

---

**Section 1: 8-K (8-K)**

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

---

**FORM 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): April 18, 2019 (April 16, 2019)**

---

**SOTHERLY HOTELS INC.**

**SOTHERLY HOTELS LP**

(Exact Name of Registrant as Specified in its Charter)

---

**Maryland (Sotherly Hotels Inc.)  
Delaware (Sotherly Hotels LP)  
(State or Other Jurisdiction  
of Incorporation)**

**001-32379 (Sotherly Hotels Inc.)  
001-36091 (Sotherly Hotels LP)  
(Commission  
File Number)**

**20-1531029 (Sotherly Hotels Inc.)  
20-1965427 (Sotherly Hotels LP)  
(IRS Employer  
Identification No.)**

**410 W. Francis Street  
Williamsburg, Virginia 23185  
(757) 229-5648**

(Address, including Zip Code and Telephone Number, including Area Code, of Principal Executive Offices)

**Not Applicable  
(Former name or former address, if changed since last report)**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Sotherly Hotels Inc.       Sotherly Hotels LP

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Sotherly Hotels Inc.       Sotherly Hotels LP

---

---

---

**Item 1.01. Entry into a Material Definitive Agreement.**

On April 18, 2019, Sotherly Hotels Inc. (the “Company”), in its capacity as general partner of Sotherly Hotels LP, a Delaware limited partnership (the “Operating Partnership”), entered into amendment No. 6 (the “Partnership Amendment”) to the Partnership Agreement (as defined below). The Partnership Amendment amends the Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of December 21, 2004 (the “Partnership Agreement”), as amended, to designate the Series D preferred units of limited partnership interest (the “Series D Preferred Units”) that mirror the rights and preferences of the Series D Preferred Stock described below.

A copy of the Partnership Amendment is attached to this Current Report on Form 8-K as Exhibit 3.1 and it is incorporated by reference herein. The foregoing summary of the Partnership Amendment is not intended to be complete and it is qualified in its entirety by the complete text of the Partnership Amendment.

**Item 3.02. Unregistered Sale of Equity Securities**

Information about the issuance by the Operating Partnership of Series D Preferred Units under Items 1.01 and 8.01 of this Current Report on Form 8-K are incorporated by reference into this Item 3.02.

**Item 3.03. Material Modifications to Rights of Security Holders.**

On April 16, 2019, the Company filed, with the State Department of Assessments and Taxation of the State of Maryland, Articles Supplementary (the “Articles Supplementary”) to the Articles of Amendment and Restatement of the Company, as amended and supplemented, pursuant to which the Company has classified and designated 1,242,000 of the Company’s authorized shares of preferred stock, \$0.01 par value per share, as 8.25% Series D cumulative redeemable perpetual preferred stock, \$0.01 par value per share (“Series D Preferred Stock”). A summary of the material terms of the Series D Preferred Stock is set forth under the caption “Description of the Series D Preferred Stock” in the Company’s prospectus supplement, dated April 11, 2019 and filed with the Securities and Exchange Commission (the “SEC”) on April 12, 2019 (the “Prospectus Supplement”).

The Company filed the Articles Supplementary in connection with its previously announced underwritten public offering of Series D Preferred Stock, as further described below under Item 8.01.

The Series D Preferred Stock ranks senior to the Company’s common stock, \$0.01 par value per share (the “Common Stock”), and on parity with the Company’s 8.0% Series B cumulative redeemable perpetual preferred stock, \$0.01 par value per share (“Series B Preferred Stock”) and the Company’s 7.875% Series C cumulative redeemable perpetual preferred stock, \$0.01 par value per share (“Series C Preferred Stock”), with respect to distribution rights and rights upon the voluntary or involuntary liquidation, dissolution or winding up of the Company.

---

In addition to other preferential rights and subject to the proportionate rights of holders of the Series B Preferred Stock and Series C Preferred Stock, each holder of Series D Preferred Stock is entitled to receive a liquidation preference, which is equal to \$25.00 per share of Series D Preferred Stock, plus any accrued and unpaid distributions to, but not including, the date of the payment, before the holders of shares of Common Stock, in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company. Furthermore, subject to certain exceptions, including to the extent necessary to maintain the Company's status as a real estate investment trust for U.S. federal income tax purposes, the Company is restricted from declaring or paying any distributions, or setting aside any funds for the payment of distributions, on shares of Common Stock unless full cumulative distributions on the Series D Preferred Stock, and the Series B Preferred Stock and Series C Preferred Stock, have been declared and either paid or set aside for payment in full for all past distribution periods.

The summary of the Series D Preferred Stock in the Prospectus Supplement and the foregoing description of the Series D Preferred Stock are qualified in their entirety by reference to the Articles Supplementary, incorporated by reference into this Item 3.03 as Exhibit 3.2 to this Current Report on Form 8-K. A specimen certificate for the Series D Preferred Stock is incorporated by reference into this Item 3.03 as Exhibit 4.1 to this Current Report on Form 8-K.

**Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

Information about the Articles Supplementary under Item 3.03 of this Current Report on Form 8-K is incorporated by reference into this Item 5.03.

Information about the Partnership Amendment under Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 5.03.

**Item 7.01. Regulation FD Disclosure.**

On April 18, 2019, the Company issued a press release announcing the closing of the Offering (as defined below), which press release is attached to the Current Report on Form 8-K as Exhibit 99.1 and incorporated by reference into this Item 7.01.

