

Public tender offer

of

Sodereal Holding SA, Zurich

for all publicly-held

registered shares of Société Montreux-Palace S.A., Montreux

with a nominal value of CHF 100, CHF 50 and CHF 20 each

- Offre price:** CHF 375.– net for each registered share of
Société Montreux-Palace S.A. with a nominal value of CHF 100
CHF 187.50 net for each registered share of
Société Montreux-Palace S.A. with a nominal value of CHF 50
CHF 75.– net for each registered share of
Société Montreux-Palace S.A. with a nominal value of CHF 20
- Offer period:** 10 July to 6 August 2001, 4:00 p.m. (Swiss time)

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Société Montreux-Palace S.A.	Security number	ISIN	Telekurs ticker symbol
Registered share with a nominal value of CHF 100	74 919	CH 000 074919 9	PALMN
Registered share with a nominal value of CHF 50	n/a	n/a	n/a
Registered share with a nominal value of CHF 20	n/a	n/a	n/a

Sales restrictions

United States of America

The tender offer described herein is not being made in the United States of America (the "United States") and may be accepted only outside the United States. Offering materials with respect to the tender offer may not be distributed in or sent to the United States and may not be used for the purpose of solicitation of an offer to purchase any securities by anyone in any jurisdiction, including the United States, in which such solicitation is not authorised or to any person to whom it is unlawful to make such solicitation.

United Kingdom

The offering documents in connection with the tender offer described herein may not be issued or passed on to any person in the United Kingdom unless such person is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended, or is a person to whom such document may otherwise lawfully be issued or passed on.

Other Jurisdictions

The tender offer described herein is not made in, nor is intended to extend to, a country or jurisdiction where such tender offer would be considered unlawful. Offering materials relating to the tender offer may not be distributed in nor sent to such country or jurisdiction and may not be used for the purpose of soliciting the purchase of any securities of Société Montreux-Palace S.A. from anyone in such country or jurisdiction.

In the case of inconsistencies between the English, French and German versions of this offer prospectus, the English version shall prevail.

Tender offer of Sodereal Holding SA

Sodereal Holding SA, Zurich (hereinafter "Sodereal"), which holds 68.48% of the share capital of Société Montreux-Palace S.A. (hereinafter "Montreux-Palace"), is a subsidiary of Swissôtel Holding AG, Hergiswil (hereinafter "Swissôtel"). As a consequence of the acquisition of all outstanding shares of Swissôtel by Raffles Holdings Limited, Singapore (hereinafter "Raffles") from SAirRelations AG, Zurich (hereinafter "SAirRelations") completed on 1 June 2001, Sodereal became a subsidiary of Raffles (according to the merger agreement dated 26 June 2001, SAirRelations was retroactively dissolved as of 1 January 2001 through the merger with SAirLines, Zurich. SAirLines is a wholly owned subsidiary of SAirGroup, Zurich). This change of ownership of Sodereal causes Raffles, via Sodereal as offeror, in compliance with the Swiss Stock Exchange Act, to launch a tender offer for all listed publicly-held registered shares of Montreux-Palace with a nominal value of CHF 100 each.

A. Tender offer

1. Offer

The tender offer applies to all publicly-held registered shares of Montreux-Palace with a nominal value of CHF 100 each in accordance with Section B.3., "Sodereal/Raffles shareholding of Montreux-Palace".

A pre-announcement of the tender offer was published in the electronic media on 5 June 2001 and advertised in the print media on 8 June 2001 in accordance with Article 7 et seq of the Ordinance of the Takeover Board on Public Takeover Offers.

The tender offer also applies to all non-listed publicly-held registered shares of Montreux-Palace with a nominal value of CHF 50 and CHF 20 each in accordance with Section B.3., "Sodereal/Raffles shareholding of Montreux-Palace".

2. Offer price

CHF 375.- net for each registered share of Montreux-Palace with a nominal value of CHF 100

CHF 187.50 net for each registered share of Montreux-Palace with a nominal value of CHF 50

CHF 75.- net for each registered share of Montreux-Palace with a nominal value of CHF 20

The sale of registered shares of Montreux-Palace deposited with banks in Switzerland is not subject to fees and charges for the duration of the offer period and additional acceptance period. Sodereal bears the federal turnover tax incurred.

