

THE 299TH SHARIAH ADVISORY COUNCIL OF THE SECURITIES COMMISSION MALAYSIA MEETING (12 FEBRUARY 2026)

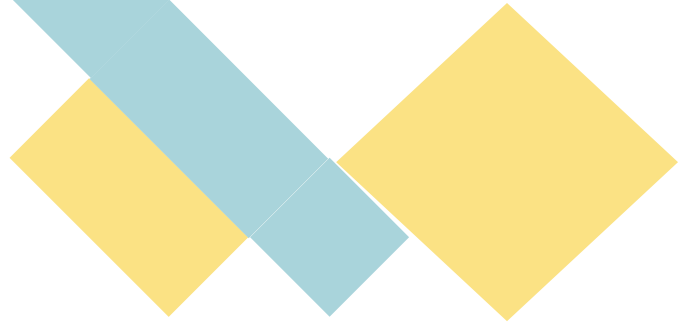
CLASSIFICATION OF RENTAL INCOME FROM TENANTS OPERATING FOOD AND BEVERAGE BUSINESSES WITHOUT HALAL CERTIFICATE

INTRODUCTION

The Shariah Advisory Council (SAC) of the Securities Commission Malaysia (SC) has deliberated on the classification of rental income derived by Public Listed Companies (PLCs) from their property investment activities. In particular, the SAC considers circumstances where PLCs lease their premises to tenants operating food and beverage (F&B) businesses, where the tenants do not hold *halal* certificate issued by Jabatan Kemajuan Islam Malaysia (JAKIM) and/or other *Halal* certification bodies recognised by JAKIM (*Halal* Certificate).

The deliberation focuses on the classification of rental income received by such PLCs under the SAC's Shariah screening methodology. This is undertaken to determine and provide clarity on the appropriate Shariah classification of such rental income, taking into consideration that the PLCs' principal activities pertain to property investment, rather than the direct operation of tenants operating F&B business.

In this regard, the SAC has deliberated the extent to which the absence of *Halal* Certificate and/or the serving of alcohol on the premises may affect the Shariah classification of rental income received by the PLCs.



For determining the classification of the rental income, and whether such rental income should be included in the computation of the total Shariah non-compliant (SNC) income of the PLCs, the SAC has deliberated on the following scenarios:

- (1) Rental income derived from F&B tenants that do not hold *Halal* Certificate, do not serve alcohol on the premise, and there is confirmation¹ from the tenants that the raw ingredients used are exclusively sourced from *halal*-certified suppliers;
- (2) Rental income derived from F&B tenants that do not hold *Halal* Certificate, do not serve alcohol on the premise, and there is no confirmation from the tenants that the raw ingredients used are exclusively sourced from *halal*-certified suppliers; and
- (3) Rental income derived from F&B tenants that serve alcohol on the premise, notwithstanding there is confirmation or no confirmation from the tenants that the raw ingredients used are exclusively sourced from *halal*-certified suppliers.

¹ For the purpose of this resolution, the word "confirmation" shall refer to documented representations or verifiable evidence, including but not limited to written declarations, contractual undertakings, supplier certifications, or other reasonable forms of due diligence.



RESOLUTION

The SAC, at its 299th meeting held on 12 February 2026, deliberated on the Shariah classification of rental income derived from tenants operating F&B businesses without *Halal* Certificate and resolved as follows:

1 Rental Income Derived from F&B Tenants without *Halal* Certificate, Do Not Serve Alcohol and with Confirmation that the Raw Ingredients Used are Sourced from *Halal*-Certified Suppliers

Rental income derived from tenants operating F&B businesses shall be excluded from the calculation of total SNC rental income where the tenants:

- (a) do not hold *Halal* Certificate but have confirmed that the raw ingredients used are exclusively sourced from *halal*-certified suppliers; and
- (b) do not serve alcohol on the premises.

2 Rental Income Derived from F&B Tenants without *Halal* Certificate, Do Not Serve Alcohol and without Confirmation on Raw Ingredients Used are Sourced from *Halal*-Certified Suppliers

Rental income derived from tenants operating F&B businesses shall be included in the calculation of total SNC income where the tenants:

- (a) do not hold *Halal* Certificate and there is no confirmation that the raw ingredients used are exclusively sourced from *halal*-certified suppliers; and
- (b) do not serve alcohol on the premises.