In accordance with General Instructions B.2 and B.6 of Form 8-K, the information included in this Item 7.01 of this Current Report on Form 8-K (including Exhibit 99.1), shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by the Company or the Operating Partnership under the Exchange Act or the Securities Act of 1933, as amended (the "Act"), except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01. Other Events.**

On April 18, 2019, the Company completed an underwritten public offering of 1,080,000 shares of Series D Preferred Stock (the "Offering"), for net proceeds of approximately \$25,450,000

---

after deducting underwriting discounts and commissions and estimated offering expenses payable to the Company. At the closing of the Offering, the Company contributed the net proceeds of the Offering to the Operating Partnership in exchange for 1,080,000 Series D Preferred Units. The offering of the Series D Preferred Units to the Company is exempt from registration pursuant to Section 4(a)(2) of the Act.

The Operating Partnership intends to use the net proceeds from the Offering to redeem in full the outstanding balance of its 7.25% Senior Unsecured Notes due 2021, which are callable at its option on or after February 15, 2019, plus any premium associated therewith with the remaining net proceeds to be used for general corporate purposes, including any potential future acquisitions of hotel properties.

The Offering was made pursuant to the Company's effective registration statement on Form S-3 (File No. 333-220369), previously jointly filed by the Company and the Operating Partnership with the SEC under the Act on September 7, 2017 and declared effective on September 20, 2017, as supplemented by a preliminary prospectus supplement, dated April 8, 2019 and the Prospectus Supplement, each filed by the Company with the SEC pursuant to Rule 424(b)(5) under the Act. The opinion of Baker & McKenzie LLP relating to the legality of the shares of Series D Preferred Stock offered by the Prospectus Supplement is attached as Exhibit 5.1 to this Current Report on Form 8-K, and the opinion of Baker & McKenzie LLP with respect to tax matters is attached as Exhibit 8.1 to this Current Report on Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

- 3.1 [Amendment No. 6 to the Amended and Restated Agreement of Limited Partnership of Sotherly Hotels LP.](#)
- 3.2 [Articles Supplementary designating the Series D Preferred Stock of Sotherly Hotels Inc. \(incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form 8-A filed with the SEC on April 16, 2019\).](#)
- 4.1 [Form of Specimen Certificate of Series D Preferred Stock of Sotherly Hotels Inc. \(incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed with the SEC on April 16, 2019\).](#)
- 5.1 [Opinion of Baker & McKenzie LLP with respect to the legality of the Series D Preferred Stock.](#)
- 8.1 [Opinion of Baker & McKenzie LLP with respect to tax matters.](#)
- 23.1 [Consent of Baker & McKenzie LLP \(included in Exhibits 5.1 and 8.1\).](#)
- 99.1 Press Release of Sotherly Hotels Inc., dated April 18, 2019.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

Date: April 18, 2019

### SOTHERLY HOTELS INC.

By: /s/ David R. Folsom  
David R. Folsom  
Chief Operating Officer

### SOTHERLY HOTELS LP

**by its General Partner,  
SOTHERLY HOTELS INC.**

By: /s/ David R. Folsom  
David R. Folsom  
Chief Operating Officer

[\(Back To Top\)](#)

## Section 2: EX-3.1 (EX-3.1)

Exhibit 3.1

### AMENDMENT NO. 6 TO THE AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SOTHERLY HOTELS LP

#### DESIGNATION OF 8.25% SERIES D CUMULATIVE REDEEMABLE PERPETUAL PREFERRED UNITS

THIS AMENDMENT NO. 6 TO THE AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SOTHERLY HOTELS LP (as amended, the "Partnership Agreement") is made as of the 18th day of April, 2019 (the "Amendment"), and is executed by Sotherly Hotels Inc., a Maryland Corporation (the "Company"), as the General Partner and on behalf of the existing Limited Partners of Sotherly Hotels LP (the "Partnership").

#### WITNESSETH:

**WHEREAS**, the Partnership was formed pursuant to the Partnership Agreement;

**WHEREAS**, pursuant to Amendment No. 1 to the Partnership Agreement, effective as of April 18, 2011, the Partnership Agreement was amended to reflect (i) the termination of the Company's listing on the American Stock Exchange and the listing of the Company's common stock, par value \$0.01 per share (the "Common Stock"), on the NASDAQ Stock Market; and (ii) the designation and issuance of 25,000 shares of Series A Preferred Stock and a warrant to purchase 1,900,000 shares of the Common Stock pursuant to a private placement by the Company;

**WHEREAS**, pursuant to Amendment No. 2 to the Partnership Agreement, effective as of August 2, 2013, the name of the Partnership was changed to "Sotherly Hotels LP" from "MHI Hospitality, L.P.";

**WHEREAS**, pursuant to Amendment No. 3 to the Partnership Agreement, effective as of August 23, 2016, the Partnership Agreement was amended to reflect the designation and issuance by the Company of 1,851,000 shares of 8.0% Series B Cumulative Redeemable Perpetual Preferred Stock (the "Series B Preferred Stock") and the designation and issuance by the Partnership to the Company of 1,851,000 units of 8.0% Series B Cumulative Redeemable Perpetual Preferred Units (the "Series B Preferred Units") in exchange for the contribution by the Company to the Partnership of the net proceeds from the sale and issuance of the Series B Preferred Stock;

**WHEREAS**, pursuant to Amendment No. 4 to the Partnership Agreement, effective as of October 11, 2017, the Partnership Agreement was amended to reflect the designation and issuance by the Company of 1,380,000 shares of 7.875% Series C Cumulative Redeemable Perpetual Preferred Stock (the "Series C Preferred Stock") and the designation and issuance by the Partnership to the Company of 1,380,000 units of 7.875% Series C Cumulative Redeemable Perpetual Preferred Units (the "Series C Preferred Units") in exchange for the contribution by the Company to the Partnership of the net proceeds from the sale and issuance of the Series C Preferred Stock;