The average opening price of the registered shares of Montreux-Palace with a nominal value of CHF 100 each over the last 30 trading days before the pre-announcement on 5 June 2001 was CHF 375, which, in accordance with the Swiss Stock Exchange Act, constitutes the minimal offer price.

The purchase price for the non-listed registered shares of Montreux-Palace equals, adjusted by their nominal value, the offer price for the registered shares of Montreux-Palace with a nominal value of CHF 100 each.

The price trend of the registered shares of Montreux-Palace with a nominal value of CHF 100 each on the SWX Swiss Exchange is as follows (opening prices, in CHF):

	1997	1998	1999	2000	2001*
High	300	290	330	430	415
Low	170	211	220	230	305

* 1 January to 3 July 2001

Closing price prior to announcement of tender offer (1 June 2001) CHF 389

Closing price on 3 July 2001 (bid price) CHF 321

Source: Bloomberg

3. Offer period

10 July to 6 August 2001, 4:00 p.m. (Swiss time)

Sodereal reserves the right to extend the offer period one or more times. The extension of the offer period by more than forty trading days requires the prior consent of the Takeover Board.

4. Additional acceptance period

Sodereal grants Montreux-Palace shareholders the right to accept the tender offer up to ten trading days after the publication of the interim result of the tender offer. Unless the offer period is extended, the additional acceptance period is expected to commence on 10 August 2001 and to end on 23 August 2001.

5. Conditions/ right of withdrawal

The tender offer is unconditional.

B. Information on the offeror

1. Sodereal/Raffles

The offeror, Sodereal, is a holding company domiciled in Zurich. Its share capital amounts to CHF 55.6m, divided into 55,600 registered shares with a nominal value of CHF 1,000 each, and its main assets are the hotel properties of the Swissôtel group. Swissôtel holds 55,188 registered shares, respectively 99.26% of the share capital of Sodereal. The share capital of Swissôtel is fully owned by Raffles.

Raffles is a luxury hotel chain with a portfolio spanning the six continents. With the acquisition of Swissôtel Hotels & Resorts, the Raffles' portfolio stands at over 13,000 luxury/deluxe guestrooms in 38 hotels in 33 destinations including business capitals, cultural centres and major leisure destinations.

The Raffles International master brand, reputed internationally for quality and style, leverages on a two-tier branding strategy. The Raffles brand of hotels and resorts caters to affluent leisure and business travellers who require something beyond "ordinary" five star accommodation, and are distinguished by the highest standards of products and services available in major cities on an international level. The Swissôtel and Merchant Court brands of hotels offer quality accommodation and the full range of modern facilities and amenities expected by today's discerning traveller, with an emphasis on quality and comfort.

Raffles has a share capital of SGD 1,040m, divided into 2,080m shares with a nominal value of SGD 0.50 each. CapitalLand Limited, Singapore, the majority shareholder, owns 60.06% of Raffles. Raffles' shares are listed on the Singapore Exchange and its market capitalisation as per 3 July 2001 amounted to SGD 1,102m.

Key financial figures (in SGD million)

	1999	2000
Turnover	295.2	336.3
EBITDA	143.6	157.0
EBIT	118.1	123.3
Profit after tax attributable to shareholders	58.1	79.6
Total assets	2,840.2	2,856.9
Total borrowings	421.0	455.6
Shareholders' funds	2,052.6	2,106.5

For further information please refer to the 2000 annual report and financial statements of Raffles, available on the Internet at: www.raffles.com. The abovementioned annual report and the 2000 annual financial statement of Sodereal are available free of charge from Credit Suisse First Boston, Zurich (Tel. +41 1 333 29 87, Fax +41 1 333 23 88, E-Mail: equity.prospectus@csfb.com).