3 Rental Income Derived from F&B Tenants that Serve Alcohol on the Premises

Rental income derived from tenants operating F&B businesses that serve alcohol on the premises shall be included in the calculation of total SNC income, notwithstanding whether there is confirmation or no confirmation that the raw ingredients used are exclusively sourced from *halal*-certified suppliers.

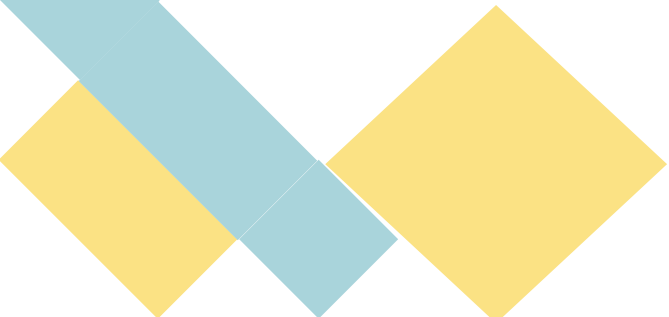
The classifications above are intended to assess the recognition of rental as Shariah-compliant, and do not in any manner indicate as a *halal* food certification.

SHARIAH JUSTIFICATION

PLCs in Malaysia undertake a wide range of business activities across different sectors. Among these, certain PLCs are principally involved in property investment activities, which include leasing properties or assets to third parties and derive rental income from such leased properties occupied or utilised by tenants.

From the Shariah perspective, the classification of rental income derived from such property investment and leasing activities is assessed within the framework of *ijarah*² (leasing) contract. One of the essential conditions for the validity of *ijarah* contract is the aspect of *manfa`ah* (usufruct or benefit) of the leased asset, that constitute the *mahal al-`aqd* (contractual subject matter) of the *ijarah* contract.

² *Ijarah* is one of the contracts recognised by Shariah. It is a contract whereby a lessor (owner) leases out an asset to a lessee at an agreed lease payment for a pre-determined lease period. The ownership of the leased asset shall always remain with the lessor. See Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia, 31 December 2023, p. 199.



Fundamentally, all Shariah scholars of four *madhahib* (schools of thought) unanimously agree that the *manfa`ah* of the leased asset must be permissible and utilised for purposes that are permissible according to the Shariah. If the leased asset is utilised for purposes that are prohibited by the Shariah, then the *ijarah* contract is regarded as impermissible as it leads and contributes to prohibited activities.³ Consequently, any rental income derived from such contract is also regarded as impermissible.⁴

This principle is supported by the following Islamic legal maxim:

أَلَا سْتَجَارُ عَلَى الْمَعْصِيَةِ لَا يَجُوزُ⁵

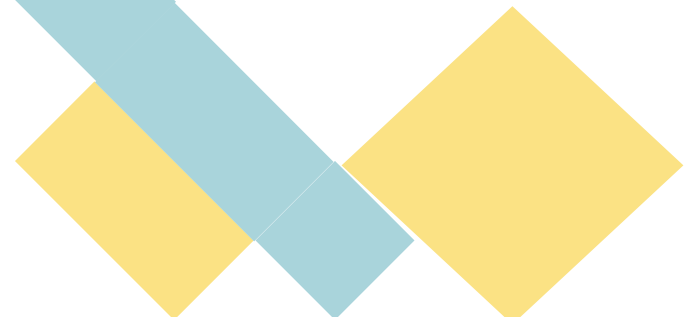
“Leasing for the purpose of committing a forbidden act is impermissible.”

In relation to the above, the permissibility of *ijarah* contract primarily depends on the nature and validity of the *manfa`ah* derived from the leased assets. Furthermore, such permissibility also depends on the activities conducted in the leased asset and the purpose for which the usufruct is utilised as well as other elements associated with the activities, as this may affect the Shariah classification of rental payment received from such contract. Hence, the permissibility of rental income received by the PLCs from the leased premises is determined based on the nature of the activities carried out by the tenants on such premises.