**WHEREAS**, pursuant to Amendment No. 5 to the Partnership Agreement, effective as of August 31, 2018, the Partnership Agreement was amended to reflect the designation and issuance by the Company of up to 400,000 additional shares of Series C Preferred Stock (the "ATM Preferred Stock") and the designation and issuance by the Partnership to the Company of up to 400,000 additional Series C Preferred Units in exchange for the contribution by the Company to the Partnership of the net proceeds from the sale and issuance of ATM Preferred Stock;

**WHEREAS**, the Company intends to issue and sell 1,080,000 shares (or if the underwriters' overallotment option is exercised in full 1,242,000 shares) of 8.25% Series D Cumulative Redeemable Perpetual Preferred Stock, \$0.01 par value per share (the "Series D Preferred Stock"), pursuant to a

public offering; and

---

**WHEREAS**, pursuant to the authority granted to the General Partner pursuant to Section 4.02 and 11.01 of the Partnership Agreement, the Company, in its capacity as the General Partner, desires to amend the Partnership Agreement in connection with the issuance by the Company of the Series D Preferred Stock and the issuance by the Partnership to the Company of Series D Preferred Units (as defined below) in exchange for the contribution by the Company to the Partnership of the net proceeds from the sale and issuance of the Series D Preferred Stock.

**NOW THEREFORE**, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Company, in its capacity as the General Partner, hereby amends the Partnership Agreement as follows:

1. **Designation and Number.** A series of Preferred Units (as defined below) designated the “8.25% Series D Cumulative Perpetual Redeemable Preferred Units” (the “Series D Preferred Units”), is hereby established. The number of authorized Series D Preferred Units shall be 1,242,000.
2. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Partnership Agreement. The following defined terms used in this Amendment to the Partnership Agreement shall have the meanings specified below for purposes of this Amendment to the Partnership Agreement:

“Articles Supplementary” means the Articles Supplementary of the Company filed with the Maryland State Department of Assessments and Taxation on April 16, 2019, designating the terms, rights and preferences of the Series D Preferred Stock.

“ATM Preferred Stock” shall have the meaning provided in the recitals above.

“Base Liquidation Preference” shall have the meaning provided in Section 6(a) of this Amendment.

“Change of Control” shall have the meaning provided in the Articles Supplementary.

“Change of Control Conversion Date” shall have the meaning provided in the Articles Supplementary.

“Charter” means the Articles of Amendment and Restatement of the Company (as amended or supplemented from time to time, together with the Articles Supplementary).

“Common Stock” shall have the meaning provided in the recitals above.

“Common Units” means all Partnership Units which are not Preferred Units.

“Common Stock Price” shall have the meaning provided in the Articles Supplementary.

---

“Distribution Record Date” shall have the meaning provided in Section 5(a) of this Amendment.

“Junior Preferred Units” shall have the meaning provided in Section 4 of this Amendment.

“Liquidating Distributions” shall have the meaning provided in Section 6(a) of this Amendment.

“Net Operating Income” shall have the meaning provided in Section 11 of this Amendment.

“Parity Preferred Units” shall have the meaning provided in Section 4 of this Amendment.

“Preferred Units” means all Partnership Units designated as preferred units by the General Partner from time to time in accordance with Section 4.02 of the Partnership Agreement.

“Redemption Date” shall have the meaning provided in Section 7(a) of this Amendment.

“Redemption Right” shall have the meaning provided in the Articles Supplementary.

“Senior Preferred Units” shall have the meaning provided in Section 4 of this Amendment.

“Series B Preferred Stock” shall have the meaning provided in the recitals above.

“Series B Preferred Units” shall have the meaning provided in the recitals above.

“Series C Preferred Stock” shall have the meaning provided in the recitals above.

“Series C Preferred Units” shall have the meaning provided in the recitals above.

“Series D Preferred Stock” shall have the meaning provided in the recitals above.

“Series D Preferred Return” shall have the meaning provided in Section 5(a) of this Amendment.

“Series D Preferred Unit Distribution Payment Date” shall have the meaning provided in Section 5(a) of this Amendment.

“Series D Preferred Units” shall have the meaning provided in Section 1 of this Amendment.

---

“Special Optional Redemption Date” shall have the meaning provided in Section 8(a) of this Amendment.

“Special Optional Redemption Right” shall have the meaning provided in the Articles Supplementary.

References herein to section numbers shall refer to sections of this Amendment unless otherwise specified.

3. Maturity. The Series D Preferred Units have no stated maturity and will not be subject to any sinking fund or mandatory redemption.
4. Rank. The Series D Preferred Units will, with respect to distribution rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Partnership, rank (a) senior to (i) all classes or series of Common Units of the Partnership and (ii) all classes or series of Preferred Units now or hereafter authorized, issued or outstanding, which are expressly designated as ranking junior to the Series D Preferred Units as to distribution rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Partnership (collectively, the “Junior Preferred Units”); (b) on parity with the Series B Preferred Units, the Series C Preferred Units and any other class or series of Preferred Units issued by the Partnership expressly designated as ranking on parity with the Series D Preferred Units as to distribution rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Partnership (the “Parity Preferred Units”); and (c) junior to any class or series of Preferred Units issued by the Partnership expressly designated as ranking senior to the Series D Preferred Units as to distribution rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Partnership (the “Senior Preferred Units”). The term “Preferred Units” does not include convertible or exchangeable debt securities of the Partnership, which will rank senior to the Series D Preferred Units prior to conversion or exchange. The Series D Preferred Units will also rank junior in right of payment to the Partnership’s existing and future indebtedness.

