

Dear Annette,

In preparing our next Public Sector Committee meeting I realise that I have never answered to your question how to read the FEE letter. The answer is that FEE would prefer to capitalise borrowing costs specifically incurred for obtaining a qualifying asset. The wording could be as follows following a suggestion of one of our members: *"Borrowing costs are recognised as an expense unless they are directly attributable to the acquisition, construction, or production of a qualifying asset. In such cases, borrowing costs form part of the cost of that asset."*

I hope this confirms the other responses you have received.

Best regards,

SASKIA

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**FEE: Standing for Trust and Integrity**

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