

SoTHERLY Hotels Inc. (NASDAQ: SOHO; Williamsburg, VA) Closes Upsized Offering of \$40.25 Million in Preferred Stock

Sandler O'Neill + Partners L.P. served as the lead book-running manager for this offering. This transaction represents the sixth capital offering for a REIT with a market capitalization less than \$500 Million over the last three years in which Sandler O'Neill has acted as lead book-running manager. In these offerings, Sandler O'Neill raised more than \$345 Million for these clients.¹

Since January 1, 2011, Sandler O'Neill has acted as book-runner, co-manager or placement agent for approximately \$8.8 Billion of REIT common or preferred stock.²

About the Offering:

SoTHERLY Hotels Inc. today announced the closing of the upsized underwritten public offering of 1,610,000 shares of its 8.0% Series B Cumulative Redeemable Perpetual Preferred Stock. The aggregate principal amount of the Series B Preferred shares is \$40.25 million. The Series B Preferred shares are expected to be listed on the NASDAQ Global Market under the symbol "SOHOB."

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 or in part, the Operating Partnership's 8.0% Senior Unsecured Notes with any remaining net proceeds for general corporate purposes.

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

(1) Source: Sandler O'Neill + Partners. Deal count includes common stock, preferred stock, and senior note offerings since 9/30/2013 for REITs with market capitalizations less than \$500 million.

(2) Source: SNL Financial.



About the Company:

Sotherly Hotels Inc. is a self-managed and self-administered lodging REIT focused on the acquisition, renovation, up-branding and repositioning of upscale to upper-upscale full-service hotels in the Southern United States. Currently, the Company's portfolio consists of investments in 12 hotel properties comprised of 3,011 rooms. Most of the Company's properties operate under the Hilton Worldwide, InterContinental Hotels Group and Starwood Hotels and Resorts brands. Sotherly Hotels Inc. was organized in 2004 and is headquartered in Williamsburg, Virginia.

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