5. Distributions.

a) Subject to the preferential rights of the holders of any class or series of Preferred Units of the Partnership expressly designated as ranking senior to the Series D Preferred Units as to distribution rights, the holders of Series D Preferred Units shall be entitled to receive, when, as and if authorized by the General Partner and declared by the Partnership, out of assets of the Partnership legally available for the payment of distributions, cumulative cash distributions at the rate of 8.25% per annum of the Base Liquidation Preference (as defined below) per unit (equivalent to the fixed annual amount of \$2.0625 per unit) (the “Series D Preferred Return”). Distributions on the Series D Preferred Units shall accrue and be cumulative from and excluding the date of original issue of any Series D Preferred Units and shall be payable quarterly, in equal amounts, in arrears, on or about the 15<sup>th</sup> day of each January, April, July and October of each year (or, if not a business day, the next succeeding business day, each a “Series D Preferred Unit Distribution Payment Date”) for the period ending on such Series D Preferred Unit Distribution Payment Date, commencing on July 15, 2019. “Business day” shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the City of New York, New York are authorized or required by law, regulation or executive order to close. The amount of any distribution payable on the Series D Preferred Units for any partial distribution period will be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions will be payable in arrears to holders of record of the Series D Preferred Units as they appear on the records of the Partnership at the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable Series D Preferred Unit Distribution Payment Date occurs or such other date designated by the General Partner of the Partnership for the payment of distributions that is not more than 90 nor less than ten days prior to such Series D Preferred Unit Distribution Payment Date (each, a “Distribution Record Date”).

- 
- b) No distributions on the Series D Preferred Units shall be authorized by the General Partner or declared, paid or set aside for payment by the Partnership at such time as the terms and provisions of any agreement of the Company or the Partnership, including any agreement relating to the indebtedness of any of them, prohibits such authorization, declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.
- c) Notwithstanding anything to the contrary contained herein, distributions on the Series D Preferred Units will accrue whether or not the restrictions referred to in Section 5(b) exist, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized or declared.
- d) Except as provided in Section 5(e) below, no distributions shall be declared or paid or set aside for payment, and no other distribution of cash or other property may be declared or made, directly or indirectly, on or with respect to, any Common Units, Parity Preferred Units or Junior Preferred Units of the Partnership (other than a distribution paid in units of, or options, warrants or rights to subscribe for or purchase units of, Common Units or other classes or series of Junior Preferred Units) for any period, nor shall units of any class or series of Common Units, Parity Preferred Units or Junior Preferred Units be redeemed, purchased or otherwise acquired for any consideration, nor shall any assets be paid or made available for a sinking fund for the redemption of any such units by the Partnership, directly or indirectly (except by conversion into or exchange for, or options, warrants or rights to purchase or subscribe for, Common Units or Junior Preferred Units, and except for purchases or exchanges pursuant to a purchase or exchange offer made on the same terms to all holders of Series D Preferred Units and all holders of Parity Preferred Units), unless full cumulative distributions on the Series D Preferred Units for all past distribution periods shall have been, or contemporaneously are, declared and paid in cash or declared and a sum sufficient for the payment thereof in cash is set aside for such payment.
- e) When distributions are not paid in full (or a sum sufficient for such full payment is not so set aside) on the Series D Preferred Units and any class or series of Parity Preferred Units, all distributions declared on the Series D Preferred Units and each other class or series of Parity Preferred Units shall be declared pro rata so that the amount of distributions declared per Series D Preferred Unit and each other class or series of Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series D Preferred Unit and such class or series of Parity Preferred Units (which shall not include any accrual in respect of unpaid distributions on such class or series of Parity Preferred Units for prior distribution periods if such class or series of Parity Preferred Units does not have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on Series D Preferred Units which may be in arrears.
- f) Holders of Series D Preferred Units shall not be entitled to any distribution, whether payable in cash, property or units of the Partnership, in excess of full cumulative distributions on the Series D Preferred Units as provided above. Any distribution made on the Series D Preferred Units shall first be credited against the earliest accrued but unpaid distributions due with respect to such units of Series D Preferred Units which remains payable. Accrued but unpaid distributions on Series D Preferred Units will accumulate as of the Series D Preferred Unit Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be.

---

g) For the avoidance of doubt, in determining whether a distribution (other than upon voluntary or involuntary liquidation), redemption or other acquisition of Partnership Units is permitted under Delaware law, no effect shall be given to the amounts that would be needed, if the Partnership were to be dissolved at the time of the distribution, to satisfy the preferential rights upon distribution of holders of Partnership Units whose preferential rights are superior to those receiving the distribution.

6. Liquidation Preference.

- a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, before any distribution or payment shall be made to the holders of any Common Units or Junior Preferred Units, and, subject to the proportionate rights of holders of Parity Preferred Units, including the Series B Preferred Units and the Series C Preferred Units, the holders of the Series D Preferred Units then outstanding shall be entitled to be paid, or have the Partnership declare and set aside for payment, out of the assets of the Partnership legally available for distribution to its Partners after payment of or provision for payment of all debts and other liabilities of the Partnership, a liquidation preference in cash of \$25.00 per Series D Preferred Unit (the "Base Liquidation Preference"), plus an amount equal to any accrued and unpaid distributions to, but not including, the date of payment or the date the liquidation preference is set aside for payment (the "Liquidating Distributions").
- b) If upon any such voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the available assets of the Partnership are insufficient to pay the full amount of the Liquidating Distributions on all outstanding Series D Preferred Units and the corresponding amounts payable on all outstanding Parity Preferred Units, then the holders of Series D Preferred Units and Parity Preferred Units shall share ratably in any such distribution of assets in proportion to the full Liquidating Distributions to which they would otherwise be respectively entitled.
- c) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Partnership, after payment shall have been made in full to the holders of the Series D Preferred Units and any Parity Preferred Units, any other series or class or classes of Junior Preferred Units and Common Units (to the extent assets remain to be paid or distributed to holders of Common Units after satisfying the payment or distribution obligations to holders of Junior Preferred Units) shall be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D Preferred Units and any Parity Preferred Units shall not be entitled to share therein.
- d) After payment of the full amount of the Liquidating Distributions to which they are entitled, holders of Series D Preferred Units will have no right or claim to any of the remaining assets of the Partnership.
- e) For the avoidance of doubt, the consolidation, merger or conversion of the Partnership with or into another entity, the merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Partnership shall not be deemed to constitute a liquidation, dissolution or winding up of the affairs of the Partnership.

