

Date: 1 August 2007
On behalf of: Travelzest plc ("Travelzest" or the "Company")
Embargoed until: 0700hrs

Travelzest plc Placing raises £1.5 million

Travelzest plc, the British on-line travel group offering specialist travel programmes, announces that it has raised approximately £1.5 million before expenses through the issue of 1,060,000 new ordinary shares of 2 pence each ("New Ordinary Shares") to institutional and other investors at a price of 145 pence ("the "Placing Price") per New Ordinary Share (the "Placing"). The Placing has not been underwritten and is conditional on the admission of the New Ordinary Shares to trading on AIM ("Admission").

The New Ordinary Shares will represent approximately 6.1 per cent. of the enlarged issued ordinary share capital of the Company. The Placing Price represents a discount of 10.2 per cent. to the closing mid-market price of 161.5 pence as at 31 July 2007. The New Ordinary Shares will rank pari passu with existing ordinary shares of 2 pence each.

The number of ordinary shares in issue immediately following Admission will be 17,489,274 ordinary shares. In addition, as part of the acquisition of ittravel2000.com, the Canadian on-line travel agent specialising in the sale of travel and travel related products, has 8,065,327 shares in issue which may be exchanged for the issue of 8,065,327 ordinary shares in the Company at any time.

Application has been made to the AIM Market of the London Stock Exchange for the New Ordinary Shares to be admitted to trading. It is expected that Admission of the New Ordinary Shares will become effective and that dealings will commence at 8.00am on 6 August 2007.

The Company intends to use the proceeds of the Placing to continue its strategy of the acquisition of niche travel operators as the opportunities arise. Travelzest plc is building a portfolio of companies offering travel and holiday experiences which use the internet as a key distribution channel.

Commenting on the Placing, Chris Mottershead, Chief Executive of Travelzest said:

"We are delighted to have completed this fundraising, which continues to demonstrate the strong support of our shareholders and will give Travelzest greater flexibility when looking at future corporate opportunities.

"Travelzest's strategy of targeting niche travel operators and developing the proposition through both operational and distribution enhancements is evidenced by the results we have achieved with the current portfolio and we look forward to the future with confidence."

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Placing

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In consideration of Investec's services performed pursuant to the Placing (and subject to Admission) the Company has agreed to pay to Investec a commission of 5 per cent of the value of the New Ordinary Shares at the Placing Price (together with any VAT payable thereon). This commission may, on election by Investec or the Company, be satisfied by the allotment to Investec, credited as fully paid at the Placing Price of 53,000 Ordinary Shares ("Commission Shares") being the number of ordinary shares that could be subscribed for at the Placing Price with the amount of commission.

The Company has existing shareholder authorities in place to allow the issue of the New Ordinary Shares for cash on a non-pre-emptive basis and the Placing therefore does not require approval at an extraordinary general meeting.

The Placing is only being made to persons falling within article 19 and article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") who are also qualified investors for the purposes of section 86 of Financial Services and Markets Act 2000 and no other person may participate in the Placing or rely on any communication relating to it.

The number of ordinary shares in issue immediately following Admission will be 17,489,274 ordinary shares (assuming the commission referred to above is satisfied by the allotment of Commission Shares). In addition, as part of the acquisition of *itravel2000.com*, the Canadian on-line travel agent specialising in the sale of travel and travel related products, 0763756 B C Limited, a subsidiary of the Company, has 8,065,327 shares in issue which may be exchanged for the issue of 8,065,327 ordinary shares in the Company.

Waiver of right to additional Warrants in consequence of the Placing

Chris Mottershead has 2,505,545 warrants to subscribe for ordinary shares in the Company. By a deed of confirmation dated 1 April 2005 in relation to these warrants he has the right to additional warrants to subscribe for ordinary shares whenever the Group completes the acquisition of a business, undertaking or shares in another company involving an issue of shares in the Company and whenever the Company completes a rights issue or other equity capital raising or issue. The additional warrants will be to subscribe for additional ordinary shares which would maintain his holding of warrants and shares issued on exercise of warrants at 10 per cent of the issued share capital following the relevant issue of shares. Chris Mottershead has, on this occasion, waived the right to additional warrants in respect of the New Ordinary Shares and Commission Shares. The board of directors of the Company is presently considering the introduction of a replacement arrangement.