Persons acting in concert

In the context of the tender offer, the following persons are acting in concert with Sodereal:

- Raffles and all companies under the control of Raffles
- SAirGroup, SAirLines and all companies under the control of SAirLines

2. Purchase and sale of Montreux-Palace registered shares

On 1 June 2001 Raffles completed the acquisition of Swissôtel from SAirRelations for a total consideration of CHF 410m (subject to post completion adjustments). As part of this acquisition, Raffles indirectly took over a participation of 68.48% of the share capital of Montreux-Palace, consisting of 141,241 listed registered shares with a nominal value of CHF 100 each, 60 non-listed registered shares with a nominal value of CHF 50 each and 3 non-listed registered shares with a nominal value of CHF 20 each (the aforementioned percentage does not take into account the existence of minority shareholders of Sodereal owning 0.74% of its share capital). Based on the stock purchase and sale agreement among Raffles, SAirRelations and Swissôtel of 22 April 2001, an equity value of CHF 37,325,000 (subject to post completion adjustments, see Section D. "Information on the offeree", paragraph "Confidential information" for further details) was given to Montreux-Palace. Therefore, the theoretical price Raffles paid per registered share of Montreux-Palace with a nominal value of CHF 100 amounts to CHF 181. The equity value of Montreux-Palace has been calculated as follows: the enterprise value of Montreux-Palace plus the basis price for the sale of Montreux-Palace's participation in Le Casino-Kursaal de Montreux S.A. (see Section D. "Information on the offeree", paragraph "Confidential information" for further details) minus the debt of Montreux-Palace.

Raffles, the companies under its control (including Sodereal) and the persons acting in concert have not bought or sold any registered shares of Montreux-Palace either on or off the stock market during the last twelve months prior to the pre-announcement of the tender offer, i.e. from 6 June 2000 to 5 June 2001. Furthermore, no option or conversion rights to acquire any registered shares of Montreux-Palace were bought or sold either on or off the stock market during this period.

3. Sodereal/Raffles shareholding of Montreux-Palace

Montreux-Palace has a share capital of CHF 20,629,750 divided into 885 registered shares with a nominal value of CHF 20 each, 1,217 registered shares with a nominal value of CHF 50 each and 205,512 registered shares with a nominal value of CHF 100 each. According to the articles of association of Montreux-Palace, one registered share with a nominal value of CHF 100 is entitled to 10 votes at a general meeting of shareholders of Montreux-Palace (registered share with a nominal value of CHF 50: 5 votes; registered share with a nominal value of CHF 20: 2 votes). Only the registered shares with a nominal value of CHF 100 each are listed on the SWX Swiss Exchange. As at 3 July 2001, Montreux-Palace held no own shares.

As at 3 July 2001, Sodereal held 141,241 registered shares with a nominal value of CHF 100 each, 60 registered shares with a nominal value of CHF 50 each and 3 registered shares with a nominal value of CHF 20 each, equivalent to 68.48% of the share capital and the voting rights of Montreux-Palace. Sodereal did not hold any option or conversion rights to acquire any registered shares of Montreux-Palace. Raffles and the other companies under its control and the persons acting in concert did not hold any registered shares of Montreux-Palace or any option or conversion rights to acquire any registered shares of Montreux-Palace as at 3 July 2001.

The tender offer applies to all publicly-held registered shares of Montreux-Palace, the number of which is calculated as follows:

	Nominal value		
	CHF 100	CHF 50	CHF 20
Number of outstanding registered shares	205,512	1,217	885
• minus Sodereal's holding	-141,241	-60	-3
Publicly-held registered shares	64,271	1,157	882

C. Financing

The tender offer is being financed by Raffles' own funds, which will be made available to Sodereal. As part of the stock purchase and sale agreement among Raffles, SAirRelations and Swissôtel of 22 April 2001, Raffles and SAirRelations have entered into a cost sharing arrangement whereby the costs of the tender offer will be shared between the two parties. SAirRelations will bear 80% of the excess of the tender offer consideration in addition to costs and expenses incurred in connection with the tender offer over the theoretical equity value of the tendered shares. The remaining costs will be borne by Raffles.

D. Information on the offeree

Intentions of Sodereal respectively Raffles with regard to Montreux-Palace

Following the acquisition of Swissôtel by Raffles, Montreux-Palace is now marketed as a Raffles International hotel under the luxury Raffles brand of hotels and resorts. Hotels marketed under the Raffles brand are rated amongst the best in the world and are positioned at the top of their local markets. There is currently no restructuring contemplated with respect to the workforce of Montreux-Palace.