³ Refer to `Ala' al-Din Abu Bakr Mas`ud al-Kasani, *Badai` al-Sanai` fi Tartib al-Sharai`*, Matba`ah Sharikah al-Matbu`at al-`ilmiyyah, Egypt, 1910, 1st Edition, vol. 4, p. 189; Muhammad Ahmad Juzaiy al-Gharnati, *al-Qawanin al-Fiqhiyyah*, Dar Ibn Hazm, Beirut, Lebanon, 1st Edition, 2013, p. 302-303, 460; Abu Zakariyya Mahyi al-Din Yahya al-Nawawi, *Raudhah al-Talibin wa `Umdah al-Muftin*, al-Maktab al-Islami, Beirut, Lebanon, 3rd Edition, 1991, vol. 5, p. 194; Abu Muhammad `Abdullah Ibn Qudamah, *al-Mughni*, Maktabah al-Qahirah, Egypt, 1979, vol. 5, p. 407-408; Mansur Yunus al-Bahuti, *Kashaf al-Qina` `an Matan al-Iqna`*, Wizarah al-`Adl fi al-Mamlakah al-`Arabiyyah al-Sa`udiyah, Kingdom of Saudi Arabia, 1st Edition, 2008, vol. 9, p. 58.

⁴ al-Nawawi, *Raudhah al-Talibin wa `Umdah al-Muftin*, op.cit., vol. 5, p. 194.

⁵ Wahbah al-Mustafa al-Zuhaili, *al-Fiqh al-Islami wa Adillatuhu*, Dar al-Fikr, Damascus, Syria, 2nd Edition, 1985, vol. 4, p. 744.



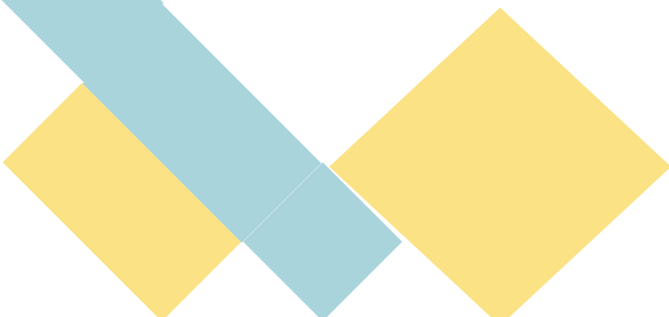
Applying this Shariah principle, the rental income is regarded as:

- (i) permissible where the leased asset is utilised for activities that are permissible under the Shariah; and
- (ii) impermissible where the leased asset is utilised for activities that are prohibited under the Shariah.

Therefore, in the context of PLCs engaged in property investment and leasing activities, the SAC has undertaken an assessment to determine the appropriate Shariah classification of the rental income derived from leased premises, which are utilised by F&B tenants for both Shariah-compliant and SNC activities. The assessment aims to ascertain the extent to which such rental income should be included in the calculation of the PLCs' total SNC income, in accordance with the SAC's Shariah screening methodology.

The SAC has also considered situations where F&B tenants operate its businesses without *Halal* Certificate, and where the PLCs (as lessor), do not exercise direct control over the tenants' day-to-day operations, including kitchen management, sourcing of ingredients, food handling or internal compliance procedures. In these situations, it is necessary to assess the nature of the business activities conducted by F&B tenants on the leased premises, as these activities generate income to the PLCs.

Accordingly, PLCs are required to obtain confirmation and relevant supporting information from F&B tenants regarding the conduct of their business activities. This is to provide assurance that such activities comply with the Shariah requirements and



are free from any elements that are prohibited under the Shariah. This approach is guided by the following Islamic legal maxim:

التَّحَرِّي عِنْدَ انْعِدَامِ الْأَدِلَّةِ مَشْرُوعٌ⁶

"Exercising conscientious investigation when evidence is unavailable is legitimate."

Based on the above, where F&B tenants hold *Halal* Certificate for their businesses, the rental income derived from such leased premises is regarded as Shariah-compliant. Where F&B tenants do not hold *Halal* Certificate but are able to confirm that the raw ingredients used are exclusively sourced from *halal*-certified suppliers and that no alcohol is served on the leased premises, the rental income in such circumstance is also regarded as Shariah-compliant.

This is on the basis that the leased premises are utilised for activities that are permissible under the Shariah and are free from any elements prohibited by the Shariah. In other words, where F&B tenants are able to demonstrate that their business activities do not involve in any SNC activities, the rental income received by the PLCs in such circumstance is regarded as Shariah-compliant. This can be supported by the Quranic verse and the Islamic legal maxim that affirm the general permissibility of sale and *ijarah* contracts as follows:

وَأَحَلَّ اللَّهُ الْبَيْعَ⁷

"But Allah has permitted trading."