Admission, Settlement and Dealings

Application has been made to the AIM Market of the London Stock Exchange for the New Ordinary Shares and the Commission Shares to be admitted to trading. It is expected that Admission of the New Ordinary Shares and the Commission Shares will become effective and that dealings will commence at 8.00am on 6 August 2007. It is expected that the New Ordinary Shares and the Commission Shares will be issued in uncertificated form and that CREST accounts will be credited on 6 August 2007.

Investec Investment Banking, a division of Investec, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for Travelzest in connection with the Placing and is not acting for any other person and will not be responsible to any person other than Travelzest for providing the protections afforded to its customers or for providing advice on the transactions or arrangements referred to in this announcement.

Background information on Travelzest

Travelzest is a British on-line travel group with high quality brands offering specialist holiday programmes and services.

Chris Mottershead, 48, the Group Chief Executive who founded Travelzest in April 2005, has extensive experience in the travel industry and in working for both large and small organisations. He was managing director of TUI UK between 2001 and 2004 with responsibility for Thomson Holidays, Lunn Poly, Travelhouse and other travel businesses based in the UK. During that time, he steered the company through one of the most difficult periods for travel and still achieved record profits. Prior to this, he was President and CEO, North American Leisure Group, Airtours plc, which he joined in 1999. His roles previously within Airtours plc included managing director and finance director of Airtours Holidays Limited. He joined Airtours from Aspro Travel & Inter European Airways where he was Group Finance Director.

The Group currently comprises:

itravel2000.com

itravel2000.com was founded in 1994 and is an online travel agent specialising in the sale of travel and travel related products. Sales are made through various internet web sites and a customer call centre located in Mississauga, Ontario. The greater proportion of itravel2000.com's business is winter-based, thus providing counter-seasonal revenue to the predominantly summer-based revenues of Travelzest's businesses in Europe.

Holiday Express

Holiday Express is one of the UK's leading on-line travel businesses. It specialises in both on-line travel fulfilment services and online travel sales. Holiday Express' retail business (acting as travel agent), provides package holidays, charter flights and ski booking services, accounts for the vast majority of its revenue and the remainder of its revenue is generated through acting as a tour operator. Holiday Express owns a number of travel website domain names, including:

- www.holiday.co.uk
- www.flight.co.uk

Fair's Fare

Fair's Fare was established in 1995 and is the UK's leading firm of airfare analysts, offering a unique travel planning service to both private and business clients. The company seeks out the very best financial options, on all major airlines, but primarily for long-haul travellers in the first and business class cabins of the world's leading airlines.

VFB Holidays

VFB Holidays is a long established, award winning tour operator, which provided holidays for approximately 24,000 passengers in its last financial year. VFB is currently contracted with the owners of approximately 350

holiday cottages throughout France for the summer season, and has booking arrangements with over 150 hotels, most of which are privately owned and are located in rural or semi-rural locations. VFB specialises in cottage holidays in France, but also has a number of other holiday programmes including: France à la Carte (hotel accommodation), Corsica, Short Breaks, Escorted Tours and River Cruises.

Best of Morocco

Best of Morocco is a tour operator specialising in high quality, tailor-made holidays to Morocco for individuals or small groups. It provides a personalised service and its highly experienced and knowledgeable staff help each customer select the hotels / resorts from their large range which are appropriate for the customer's desired style of holiday. Best of Morocco is the premier agent for the Marathon des Sables, a foot race that takes place in Morocco in April each year, covering some 230km. Best of Morocco provides the largest contingent of runners for the race each year.

Peng Travel

Peng Travel was formed in 1971 to arrange naturist holidays for the UK market. Since then, it has grown to become Britain's biggest naturist tour operator. It has unrivalled experience of naturist areas worldwide and has selected only the best. The range of naturist holidays offered is unmatched by any other British tour operator.

Faraway Holidays

Faraway Holidays was launched by Travelzest in August 2006. It offers tailor-made holidays to many of the world's top exotic destinations in the Far East, Middle East, Indian Ocean, South Pacific and South America. Every destination offered by Faraway Holidays will have been visited by at least one member of the sales team, ensuring that customers receive informed and knowledgeable advice when planning their holiday.