At the annual General Meeting of Shareholders of Montreux-Palace on 21 June 2001, Mr. Richard C. Helfer, President and Chief Executive Officer of Raffles, and Dr. Wolfgang Reichenberger, Executive Vice President and Chief Financial Officer of Nestlé SA, were elected to the Board of Directors of Montreux-Palace. The current members of the Board of Directors of Montreux-Palace, Dr. Peter Bratschi, Dr. Mario A. Corti, Mr. Claude Nobs and Mr. Stéphane Perrin, have been retained pursuant to the terms of their mandates.

Agreements between Sodereal, Raffles and Montreux-Palace, and its governing bodies and shareholders

A mandate agreement has been entered into between Sodereal and Mr. Stéphane Perrin regulating Mr. Perrin's rights and duties in acting as Sodereal's agent in the Board of Directors of Montreux-Palace. There are currently no other agreements in place between Sodereal, Raffles and all other companies controlled by them, and Montreux-Palace, and its governing bodies and shareholders. In keeping with Montreux-Palace's branding as a Raffles International hotel, Montreux-Palace is exploring a formal management and marketing arrangement with Raffles' affiliates including entering into a management and marketing arrangement in due course.

Prior to the completion of the acquisition of Swissôtel by Raffles, Raffles, SAirRelations and Swissôtel concluded the stock purchase and sale agreement concerning the acquisition of Swissôtel by Raffles on 22 April 2001. This agreement defines the terms and conditions of the acquisition (including the cost sharing arrangement between Raffles and SAirRelations concerning the costs of the tender offer, see Section C. "Financing" for further details).

Confidential information

Based on a stock purchase agreement dated 16 February 2001, Montreux-Palace sold its participation of 69.29% in Le Casino-Kursaal de Montreux S.A., Montreux, to Société Hôtelière de la Chaîne Lucien Barrière, La Baule (France). The agreement foresees a basis price and, in the best case, an additional price. It must be noted that even taking into account the maximum consideration that Montreux-Palace may receive in connection with the sale, the theoretical price of CHF 266 per registered share of Montreux-Palace with a nominal value of CHF 100 that Raffles would have paid, would still remain below the offer price of CHF 375.– (see also section B.2. “Information on the offeror”, paragraph “Purchase and sale of Montreux-Palace registered shares”).

Sodereal and Raffles confirm that neither they, nor the persons acting in concert with them, have received any additional confidential information on Montreux-Palace which could substantially influence the recipient of the tender offer.

E. Publication

The tender offer and all other publications concerning the tender offer will be published in German in the “Neue Zürcher Zeitung” and in French in “Le Temps”. The publication of the tender offer will also be supplied to Telekurs, Bloomberg and Reuters.

F. Report by the review body pursuant to Article 25 of the Federal Act on Stock Exchanges and Securities Trading

As auditors recognised by the supervisory authority to review public takeover offers in accordance with the Federal Act on Stock Exchanges and Securities Trading (hereinafter “Stock Exchange Act”) we have reviewed the offer prospectus taking into consideration the exemption granted by the Takeover Board. The Report of the Board of Directors of the target company does not form part of our review.

The offer prospectus is the responsibility of the offeror. Our responsibility is to express an opinion on this document based on our review.

Our review was conducted in accordance with the standards of the profession, which require that a review of the offer prospectus be planned and performed to verify the formal completeness in conformity with the Stock Exchange Act and the Ordinance and to obtain reasonable assurance that the offer prospectus is free from material misstatements. We have checked some of the material information thoroughly, some on a sample basis. Furthermore, we have verified the compliance with the Stock Exchange Act and the Ordinance. We believe that our review provides a reasonable basis for our opinion.

In our opinion, the offer prospectus complies with the Stock Exchange Act and the Ordinance. In particular:

- the offer prospectus is complete and accurate;
- the recipients of the offer are treated equally, in particular the ratio between the prices offered for the different share categories is appropriate;
- the financing of the offer is guaranteed and the necessary funds are available;
- the regulations governing statutory offers have been adhered to, in particular those concerning the offer price.