7. Optional Redemption.

- a) The Series D Preferred Units are not redeemable prior to April 18, 2024, except as otherwise provided in this Section 7 and in Section 8 hereof. On or after April 18, 2024, the Partnership, at its option, upon not less than 30 nor more than 60 days' written notice, may redeem the

---

Series D Preferred Units, in whole or in part, at any time or from time to time, for cash at a redemption price equal to \$25.00 per Series D Preferred Unit, plus any accrued and unpaid distributions thereon to, but not including, the date fixed for redemption (the “Redemption Date”). If fewer than all of the outstanding Series D Preferred Units are to be redeemed, the Series D Preferred Units to be redeemed may be selected pro rata (as nearly as practicable without creating fractional units) or by lot at the option of the Company.

- b) Unless full cumulative distributions on all Series D Preferred Units shall have been or contemporaneously are declared and paid in cash or declared and a sum sufficient for the payment thereof in cash set aside for payment for all past distribution periods and the then-current distribution period, (i) no Series D Preferred Units shall be redeemed unless all outstanding Series D Preferred Units are simultaneously redeemed, and (ii) the Partnership shall not purchase or otherwise acquire directly or indirectly any Series D Preferred Units (except by exchange for Common Units or Junior Preferred Units of the Partnership); *provided, however*, that the foregoing shall not prevent the redemption or purchase of Series D Preferred Units by the Partnership in connection with a redemption or purchase by the Company of Series D Preferred Stock pursuant to Article VII of the Charter, Sections 5(c) and Section 9 of the Articles Supplementary, or otherwise in order to ensure that the Company remains qualified as a REIT for federal income tax purposes, or the purchase or acquisition of Series D Preferred Units pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series D Preferred Units.
- c) Immediately prior to any redemption of Series D Preferred Units, the Partnership shall pay, in cash, any accrued and unpaid distributions on the Series D Preferred Units to, but not including, the Redemption Date, unless a Redemption Date falls after a Distribution Record Date and prior to the corresponding Series D Preferred Unit Distribution Payment Date, in which case each holder of Series D Preferred Units at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such units on the corresponding Series D Preferred Unit Distribution Payment Date (including any accrued and unpaid distributions for prior distribution periods) notwithstanding the redemption of such units before such Series D Preferred Unit Distribution Payment Date. Except as provided above, the Partnership will make no payment or allowance for unpaid distributions, whether or not in arrears, on Series D Preferred Units for which a notice of redemption has been given.
- d) Notice of redemption of the Series D Preferred Units shall be mailed by the Partnership to each holder of record of the Series D Preferred Units to be redeemed by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the Redemption Date at such holder’s address as the same appears on the records of the Partnership. A failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any Series D Preferred Units except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Redemption Date; (ii) the redemption price; (iii) the number of Series D Preferred Units to be redeemed; (iv) the place or places where the Series D Preferred Units are to be surrendered for payment of the redemption price; and (v) that distributions on such Series D Preferred Units to be redeemed will cease to accrue on such Redemption Date. If less than all of the Series D Preferred Units held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of units of Series D Preferred Units held by such holder to be so redeemed.
- e) Holders of Series D Preferred Units to be redeemed shall surrender such Series D Preferred Units at the place or places designated in such notice and, upon surrender of the units, such Series D Preferred Units shall be redeemed by the Partnership at the redemption price plus any accrued and unpaid distributions payable upon such redemption. If notice of redemption of any of the Series D Preferred Units has been given and if the assets necessary for such

---

redemption have been set aside by the Partnership for the benefit of the holders of any Series D Preferred Units so called for redemption, then from and after the redemption date distributions will cease to accrue on such Series D Preferred Units, such Series D Preferred Units shall no longer be deemed outstanding and all rights of the holders of such Series D Preferred Units will terminate, except the right to receive the redemption price and any accrued and unpaid distributions to, but not including, the Redemption Date; *provided, however*, if the Redemption Date falls after a Distribution Record Date and prior to the corresponding Series D Preferred Unit Distribution Payment Date, each holder of Series D Preferred Units so called for redemption at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such units on the corresponding Series D Preferred Unit Distribution Payment Date notwithstanding the redemption of such units before such Series D Preferred Unit Distribution Payment Date.

- f) Notwithstanding anything to the contrary contained herein, the Partnership may redeem one Series D Preferred Unit for each share of Series D Preferred Stock purchased in the open market, through tender or by private agreement by the Company.
- g) All Series D Preferred Units redeemed or otherwise acquired by the Partnership in any manner whatsoever shall be retired and reclassified as authorized but unissued Preferred Units, without designation as to class or series, and may thereafter be reissued as any class or series of Preferred Units in accordance with applicable provisions of the Partnership Agreement.
- h) Notwithstanding anything to the contrary contained herein, the Partnership may redeem Series D Preferred Units at any time in connection with any redemption by the Company of the Series D Preferred Stock.