Tapestry Collection

Travelzest acquired the assets of Tapestry Holidays and have launched a revitalised brand consisting of the very best of the Tapestry range. The Tapestry Collection will initially showcase the very best of Turkey and Crete featuring many of the most popular hotels, apartments and villas, together with some exciting new properties.

The Wow House Company

Wow House Limited, trading as The Wow House Company, is a specialist UK accommodation provider offering an exclusive portfolio of large, prestigious houses to rent for short breaks in the UK. The company also offers a comprehensive event planning service.

Appendix

Terms and conditions of and Important Information relating to the Placing

If a Placee chooses to participate in the Placing by making an offer to acquire New Ordinary Shares in the capital of the Company it will be deemed to have read and understood this Appendix in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties and acknowledgements contained in this Appendix.

The Placing and the terms and conditions herein are directed exclusively at investment professionals (within the meaning of Article 19(5) of the Financial Service and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) ("FPO") and high net worth companies, unincorporated associations etc (within the meaning of Article 49 of the FPO) who are also qualified investors for the purposes of section 86 of the Financial Services and Markets Act 2000 ("FSMA"). Such persons are together referred to as "Relevant Persons." No person other than Relevant Persons contacted by Investec may participate in the Placing or rely on any communication relating to it. Accordingly, this announcement is exempt from the general restriction set out in Section 21 of FSMA on the communication of invitations or inducements to engage in investment activity and has not been approved by a person who is an authorised person under the FSMA.

Members of the public are not entitled to take part in the Placing and this announcement is communicated to them for the purposes of information only. This announcement and the terms and conditions herein must not be relied on, acted on or responded to by persons who are not Relevant Persons.

This announcement (which shall be deemed to include this Appendix) does not constitute an offer to sell or issue or solicitation of an offer to buy or subscribe for new Ordinary Shares in any jurisdiction, including, without limitation, the United Kingdom, the United States, Canada, Australia, Japan and the Republic of Ireland. This announcement and the information contained herein are not for publication or distribution, directly or indirectly, to persons in the United States, Canada, Australia, Japan, the Republic of Ireland or in any jurisdiction in which such publication or distribution is unlawful. The New Ordinary Shares referred to in this announcement have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") and may not be offered or sold within the United States absent registration or an exemption from registration. The New Ordinary Shares are to be offered and sold outside the United States in accordance with Regulation S under the Securities Act.

The distribution of this announcement and the placing and/or issue of the New Ordinary Shares in certain jurisdictions may be restricted by law. Persons to whose attention this announcement has been drawn are required by the Company and Investec to inform themselves about and to observe any such restrictions.

Any acquisition or application for Ordinary Shares by placees should only be made on the basis of information contained in this announcement.

The Placing

Investec on behalf of the Company, has conditionally agreed with the Company to seek to procure Placees to subscribe for 1,060,000 New Ordinary Shares at the Placing Price on the terms set out in this Appendix. The Placing will raise approximately £1.5 million.

Application will be made to the London Stock Exchange for the admission of the New Ordinary Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence on 6 August 2007 at which time it is also expected that the New Ordinary Shares will be enabled for settlement in CREST.

Prospective Placees will be contacted by Investec to invite them to submit a bid in the Placing process. If a bid is successful, the Placee's allocation will be confirmed to it orally following the close of the Placing process, and a conditional contract note will be dispatched as soon as possible thereafter. Investec's oral confirmation to the Placee after the Placing process has closed will constitute a legally binding commitment upon the Placee to subscribe for the number of New Ordinary Shares allocated to it on the terms and conditions set out in this Appendix. Investec is arranging the Placing as agent of the Company. Participation will only be available to persons invited to participate by Investec.

General

These terms and conditions apply to persons making an offer to subscribe for New Ordinary Shares under the Placing. Each person to whom these conditions apply, as described above, who confirms his agreement to Investec to subscribe for New Ordinary Shares (which may include Investec and/or its nominee(s)) hereby

agrees with each of Investec and the Company to be bound by these terms and conditions as being the terms and conditions on which the New Ordinary Shares will be issued under the Placing. A Placee shall, without limitation, become so bound if Investec confirms to it (i) the Placing Price and (ii) its allocation, (the "Confirmation") being the amount in respect of which such confirmation is given or such lesser amount as Investec shall specify and Investec so notifies the Company's registrar on behalf of the Company.