Lausanne, 3 July 2001

PricewaterhouseCoopers Ltd

Daniel Dupasquier

Philipp Amrein

G. Report of the Board of Directors of Montreux-Palace pursuant to Article 29 of the Federal Act on Stock Exchanges and Securities Trading and Articles 29–32 of the Ordinance of the Takeover Board on Public Takeover Offers

A. Adoption of this report

This report was discussed at the meeting of 21 June 2001 of the Board of Directors of Société Montreux-Palace S.A. ("Montreux-Palace") and adopted by subsequent circular letter. All members having a formal conflict of interests, as disclosed under lit. C below, abstained, and only Dr. Peter Bratschi, Mr. Claude Nobs and Dr. Wolfgang Reichenberger participated in the adoption of this report.

B. Recommendation by the Board of Directors

In connection with the acquisition by Raffles Holdings Limited ("Raffles") of Swissôtel Holding AG ("Swissôtel") – including Swissôtel's majority stake in Montreux-Palace – from SAirRelations AG ("SAirRelations"), Raffles is required by the Swiss Stock Exchange Act to submit a mandatory public tender offer for all listed publicly-held registered shares of Montreux-Palace with a nominal value of CHF 100 each (the "Offer"). Raffles will launch the Offer through its subsidiary Sodereal Holding SA ("Sodereal"), which holds 68.48% of the share capital of Montreux-Palace. The offer also extends to the non-listed registered shares of Montreux-Palace with a nominal value of CHF 20 and CHF 50 each. The Swiss Stock Exchange Act provides that the offer price shall be equal at least to the average opening stock market price for the registered shares of Montreux-Palace with a nominal value of CHF 100 each during the thirty trading day period immediately preceding the pre-announcement of the Offer on 5 June 2001.

The Board of Directors notes that the offer price complies with the Swiss Stock Exchange Act, as confirmed by the Review Body. The Board of Directors further takes note of the disclosure made by Raffles in the offer prospectus, also reviewed by the Review Body, that the offer price is above the price per share paid by Raffles for the indirect acquisition of its participation in Montreux-Palace determined in accordance with the value allocated to Société Montreux-Palace in the stock purchase and sale agreement among Raffles, SAirRelations and Swissôtel of 22 April 2001. The Board of Directors believes that the Offer represents a fair opportunity for the public shareholders to sell their shares of Montreux-Palace. The Board of Directors recommends the acceptance of the Offer.

C. Conflicts of interests

The President of the Board of Directors of Montreux-Palace, Mr. Richard C. Helfer, President and Chief Executive Officer of Raffles, and Mr. Stéphane Perrin are the representatives of the new main shareholder, Raffles. Dr. Mario A. Corti, Chairman of the Board of Directors and Chief Executive Officer of SAirGroup, is the representative of SAirGroup on the Board to Directors, whose subsidiary SAirRelations sold Swissôtel to Raffles. Mr. Richard C. Helfer, Mr. Stéphane Perrin and Dr. Mario A. Corti therefore abstained from voting on the resolution of the Board of Directors relating to the issuance of this report.

The members of the Board of Directors of Montreux-Palace, Dr. Peter Bratschi, Dr. Mario A. Corti, Mr. Claude Nobs and Mr. Stéphane Perrin, who were members of the Board of Directors prior to the acquisition of Swissôtel by Raffles, have been retained pursuant to the terms of their mandates.

A standard fiduciary mandate agreement shall be entered into between Sodereal and Mr. Stéphane Perrin regulating Mr. Perrin's rights and duties in acting as Sodereal's agent on the Board of Directors of Montreux-Palace. Mr. Perrin will receive no consideration except for the fees paid out by Montreux-Palace to its directors. Otherwise, the Board of Directors is not aware that any member of the Board of Directors independent from Raffles or SAirGroup or the senior management of Montreux-Palace has entered into an agreement or maintains other ties with Raffles.

