2025, the Scottish Pubs Code allows tied pub tenants to request a market rent only (MRO) lease from their landlord.

Making a market rent lease only request is a formal step, which should be taken after careful consideration. You must bear in mind that if you are not successful in your application, or if you choose to end the process, this will affect your ability to make an MRO request for a two year period.

What is an MRO lease?

An MRO lease is free of any tie (either for products or for services). You can agree the rent with the landlord through a process set out in the Code. If you can't agree, a rent Assessor will determine a fair market rent for the pub.

Eligibility

Can I request an MRO lease?

The Code allows any tied pub tenant to request an MRO lease. There are four circumstances in which your landlord can **decline your request**. Think about these four factors before submitting your request in writing to your landlord.

1. Notice on your lease

Has your landlord served notice on your lease?

If your landlord has already given notice for your lease, they **can decline** your MRO lease request.

2. Lease term

Am I eligible to request an MRO lease based on my lease term?

For leases longer than one year

If you have reached at least halfway through your lease term, or are within six months of reaching halfway, **your landlord must accept your MRO lease request (if your request is in the six months prior, your landlord may set the date of your MRO lease to that halfway point).**

If you have either not reached at least halfway through your lease, or have not made your request in the six month period before you reach halfway, **your landlord may decline your MRO lease request.**



2. Lease term (cont.)

Am I eligible to request an MRO lease based on my lease term?

For leases of one year or less

If you have occupied your pub for at least one year under successive leases, **your landlord must accept your MRO lease request.**

If you have not occupied your pub for at least one year under successive leases, **your landlord may decline your MRO lease request.**

3. Investment agreement

Have you and your landlord reached an investment agreement for your pub in the last five years?

Your landlord can choose to decline your MRO request if:

- Your investment agreement is for at least £35,000 or 150% of the annual rent of your pub (whichever is greater)
- You entered into the investment agreement voluntarily
- You were given the opportunity to obtain alternative estimates for the work
- For investment agreements reached after June 2025, you were advised that entering into the investment agreement might affect your right to request an MRO lease

Your landlord cannot decline your MRO request if:

- The agreement is for routine maintenance, or to meet health and safety requirements
- The work was delayed or stopped for 12 months due to factors outside your control

4. Previous MRO request

Have you already requested an MRO lease for your pub in the last two years?

If you have requested an MRO lease in that period, your landlord can **decline your current request.**

Check these factors before requesting an MRO lease.

Are the above four factors relevant to your pub?

It's important to see if any of above four factors apply to your pub **before** asking for an MRO lease. If your request is declined for one of these reasons, it could affect any **future MRO requests** for the next two years.

Requesting an MRO lease

How can I request an MRO lease?

You can request an MRO lease in writing. There is no standard form of words required, though the Code requires any request to include:

- Your name, postal address, email address and telephone number
- The name of the tied pub and its address

How must my landlord respond to my request?

Unless one of the reasons above applies, your landlord must respond with an offer of an MRO lease. This needs to be in writing, as soon as possible and at latest, within 4 weeks of receipt.

The offer must include:

- A draft deed of variation, or a draft lease [if you agree to a new lease]
- The proposed new rent
- Information about any assumptions, disregards, or sources of information used to calculate the proposed rent
- Advice for you to seek independent advice on the terms of the MRO lease

How do my landlord and I negotiate an MRO lease?

Negotiating an MRO lease

Once you receive the offer from your landlord, both of you must work together to negotiate the lease terms. You have 8 weeks to complete this process, but you can extend it by another 4 weeks if you both agree. Each party must cover their own legal costs during this negotiation.

Table 1 - Timescale for negotiations

Landlord response to MRO lease request	Landlord and tenant negotiation	Landlord and tenant agreed extension
Up to 4 weeks	Up to 8 weeks	Up to 4 weeks

Remember that these are the maximum times allowed for the negotiation process. Your negotiation may be shorter than this.

What terms will a MRO lease contain?

The Code states that a lease cannot contain any unreasonable terms. Any offer of an MRO Lease must not contain any of the following:

- A break clause that only your landlord can use, unless such a term is included in your existing lease
- A lease period shorter than the remaining period of your current lease,
- A deposit requirement which increases the deposit more than the rent increase, unless you agree
- A personal guarantee requirement that's more onerous than in the existing lease, unless you agree

What happens if we can't agree on the rent?

If you and your landlord are unable to agree a rent through the negotiation process, a rent Assessor can be appointed to determine the market rent for your pub. The landlord can appoint an Assessor with your agreement. If you cannot agree, the Adjudicator must be notified and will appoint an Assessor.