Conditional on (i) Admission occurring on 6 August 2007 or such later date as the Company and Investec may agree, and (ii) the Confirmation, each Placee agrees to subscribe for the number of New Ordinary Shares allocated to it, at the Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights a Placee may have. A conditional contract note will be dispatched as soon as possible following the Confirmation.

Each Placee undertakes to pay the Placing Price for the New Ordinary Shares issued to such Placee in such manner as shall be directed by Investec. Liability for stamp duty and stamp duty reserve tax is described below. In the event of failure by any Placee to pay as so directed, (without prejudice to Investec's rights against such Placee) the relevant Placee shall be deemed hereby to have appointed Investec or any nominee of Investec to sell (in one or more transactions) any or all of the New Ordinary Shares in respect of which payment shall not have been made as directed by Investec.

This announcement is the sole responsibility of the Company. Investec is acting as nominated adviser and broker to the Company and is not acting as adviser to any other person in relation to the Placing. Investec shall not be responsible to any person other than the Company for providing the protections afforded to the customers of Investec nor for advising any person other than the Company on the transactions and arrangements referred to in this document.

No offering document or prospectus has been or will be submitted to be approved by the Financial Services Authority in relation to the Placing and the Placees' commitments will be made solely on the basis of the information contained in this announcement. Each Placee, by accepting a participation in the Placing, agrees that the content of this announcement has been prepared by and is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of Investec or the Company and neither Investec nor the Company will be liable for any Placee's decision to accept this invitation to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

By participating in the Placing, each Placee irrevocably represents, warrants and undertakes to Investec (for itself and as agent of the Company) that:

- (a) it has read this announcement, including this Appendix;
- (b) it and/or each person on whose behalf it is participating (in whole or in part) in the Placing or to whom it allocates its New Ordinary Shares in whole or in part:
 - (i) has the capacity and authority and is entitled to enter into and perform its obligations as a subscriber of New Ordinary Shares and will honour such obligations; and
 - (ii) has fully observed all laws of relevant jurisdictions and obtained all necessary governmental or other consents in either case which may be required in relation to the subscription by it of New Ordinary Shares;
- (c) it is not a person who is resident in, or a citizen of, the United States, Canada, Australia, the Republic of Ireland or Japan (or an agent or nominee of such a person) or a corporation, partnership or other entity organised under the laws of any such jurisdiction (or an agent or nominee of such a person);
- (d) it is a Relevant Person;
- (e) in agreeing to subscribe for New Ordinary Shares it has received and read this document including this Appendix and is not relying on any information, representation or warranty relating to the Placing, the New

Ordinary Shares or the Company other than as contained in this document and it has not relied on and is not relying on any representation or warranty or agreement by Investec or the Company or any of their respective directors, employees or agents or any other person except as set out in the express terms herein;

(f) save where Investec has agreed in writing to the contrary, in participating in the Placing it is acting as principal and for no other person and that its acceptance of that participation will not give any other person a contractual right to require the issue by the Company of any of the New Ordinary Shares;

(g) it agrees that Investec does not owe it any fiduciary duties in respect of any claim it may have relating to the Placing;

(h) it acknowledges that the New Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws of any State of the United States, that the relevant clearances have not been and will not be obtained from the Securities Commission of any province of Canada and that the Ordinary Shares have not been and will not be registered under the securities laws of Australia, the Republic of Ireland or Japan and, therefore, the New Ordinary Shares may not, subject to certain exceptions, be directly or indirectly offered or sold in the United States, Canada, Australia, the Republic of Ireland or Japan;

(i) it acknowledges and agrees that neither it nor any affiliate, nor any person acting on its or any affiliate's behalf, has or will offer, sell, take up, renounce, transfer or deliver directly or indirectly any New Ordinary Shares within the United States, Canada, Australia, the Republic of Ireland or Japan or offer, sell, take up, renounce, transfer or deliver in favour of a resident of the United States, Canada, Australia, the Republic of Ireland or Japan;

(j) it has not offered or sold and will not offer or sell any New Ordinary Shares in the United Kingdom except in circumstances which have not resulted and will not result in an obligation to publish an approved prospectus arising under section 85(1) of the FSMA or a breach of such section;