D. Intentions of major shareholders

As at 3 July 2001, Nestlé Finance SA holds 14.75% and Kuwait Investment Office holds 11.14% of the voting rights of Montreux-Palace. According to the information known to the Board of Directors, Nestlé Finance SA intends to not tender its shares in the Offer, whereby the decision of Nestlé Finance SA reflects Nestlé's financial commitment to one of the leading hotels in its region and its intention to contribute to the Montreux-Palace as an active minority shareholder. The intention of the Kuwait Investment Office is not known to the Board of Directors.

Montreux, 3 July 2001

Société Montreux-Palace S.A.
Richard C. Helfer
President of the Board

Christophe Buchwalder
Secretary of the Board

H. Recommendation of the Takeover Board

The tender offer was submitted to the Takeover Board prior to the publication of this document. In its recommendation of 4 July 2001, the Takeover Board found:

1. the public tender offer by Sodereal Holding SA complies with the Federal Act on Stock Exchanges and Securities Trading of 24 March 1995.
2. the Takeover Board grants the following exemption from the Takeover Ordinance (Article 4): waiver of duty to implement a cooling-off period (Article 14, para. 2).

I. Execution of the tender offer

1. Information/registration

Safekeeping account holders

Safekeeping account holders with registered shares of Montreux-Palace with a nominal value of CHF 100 each will be informed of the tender offer by their custodian bank. They are asked to proceed as instructed by their custodian bank.

Persons keeping their shares at home

Shareholders who keep their registered shares of Montreux-Palace with a nominal value of CHF 100 each at home or in a bank safe will be informed of the tender offer through the Montreux-Palace share register. They will be requested to complete and sign the "Declaration of acceptance and assignment" form and submit it with the appropriate **(non-cancelled)** share certificate(s) directly to their bank or to an acceptance and paying agent by 6 August 2001, 4:00 p.m. (Swiss time) at the latest.

Holders of registered shares of Montreux-Palace with a nominal value of CHF 50 and CHF 20 each will receive the information regarding the procedure of the sale of such shares to Sodereal through the Montreux-Palace share register.

2. Bank responsible for handling the tender offer

Sodereal has mandated Credit Suisse First Boston, Zurich, to execute the tender offer.

3. Acceptance and paying agents

Credit Suisse First Boston, Zurich
all Swiss branches of Credit Suisse

- 4. Blocking/
Stock market trading** The registered shares of Montreux-Palace with a nominal value of CHF 100 each, which have been tendered and deposited, will be blocked by the custodian banks and will no longer be eligible for trading.
- 5. Payment of offer price** The offer price for registered shares of Montreux-Palace which are tendered during the offer period and the additional acceptance period will be paid as at value date 4 September 2001. (The right to extend the offer period in accordance with Section A.3. "Offer period" is reserved.)
- 6. Tax and settlement
of costs** During the offer period and the additional acceptance period, no fees or charges will be levied on the sale of registered shares of Montreux-Palace deposited with banks in Switzerland.
- Sodereal will pay the federal turnover tax due on the sale.
- 7. Delisting or invalidation
of Montreux-Palace
registered shares** If the number of registered shares of Montreux-Palace with a nominal value of CHF 100 each still in public ownership after the tender offer is not sufficient to ensure normal trading, consideration will be given to the delisting of Montreux-Palace registered shares with a nominal value of CHF 100 each on the SWX Swiss Exchange.
- If Sodereal holds more than 98% of Montreux-Palace voting rights upon expiry of the offer period, Sodereal may apply to declare the remaining securities invalid under Article 33 of the Federal Act on Stock Exchanges and Securities Trading.
- 8. Applicable law and
place of jurisdiction** The tender offer and all mutual rights and obligations arising from it are subject to **Swiss law**. The exclusive place of jurisdiction is the **Commercial Court of the Canton of Zurich**.

J. Schedule

10 July 2001	Start of offer period
6 August 2001	End of offer period *
10 August 2001	Start of additional acceptance period *
23 August 2001	End of additional acceptance period *
4 September 2001	Payment of offer price *

* Sodereal reserves the right to extend the offer period on one or more times under the terms of Section A.3. "Offer period".

Bank responsible for handling the tender offer:

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