8. Special Optional Redemption by the Partnership.

- a) Upon the occurrence of a Change of Control, if and when the Company exercises its Special Optional Redemption Right as provided in Section 6 of the Articles Supplementary, the Partnership will redeem all or any part of the Series D Preferred Units at any time within 120 days after the date on which the Change of Control has occurred, for cash at a redemption price equal to \$25.00 per Series D Preferred Unit, plus any accrued and unpaid distributions thereon to, but not including, the date fixed for redemption (the "Special Optional Redemption Date"). If fewer than all of the outstanding Series D Preferred Units are to be redeemed, the Series D Preferred Units to be redeemed may be selected pro rata (as nearly as practicable without creating fractional units) or by lot. If, prior to the Change of Control Conversion Date, the Partnership exercises its Redemption Right or Special Optional Redemption Right, holders of the Series D Preferred Units shall not have the conversion right described in Section 10 below.
- b) Unless full cumulative distributions on all Series D Preferred Units shall have been or contemporaneously are declared and paid in cash and a sum sufficient for the payment thereof in cash set aside for payment for all past distribution periods and the then-current distribution period, (i) no Series D Preferred Units shall be redeemed unless all outstanding Series D Preferred Units are simultaneously redeemed, and (ii) the Partnership shall not purchase or otherwise acquire directly or indirectly any Series D Preferred Units (except by exchange for Junior Preferred Units of the Partnership); provided, however, that the foregoing shall not prevent the redemption or purchase of Series D Preferred Units by the Partnership in connection with a redemption or purchase by the Company of Series D Preferred Stock pursuant to Article VII of the Charter, Sections 5(c) and Section 9 of the Articles Supplementary, or otherwise in order to ensure that the Company remains qualified as a REIT for federal income tax purposes or pursuant to the terms of the Articles Supplementary, or the purchase or acquisition of Series D Preferred Units pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series D Preferred Units.

- 
- c) Immediately prior to any redemption of Series D Preferred Units, the Partnership shall pay, in cash, any accrued and unpaid distributions on the Series D Preferred Units to, but not including, the Special Optional Redemption Date, unless a Special Optional Redemption Date falls after a Distribution Record Date and on or prior to the corresponding Series D Preferred Unit Distribution Payment Date, in which case each holder of Series D Preferred Units at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such units on the corresponding Series D Preferred Unit Distribution Payment Date (including any accrued and unpaid distributions for prior distribution periods) notwithstanding the redemption of such units before such Series D Preferred Unit Distribution Payment Date. Except as provided above, the Partnership will make no payment or allowance for unpaid distributions, whether or not in arrears, on Series D Preferred Units for which a notice of redemption has been given.
- d) Notice of redemption of the Series D Preferred Units shall be mailed by the Partnership to each holder of record of the Series D Preferred Units to be redeemed by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the Special Optional Redemption Date at such holder's address as the same appears on the records of the Partnership. A failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any Series D Preferred Units except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the Special Optional Redemption Date; (ii) the redemption price; (iii) the number of Series D Preferred Units to be redeemed; (iv) the place or places where the Series D Preferred Units are to be surrendered for payment of the redemption price; and (v) that distributions on such Series D Preferred Units to be redeemed will cease to accrue on such Special Optional Redemption Date. If less than all of the Series D Preferred Units held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of units of Series D Preferred Units held by such holder to be so redeemed.
- e) Holders of Series D Preferred Units to be redeemed shall surrender such Series D Preferred Units at the place or places designated in such notice and, upon surrender of the units, such Series D Preferred Units shall be redeemed by the Partnership at the redemption price plus any accrued and unpaid distributions payable upon such redemption. If notice of redemption of any of the Series D Preferred Units has been given and if the assets necessary for such redemption have been set aside by the Partnership for the benefit of the holders of any Series D Preferred Units so called for redemption, then from and after the redemption date distributions will cease to accrue on such Series D Preferred Units, such Series D Preferred Units shall no longer be deemed outstanding and all rights of the holders of such Series D Preferred Units will terminate, except the right to receive the redemption price and any accrued and unpaid distributions to, but not including, the Special Optional Redemption Date; provided, however, if the Special Optional Redemption Date falls after a Distribution Record Date and on or prior to the corresponding Series D Preferred Unit Distribution Payment Date, each holder of Series D Preferred Units so called for redemption at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such units on the corresponding Series D Preferred Unit Distribution Payment Date notwithstanding the redemption of such units before such Series D Preferred Unit Distribution Payment Date.
- f) Notwithstanding anything to the contrary contained herein, the Partnership may redeem one Series D Preferred Unit for each share of Series D Preferred Stock purchased in the open market, through tender or by private agreement by the Company.