⁶ al-Kasani, *Badai' al-Sanai' fi Tartib al-Sharai'*, op.cit., vol. 1, p. 165. See also *Ma'lamah Zayid li al-Qawa'id al-Fiqhiyyah wa al-Usuliyyah*, Muassasah Zayid ibn Sultan Ali Nahyan li al-'Amal al-Khairiyyah wa al-Insaniyyah wa Majma' al-Fiqhi al-Islami al-Dawli, 2013, vol. 9, p. 355-356.

⁷ Surah al-Baqarah 2: verse 275.

الأَصْلُ فِي الْبَيْعِ الْحَلِّ وَالْإِبَاحَةُ إِلَّا بِدَلِيلٍ⁸

“The original ruling for sale contracts is permissibility unless there is evidence that prohibits it.”

On the contrary, where there is no confirmation from F&B tenants regarding the sourcing of raw ingredients used exclusively from *halal*-certified suppliers, or where F&B tenants’ operations involve the serving of alcohol on the leased premises, the rental income received from such leased premises is therefore regarded as SNC income. This is because such F&B business activities operated on such leased premises involve SNC activities as determined by the Shariah. This position is supported by the following Quranic verse:

وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ⁹


“Cooperate with one another in goodness and righteousness, and do not cooperate in sin and transgression.”

According to this verse, Allah SWT commands the practice of helping one another in righteousness and piety; and forbids supporting falsehood or assisting one another in *maathim* (sins) and *maharim* (prohibited acts).¹⁰ Shariah scholars further clarified that this verse constitutes a form of *takhsis* (specification) to the general permissibility of sale and *ijarah* contracts as indicated in verse 275 of Surah al-Baqarah. As such, while these contracts are generally permissible and valid upon fulfilling its pillars and conditions, they are still rendered impermissible whenever they

⁸ Mansur `Abd al-Hamid al-Najar, *al-`Ilam bi Ahkam al-Mal al-Haram*, Dar al-Lu'luah Li an-Nashr wa al-Tawzi`, Cairo, Egypt, 1st Edition, 2020, p. 196.

⁹ Surah al-Ma'idah 5: verse 2.

¹⁰ `Imad al-Din Abu al-Fida' Ibn Kathir, *Tafsir al-Quran al-`Adzim*, Dar al-Kutub al-`Ilmiyyah, Beirut, Lebanon, 1st Edition, 1998, vol. 3, p. 10.



involve the element of cooperation in prohibited activities under the Shariah.¹¹ Applying this Shariah principle to the abovementioned context, leasing the premises to F&B tenants for the purpose of operating SNC activities is tantamount to cooperating in prohibited activities. This is further supported by the following Islamic legal maxim:

لِلْوَسَائِلِ أَحْكَامُ الْمَقَاصِدِ¹²

"Means take the (Shariah) rulings of their objectives."

The above Islamic legal maxim is guided by *Maqasid al-Shariah* (objectives of Shariah) perspective, particularly Aspiration 3, Principle 7: Adhering to the Validity and Objective of Contracts under the *Maqasid al-Shariah Guidance Islamic Capital Market Malaysia*. This principle emphasizes the importance of ensuring that contract complies with Shariah principles and requirements, and free from any elements that are prohibited by the Shariah.

In this context, where the leased premises are utilised by F&B tenants for activities that are prohibited by the Shariah, the provision of such leased premises by the PLCs to such F&B tenants is not permissible. Consequently, the rental income derived from such arrangements is regarded as SNC income.

¹¹ Ibn Qudamah, *al-Mughni*, op.cit., vol. 4, p. 167-168. See also `Uthman Muhammad `Abd al-Qadir and `Ali `Abdullah Abu Yahya, *al-I`anah `ala al-Ithm wa al-`Udwan: Haqiqatuha, Hukmuha, Dhawabit Man `iha fi al-Fiqh al-Islami*, Majallah al-`Ulum al-Shar`iyyah, 12(5), 2019, p. 4353.

¹² Abu Muhammad `Iz al-Din `Abd al-Salam Abi al-Qasim, *al-Fawa'id fi Ikhtisar al-Maqasid*, Dar al-Fikr al-Mu`asir, Damascus, Syria, 1st Edition, 1995, p. 43.