

**CAPITAL MARKETS ANNOUNCEMENT****SoTHERLY Hotels Inc. (NASDAQ: SOHO; Williamsburg, Virginia) Announces Closing of \$21.3 Million Public Offering of Common Stock**

Sandler O'Neill + Partners L.P. served as joint book-runner for this offering.

This transaction represents the 22<sup>nd</sup> public offering of common stock for a REIT since January 1, 2011, representing approximately \$7.3 billion, for which Sandler O'Neill has acted as book-runner, co-manager or placement agent.

**About the Offering:**

SoTHERLY Hotels Inc. (NASDAQ: SOHO) (the "Company") today announced it has closed its previously announced underwritten public offering of 3,000,000 shares of its common stock, for gross proceeds of approximately \$21.3 million. The Company has granted the underwriters a 30-day option to purchase up to an additional 450,000 shares of its common stock. The Company contributed the net proceeds from the offering to Sotherly Hotels LP, its operating partnership, which will use the net proceeds to partially fund the cash portion of the purchase price for the acquisition of the remaining 75.0% interest in the Crowne Plaza™ Hollywood Beach Resort that the Company does not already own and related transaction expenses and for general corporate purposes, and, if such acquisition is not completed, to fund other potential acquisitions, for repayment of existing debt and/or for general corporate purposes, including capital expenditures. Sandler O'Neill + Partners, L.P. acted as joint book-runner for the offering.

**About the Company:**

SoTHERLY Hotels Inc. is a self-managed and self-administered lodging REIT focused on the acquisition, renovation, upbranding and repositioning of upscale and upper upscale full-service hotels in the Southern United States. Currently, the Company's portfolio consists of investments in twelve hotel properties, eleven of which are wholly-owned and comprise 2,698 rooms. The Company also has a 25.0% interest in the Crowne Plaza™ Hollywood Beach Resort. Most of the Company's properties operate under the Hilton Worldwide, InterContinental Hotels Group and Starwood Hotels and Resorts brands.

*This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.*

*Sources: SNL Financial, SOHO press release, SOHO Offering Prospectus*

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