

CAPITAL MARKETS ANNOUNCEMENT

Sotherly Hotels Inc. (NASDAQ: SOHO; Williamsburg, VA) Closes Offering of \$25.0 Million of Senior Unsecured Notes due 2021

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

This is the sixth 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 \$14.0 Billion of REIT senior debt, preferred stock and common stock.¹

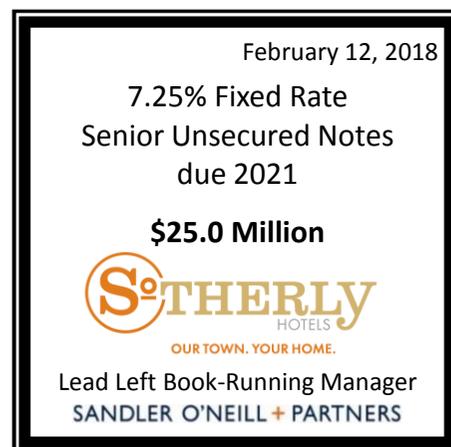
About the Offering:

Williamsburg, Virginia, February 12, 2018 – Sotherly Hotels Inc. (NASDAQ: SOHO) (the “Company”) today announced that its operating partnership, Sotherly Hotels LP, a Delaware limited partnership (the “Operating Partnership” and, together with the Company, “we”, “us” and “our”), has closed an underwritten public offering of \$25.0 million of 7.25% senior unsecured notes due 2021 (the “Notes”) for total expected net proceeds of approximately \$23,300,000 after deducting the underwriting discounts and commissions and estimated offering-related expenses payable by the Company. The Notes are unconditionally guaranteed by the Company. The Operating Partnership has granted to the underwriters a 30-day option to purchase up to an additional 15% of the Notes being offered to cover over-allotments, if any, at the public offering price of \$25.00 per Note. The Operating Partnership has filed an application to list the Notes on the NASDAQ® Global Market under the symbol “SOHOK” and, if the application is approved, trading is expected to commence within 30 days of closing of the offering.

The Operating Partnership intends to use the net proceeds from this offering, together with existing cash on hand and the proceeds from additional financing sources, to finance the purchase price of the Hyatt Centric Arlington hotel (the “Arlington Acquisition”) and for general corporate purposes, including acquisition of additional hotels, the repayment of other outstanding indebtedness, capital expenditures, the improvement of hotels in our portfolio, working capital and other general purposes.

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: S&P Global Market Intelligence

**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.

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