- 
- g) All Series D Preferred Units redeemed or otherwise acquired by the Partnership in any manner whatsoever shall be retired and reclassified as authorized but unissued Preferred Units, without designation as to class or series, and may thereafter be reissued as any class or series of Preferred Units in accordance with applicable provisions of the Partnership Agreement.
- h) Notwithstanding anything to the contrary contained herein, the Partnership may redeem Series D Preferred Units at any time in connection with any redemption by the Company of the Series D Preferred Stock.
- i) Section 8.04 of the Partnership Agreement shall not apply to the Series D Preferred Units and the Series D Preferred Unit holders shall not have any redemption rights other than those described in Section 7 and Section 8 of this Amendment.
9. Voting Rights. Holders of the Series D Preferred Units will not have any voting rights.
10. Conversion. The Series D Preferred Units are not convertible or exchangeable for any other property or securities, except as provided herein.
- a) In the event that a holder of Series D Preferred Stock exercises its right to convert the Series D Preferred Stock into Common Stock in accordance with the terms of the Articles Supplementary, then, concurrently therewith, an equivalent number of Series D Preferred Units of the Partnership held by the Company shall be automatically converted into a number of Common Units of the Partnership equal to the number of shares of Common Stock issued upon conversion of such Series D Preferred Stock; *provided, however*, that if a holder of Series D Preferred Stock receives cash or other consideration in addition to, or in lieu of, Common Stock in connection with such conversion, then the Company, as the holder of the Series D Preferred Units, shall be entitled to receive cash or such other consideration equal (in amount and form) to the cash or other consideration to be paid by the Company to such holder of the Series D Preferred Stock. Any such conversion will be effective at the same time the conversion of Series D Preferred Stock into Common Stock is effective.
- b) No fractional units will be issued in connection with the conversion of Series D Preferred Units into Common Units. In lieu of fractional Common Units, the Company shall be entitled to receive a cash payment in respect of any fractional unit in an amount equal to the fractional interest multiplied by the Common Stock Price applicable to the shares of Series D Preferred Stock surrendered for conversion by a holder thereof.
11. Allocations. Section 5.01(f) of the Partnership Agreement is hereby deleted and the following substituted in place thereof:
- (f) Priority Allocations With Respect To Preferred Units. After giving effect to the allocations set forth in Sections 5.01(c), (d), and (e) hereof, but before giving effect to the allocations set forth in Sections 5.01(a) and 5.01(b), Net Operating Income shall be allocated pro rata to the holders of the Series B Preferred Units, the Series C Preferred Units and the Series D Preferred Units, treated as a single class, until the aggregate amount of Net Operating Income allocated to all such holders under this Section 5.01(f) for the current and all prior years equals the aggregate amount of the Series B Preferred Return (as defined in Amendment No. 3 to the Partnership Agreement), the Series C Preferred Return (as defined in Amendment No. 4 to the Partnership Agreement), and the Series D Preferred Return (as defined in Amendment No. 6 to the Partnership Agreement)

---

paid to such holders for the current and all prior years. For purposes of this Section 5.01(f), "Net Operating Income" means the excess, if any, of the Partnership's gross income over its expenses (but not taking into account depreciation, amortization, or any other noncash expenses of the Partnership).

12. Continuing Effect of Partnership Agreement. Except as modified herein, the Partnership Agreement is hereby ratified and confirmed in its entirety and shall remain and continue in full force and effect, provided, however, that to the extent there shall be a conflict between the provisions of the Partnership Agreement and this Amendment the provisions in this Amendment will prevail. All references in any document to the Partnership Agreement shall mean the Partnership Agreement, as amended hereby, with any necessary or appropriate renumbering or relettering of the sections or subsections thereof when read in conjunction with the aforementioned Amendments to the Partnership Agreement and this Amendment.

*[Signature follows on next page]*

**IN WITNESS WHEREOF**, the undersigned has executed this Amendment to the Amended and Restated Agreement of Limited Partnership of Sotherly Hotels LP effective as of the date first above mentioned.

**GENERAL PARTNER:**

Sotherly Hotels Inc.

By: /s/ David R. Folsom  
Name: David R. Folsom  
Title: Chief Operating Officer and President

SIGNATURE PAGE TO AMENDMENT NO. 6 TO AGREEMENT OF LIMITED PARTNERSHIP OF SOTHERLY HOTELS LP

[\(Back To Top\)](#)

## Section 3: EX-5.1 (EX-5.1)

**Exhibit 5.1**

[Baker & McKenzie LLP Letterhead]

April 18, 2019

Sotherly Hotels Inc.  
410 W. Francis Street  
Williamsburg, Virginia 23185

**RE: Offering of 1,080,000 Shares of 8.25% Series D Cumulative Redeemable Perpetual Preferred Stock**

Ladies and Gentlemen:

We have acted as counsel for Sotherly Hotels Inc., a Maryland corporation (the "Company"), and Sotherly Hotels LP, a Delaware limited partnership of which the Company is the sole general partner (the "Operating Partnership"), in connection with the issuance and sale by the Company of 1,080,000 shares of its 8.25% Series D cumulative redeemable perpetual preferred stock, \$0.01 par value per share (the "Series D Preferred Stock"). The Series D Preferred Stock is the subject of a prospectus included as part of a registration statement on Form S-3 (File Nos. 333-220369 and 333-220369-01), jointly filed on behalf of the Company and the Operating Partnership with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), on September 7, 2017 and declared effective by the SEC on September 20, 2017 (which, together with the prospectus included therein shall hereinafter be referred to as the "Registration Statement"), as supplemented by a preliminary prospectus supplement filed on April 8, 2019 pursuant to Rule 424(b)(5) under the Securities Act (the "Prospectus Supplement") and a final prospectus supplement filed on April 12, 2019 pursuant to Rule 424(b)(5) (the "Final Prospectus").

The Series D Preferred Stock is to be issued and sold by the Company pursuant to an Underwriting Agreement, dated as of April 11, 2019 (the "Underwriting Agreement") among the Company, the Operating Partnership and Sandler O'Neill & Partners, L.P., as representative of the several underwriters named therein. Unless otherwise defined herein, each capitalized term used herein that is defined in the Underwriting Agreement has the meaning given such term in the Underwriting Agreement.

In reaching the opinions set forth herein, we have reviewed copies of the Underwriting Agreement, the Registration Statement, including the exhibits thereto, the Prospectus Supplement and the Final Prospectus, and we have examined the originals, or photostatic or certified copies, of the minutes of the meetings and written resolutions of the Board of Directors of the Company, or its committees, as provided to us by the Company, of the Articles of Amendment and Restatement, as amended, the Articles Supplementary and by-laws of the Company, each as restated and/or amended to date, and of such other agreements, certificates of public officials and officers of the Company, records, documents and matters of law that we have deemed relevant and necessary as the basis of the opinions set forth below. In such review, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as photostatic or certified copies and the authenticity of the originals of such copies.

