

SoTHERLY Hotels Inc. (NASDAQ: SOHO; Williamsburg, VA) Closes Offering of \$27.6 Million in Senior Notes

Sandler O'Neill + Partners L.P. served as sole book-running manager for this offering by SoTHERLY Hotels Inc.

About the Offering:

SoTHERLY Hotels Inc. today announced the closing, including the full exercise of the underwriters' over-allotment option, on the 8.0% senior unsecured notes due 2018. The aggregate principal amount of the Notes, including the over-allotment option, is \$27.6 million. The total net proceeds were approximately \$26.0 million after deducting underwriting discounts and commissions and estimated offering expenses. The Notes are expected to be listed on the NASDAQ Global Market under the symbol "SOHOL."

The Company also announced that a portion of the proceeds were used to redeem 100% of the outstanding shares of the Company's 12% Series A Cumulative Redeemable Preferred Stock for an aggregate redemption price of approximately \$11.0 million, including the payment of related accrued but unpaid dividends and any make-whole amounts or premium.

Drew Sims, Chief Executive Officer of the Company, commented, "The successful completion of this combined transaction is a significant milestone for the Company as it concludes the balance sheet enhancement strategy we implemented in 2011." Sims added, "By lowering our cost of capital, ridding ourselves of the restrictions of the Preferred Stock, and adding some dry-powder to the Company's balance sheet, we are now ready to go back on offense and start growing our Company's portfolio again."

September 30, 2013



\$27.6 Million
Senior Notes

Sole Book-Running Manager

SANDLER O'NEILL + PARTNERS, L.P.

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 ten hotel properties comprised of 2,113 rooms. All 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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