

FOR IMMEDIATE RELEASE

Contact: Tim O'Conner
920-830-3673

SETTLE INN ANNOUNCES PURCHASE OF GUESTHOUSE INTERNATIONAL BRAND

HENDERSONVILLE, TN., Dec. 1, 2006 -- Settle Inn LLC, a 14-year-old regional hospitality company with franchise operations in five states, said today it has purchased GuestHouse International Inns, Hotels & Suites, a leading upper-economy brand of more than 70 franchisees with operations in 22 states and China.

Brendan Watters, president and CEO of Settle Inn LLC, said the purchase is effective December 1, 2006, and includes absorbing the majority of existing employees of the GuestHouse International franchise system. GuestHouse International, based in Hendersonville, TN near Nashville, is a subsidiary of ShoLodge, Inc.

"We are extremely pleased to announce the completion of this purchase," Watters said. "Both Settle Inn and GuestHouse International have built a history of success and growth through the hard work and expertise of excellent staff and leadership."

Watters said the headquarters of a newly formed parent company will be based in the existing GuestHouse International offices in Hendersonville.

"This brand has experienced great success in recent years due principally to the strength of its strong field based franchise support system," Watters continued.

Tim O'Connor, Settle Inn's senior vice president of brand management, said the two brand's complimentary market segments offer opportunities for more efficient and

Settle Inn Purchases GuestHouse International

December 1, 2006

Page 2

strategic growth in the mid-scale and upper-economy sectors, and a broader array of development opportunities for both new construction and conversion. “Settle Inn and GuestHouse International give owners entrepreneurial freedom and deliver personalized, essential services without the cost or inflexibility that is common in today’s lodging industry,” O’Connor said.

Last year, GuestHouse International announced the conversion of 11 franchised hotels to the GuestHouse brand. Earlier this year, the Company announced the opening of the first truly international property in China (GuestHouse International Hotel Sanya) and reported plans to convert another property in Beijing. The Company’s present franchise hoteliers have more than 5,000 rooms in operation.

Terry Kline, Settle Inn’s senior vice president of franchise sales and development, will manage development for both brands. He said that the Company will add a minimum of 20 new properties to the Settle Inn brand, while adding 30 to GuestHouse in 2007.

“We expect to continue the proven strategy set forth during the past four years,” Kline observed. “We will support the strategy of quality growth instead of quantity growth.”

James M. Grout, president and chief operating officer of ShoLodge, Inc., said the GuestHouse International brand “is in excellent hands. The Settle Inn management organization is acclaimed in the industry for developing a new standard in fair franchise

Settle Inn Purchases GuestHouse International

December 1, 2006

Page 3

agreements. The Company recently earned a near-perfect rating (99.3%) in fair franchising by the American Association of Franchisees and Dealers,” he noted.

Watters explained that the new company plans to bring its quality resources to the “already strong franchise programs created by GuestHouse International. We’re committed to building relationships based on trust and respect. Since the formation of Settle Inn 14 years ago, we’ve developed an outstanding regional brand and poised for substantial growth.”

“Our philosophy in franchise support is identical to the successful philosophy exhibited by GuestHouse International since ShoLodge acquired that brand in 2002,” Watters said. “Our strategy will be to maintain that philosophy through great employees who deliver legendary service that rewards our guests like no other brand in our industry sector.”

Settle Inn and Settle Inn & Suites are hotel brands designed for hoteliers by hoteliers. The Company is based in Aberdeen, South Dakota, and currently has seven locations in Kansas, Iowa, Nebraska, North Dakota and Wisconsin.

###