

CAPITAL MARKETS ANNOUNCEMENT

Sotherly Hotels Inc. (NASDAQ: SOHO; Williamsburg, VA) Closes \$30 Million Preferred Stock Offering

Sandler O'Neill + Partners, L.P. served as lead left book-running manager for this offering.

This is the fifth consecutive public offering for SOHO where Sandler O'Neill has acted as sole or lead left book-runner. Since January 1, 2011, Sandler O'Neill has acted as book-runner, co-manager or placement agent for approximately \$13.8 Billion of REIT preferred stock, common stock and senior debt.¹

About the Offering:

Williamsburg, VA, October 11, 2017 – Sotherly Hotels Inc. (NASDAQ: SOHO) (the “Company”) today announced it has closed its underwritten public offering of 1,200,000 shares of its 7.875% Series C Cumulative Redeemable Perpetual Preferred Stock (the “Series C Preferred Stock”) for total expected net proceeds of approximately \$27,955,000 after deducting the underwriting discounts and commissions and estimated offering-related expenses payable by the Company. The Company has granted the underwriters a 30-day option to purchase up to an additional 180,000 shares of Series C Preferred Stock to cover over-allotments, if any, at the public offering price of \$25.00 per share. The Series C Preferred Stock has been approved for listing on the NASDAQ under the symbol “SOHOO” and trading is expected to commence within 30 days of closing of the offering.

The Company contributed the net proceeds from the offering to Sotherly Hotels LP, its operating partnership, which intends to use the net proceeds to redeem in full the operating partnership’s 7.0% Senior Unsecured Notes due 2019 and intends to use remaining net proceeds for general corporate purposes, including potential future acquisitions of hotel properties.

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

(1) Source: SNL Financial

**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 to upper-upscale full-service hotels in the Southern United States. Currently, the Company’s portfolio consists of investments in eleven hotel properties, comprising 2,838 rooms, and an interest in the Hyde Resort & Residences, a luxury condo hotel. Most of the Company’s properties operate under the Hilton Worldwide, InterContinental Hotels Group and Marriott International, Inc. brands. Sotherly Hotels Inc. was organized in 2004 and is headquartered in Williamsburg, Virginia.

Sandler O'Neill Contacts:

Jon Doyle
Senior Managing Principal
(212) 466-7826

Jacques de Saint Phalle
Principal
(212) 466-7721

Thomas Howland
Managing Director
(212) 466-7977

Susan Weinberg
Managing Director
(212) 466-7807

Jennifer Docherty
Managing Director
(212) 466-7796

James Furey
Managing Director
(212) 466-7934

Andrew Kinell
Vice President
(212) 466-7706

Pierce Fowler
Analyst
(212) 466-7993