(k) it has complied with all relevant laws of all territories, or obtained all requisite governmental or other consents which may be required in connection with its participation in the Placing; that it has complied with all requisite formalities and that it has not taken any action or omitted to take any action which will or may result in Investec, the Company or any of their respective directors, officers, agents, employees or advisors acting in breach of the legal and regulatory requirements of any territory in connection with the Placing or its application; that it is not in a territory in which it is unlawful to make an offer to subscribe for New Ordinary Shares; and that it will pay any issue or other taxes due under any relevant non-UK laws;

(l) it acknowledges and agrees in connection with its participation in the Placing that Investec is not acting for it in relation to the Placing or otherwise and that Investec will not have any duties or responsibilities to it for providing the protections afforded to its customers or for advising it with regard to the Placing or the New Ordinary Shares, nor do the contents of this announcement constitute the giving of investment advice by Investec to it and nor does it expect Investec to have a duty to it similar or comparable to the "best execution", "suitability" and "risk warnings" rules of The Financial Services Authority;

(m) it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for New Ordinary Shares and to perform its obligations as set out herein;

(n) save where Investec has been given prior written notice to the contrary, it is not a person falling within subsections (6), (7) or (8) of sections 67 or 70 or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986 (or an agent or nominee of such person);

(o) save where Investec has been given prior written notice to the contrary, the issue of New Ordinary Shares to it (whether as principal, agent or nominee) will not be subject to stamp duty or stamp duty reserve tax at the increased rates referred to in sections 67 or 93 (Depositary Receipts) or sections 70 or 96 (Clearance Services) of the Finance Act 1986;

(p) in the case of a person who confirms to Investec on behalf of a Placee an agreement to subscribe for New Ordinary Shares and/or who authorises Investec to notify the Placee's name to the Company's registrar, that person represents and warrants that he has authority to do all such acts on behalf of the Placee;

(q) to the extent that a Placee is subscribing for New Ordinary Shares on behalf of a third party and prior written agreement of such matter has been given by Investec as contemplated by paragraph (f) of this appendix:

- (i) such Placee has carried out applicable procedures to verify the identity of such third party for the purposes of the Money Laundering Regulations 2003 (the "Regulations");
- (ii) such Placee has complied fully with its obligations pursuant to the Regulations; and
- (iii) such Placee will provide Investec on demand with any information it might require for the purposes of verification under the Regulations;
- (iv) it is aware of, has complied with and will comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002 and insider dealing under the Criminal Justice Act 1993;

(r) it acknowledges that the issue of the New Ordinary Shares to it will be issued subject to the terms and conditions set out herein;

(s) acknowledges that no offering document or prospectus has been prepared in connection with the placing of the New Ordinary Shares;

(t) acknowledges that the content of this announcement is exclusively the responsibility of the Company and that neither Investec nor any person acting on their behalf is responsible for or shall have any liability for any information, representation or statement relating to the Company contained in this announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this announcement or otherwise; and

(u) represents and warrants that it has not received a prospectus or other offering document and has not relied on any information other than information contained in this announcement or any information previously published by or on behalf of the Company and acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing.

In the event that a Placee is not able to give the warranties in (n) and (o) above, stamp duty or stamp duty reserve tax may be chargeable or may be chargeable at a higher rate. Neither Investec nor the Company will be responsible for any resulting liability to stamp duty or stamp duty reserve tax, which shall be for the account of the Placee and in respect of which the Placee agrees to indemnify, and keep indemnified, Investec and the Company.

Each Placee irrevocably appoints any duly authorised officer of Investec as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the New Ordinary Shares offered to it.

Settlement of the transactions in the New Ordinary Shares following Admission will take place within the CREST system against Investec's CREST account 331.

Investec will endeavour to meet the demands of those Placees indicating that they wish to hold their New Ordinary Shares in certificated form.

In the case of a joint agreement to subscribe for New Ordinary Shares, references to a Placee in these terms and conditions are to each Placee who is a party to such agreement and each such Placee's liability is joint and several.

These terms and conditions and all documents and agreements into which these terms and conditions are incorporated by reference or otherwise validly form a part will be governed by and construed in accordance with English law. For the exclusive benefit of Investec and the Company, each Placee irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against the Placee in another jurisdiction.