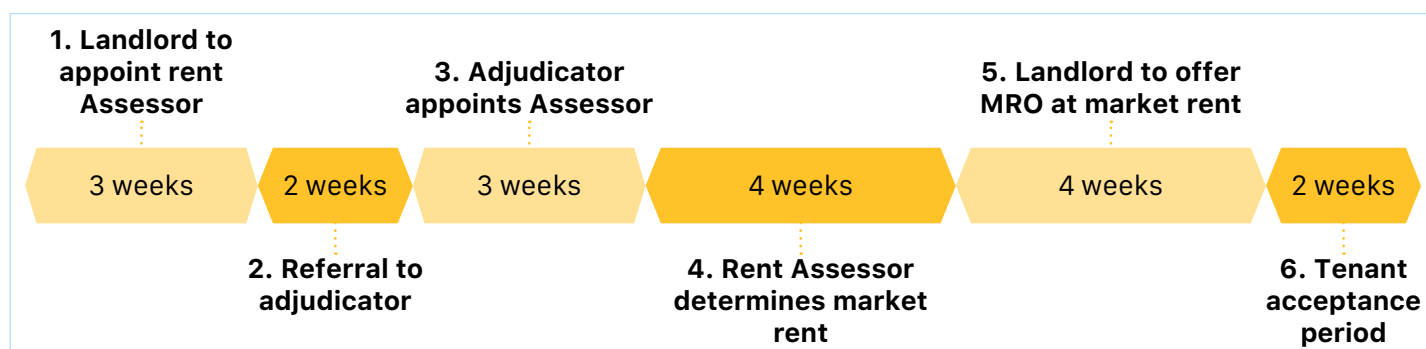
Rent assessment process

The rent assessment process may have up to six stages:

1. **Landlord to appoint rent Assessor** – this should happen within three weeks of the negotiation period ending, with your consent to the appointment
2. **Referral to Adjudicator** – if you cannot agree on an Assessor you or the landlord must refer the case to Adjudicator within two weeks
3. **Adjudicator appoints Assessor** – the Adjudicator appoints within three weeks of the referral
4. **Rent Assessor determines market rent** – the Assessor has four weeks to determine market rent
5. **Landlord to offer MRO at market rent** – the landlord must offer the MRO lease at the assessed market rent within four weeks
6. **Tenant acceptance period** – you have two weeks to accept the Assessor's determination of the market rent

From the end of the negotiation period, the maximum timescales for the rent assessment process are:

Table 2 - Timescale for rent assessment



Remember that these are the maximum times allowed for each of the steps in the rent assessment process. Your rent assessment may take less time than this.

1. Landlord to appoint rent Assessor

If you and your landlord are unable to reach agreement during the negotiation period about the rent for the pub, a rent Assessor will be appointed. The landlord appoints the Assessor with your consent. This appointment takes place within 3 weeks of the negotiation period ending. Fees for the rent Assessor are split between the you and your landlord, and the rent Assessor must be a member of RICS.

2. Referral to Adjudicator

If you and your landlord can't agree on an Assessor within three weeks, the matter must be referred to the Adjudicator within the following two weeks. Either you or your landlord can notify the Adjudicator. If neither of you informs the Adjudicator within this timeframe, the MRO process will end.

If there is an obvious error in the rent Assessor's determination, this can also be referred to the Adjudicator by either you or your landlord within 14 days of receiving that rent assessment. The Adjudicator can correct that error and write to you and your landlord with the corrected market.

3. Adjudicator appoints Assessor

Once the Adjudicator has been advised, the Adjudicator must appoint a rent Assessor within 3 weeks.

4. Assessor determines market rent

The rent Assessor has 4 weeks to provide a rent assessment to both you and your landlord.

5. Landlord to offer MRO at market rent

Once that rent assessment has been provided, the landlord must offer a lease at the determined rent within 4 weeks. The determined rent is backdated to the stage at which you first requested the MRO lease.

6. Tenant acceptance period

If you do not accept the offer on this basis within 2 weeks, the MRO process ends. If an agreement to an MRO lease is not concluded through negotiations and/or the rent assessment process, this can be referred to the Adjudicator.

Can I end the MRO negotiations if I don't want to continue?

Yes. You can end the MRO process at any stage, if you do not want to continue, or if you have agreed to a separate lease outside the process provided in the Code.

If you are thinking about ending the process, it is important to remember that making a request for an MRO lease within the last two years can be used as a reason to decline a future request. If you do want to end the process, it is recommended to confirm this in writing to your landlord.

What can I do if I'm not happy with my MRO lease process?

If you have concerns about your request for an MRO lease, you can find more information on the Scottish Pubs Code Adjudicator website ([Scottish Pubs Code Adjudicator - gov.scot](https://www.gov.scot/groups/scottish-pubs-code-adjudicator/)) or you can contact the office of the Scottish Pubs Code Adjudicator on 0300 244 1225 or email pubscodeadjudicator@gov.scot.

Find more information



Go to the Scottish Pubs Code Adjudicator website:
www.gov.scot/groups/scottish-pubs-code-adjudicator/



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**Scottish Pubs
Code Adjudicator**