



25th July, 2005

Mr. Han-soo Kim
Director General
Free Trade Agreement Bureau
Ministry of Foreign Affairs and Trade
Republic of Korea

Dear Mr. Kim:

I have the honour to refer to the Free Trade Agreement between the Republic of Korea and Singapore ("the Agreement") to be signed in Seoul on 4th August, 2005.

Resulting from the above Agreement, I have the honour of confirming the understanding of both Parties that in relation to Chapter 10 (Investment) of the Agreement, Singapore endeavours not to expropriate any land or property of an investor of Korea for a period of two (2) years after the Agreement comes into force.

In the event that Singapore expropriates any land or property of an investor of Korea within two (2) years after the Agreement comes into force, Singapore commits to compensate the investor based on the current market value, as determined in accordance with the Land Acquisition Act, of the expropriate land or property. Compensation would not be based on the value as at 1st January 1995 or any pre-determined date.

Singapore shall notify Korea of any change to the relevant legislation relating to expropriation of land or property.

I would be grateful if you would confirm that the understanding of my Government as stated above is shared by your Government and that this understanding shall be treated as an integral part of the Agreement.

Sincerely,

Chan Lai Fung
Deputy Secretary (Trade)
Ministry of Trade and Industry
Republic of Singapore