We have assumed that the Series D Preferred Stock will not be issued in violation of any restriction or limitation contained in Article VII of the Articles of Amendment and Restatement, as amended, and Section 9 of the Articles Supplementary.

Based upon and subject to the foregoing, we are of the opinion that the Series D Preferred Stock has been duly and validly authorized, and when issued and paid for in accordance with the terms of the Underwriting Agreement, will be validly issued, fully paid and nonassessable.

The opinions expressed above are limited to the laws of the State of Maryland (including all applicable provisions of the Maryland constitution and reported judicial decisions interpreting these laws), and the federal laws of the United States of America as in effect on the date hereof. We undertake no obligation to advise you as a result of developments occurring after the date hereof as a result of facts or circumstances brought to our attention after the date hereof.

This opinion letter is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. It is understood that this opinion is to be used only in connection with the offer and sale of the Series D Preferred Stock while the Registration Statement is in effect. We hereby consent to the filing of this opinion with the SEC as an exhibit to the Current Report on Form 8-K dated April 18, 2019, which is incorporated by reference into the Registration Statement and to the use of our name under the caption "Legal Matters" in the Registration Statement and the prospectus that forms a part of the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the SEC promulgated thereunder or Item 509 of Regulation S-K.

Very truly yours,

/s/ Baker & McKenzie LLP

BAKER & MCKENZIE LLP

Page 2

[\(Back To Top\)](#)

## Section 4: EX-8.1 (EX-8.1)

Exhibit 8.1

[Baker & McKenzie LLP Letterhead]

April 18, 2019

### **PRIVILEGED AND CONFIDENTIAL**

Sotherly Hotels Inc. Sotherly Hotels LP  
410 W. Francis Street  
Williamsburg, Virginia 23185

Ladies and Gentlemen:

We have acted as United States tax counsel for Sotherly Hotels LP, a Delaware limited partnership (the "Operating Partnership"), and its sole general partner, Sotherly Hotels Inc., a Maryland corporation (the "Company") in connection with the offer and sale by the Company of 1,080,000 shares of the Company's 8.25% Series D Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, having an aggregate offering price of up to \$37.3 million. The offering is being conducted as a public offering pursuant to a registration statement on Form S-3 (File Nos. 333-220369 and 333-220369-01) (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), jointly filed by the Company and the Operating Partnership with the Securities and Exchange Commission (the "SEC") on September 7, 2017 and declared effective by the SEC on September 20, 2017, as supplemented and amended by a prospectus supplement filed with the SEC on April 12, 2019 pursuant to Rule 424(b)(5) under the Act (collectively, the "Prospectus Supplement").

You have now requested our opinions regarding certain specific U.S. federal income tax matters regarding the Company. In rendering these opinions, we have examined and relied upon, with your consent: (a) the descriptions of the Company, its direct and indirect subsidiaries, and its investments, as well as its proposed investments, activities, operations, and governance, as set forth or incorporated in the Registration Statement; (b) that certain certificate dated as of the date hereof (the "Certificate") delivered to us by the Company which provides certain representations relevant to these opinions; and (c) such other documents, agreements and information as we have deemed necessary for purposes of rendering the opinions contained herein. For purposes of such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to authentic original documents of all documents submitted to us as copies, the legal capacity of natural persons executing such documents, the genuineness of all signatures on originals or copies and that all parties to such documents have acted, and will act, in accordance with the terms of such documents.

Our opinions set forth herein are also based on the above assumptions, as well as the assumption that (i) the Company has a valid legal existence under the laws of the state in which it was formed and has operated in accordance with the laws of such state, (ii) the Company is operated, and will continue to be operated, in the manner described in the Certificate, (iii) the facts contained in the Registration Statement are true, correct and complete in all material respects, (iv) all representations of fact contained in the Certificate are true, correct and complete in all material respects, and (v) any representation of fact in the Certificate that is made "to the knowledge" or similarly qualified is correct without such qualification. We have not undertaken any independent inquiry into or verification of these facts either in the course of our representation of the Company or for the purpose of rendering our opinions set forth herein. While we have reviewed all representations made to us to determine their reasonableness and are not aware of any facts

---

inconsistent with such representations, we have no assurance that such representations are or will ultimately prove to be accurate. To the extent that the facts differ from those represented to or assumed by us herein, our opinions set forth herein should not be relied upon.

We also note that the tax consequences addressed herein depend upon the actual occurrence of events in the future, which events may or may not be consistent with any representations made to us for purposes of our opinions set forth herein. In particular, the Company's qualification and taxation as a REIT for U.S. federal income tax purposes depend upon the Company's ability to meet, on a continuing basis, through actual annual operating and other results, the various requirements under the Internal Revenue Code of 1986, as amended (the "Code") and described in the Registration Statement with regard to, among other things, the sources and types of its gross income, the composition of its assets, the level of its distributions to stockholders, and the diversity of its stock ownership. We undertake no responsibility to, and will not, review the Company's compliance with these requirements on a continuing basis. Accordingly, no assurance can be given that the actual results of the Company's operations for any particular taxable year will satisfy the requirements under the Code for qualification and taxation of the Company as a REIT. We undertake no obligation to update the opinions set forth herein, or to ascertain after the date hereof whether circumstances occurring after such date may affect the conclusions set forth herein. We express no opinion as to matters governed by any laws other than the Code and the regulations promulgated thereunder by the United States Treasury Department (the "Treasury Regulations"), published administrative announcements and rulings of the Internal Revenue Service ("IRS") and court decisions.

Our opinions set forth herein are based upon the current provisions of the Code, the Treasury Regulations, published administrative announcements and rulings of the IRS, court decisions, and other applicable authorities, all as in effect on the date hereof. All of the foregoing authorities are subject to change or new interpretation, both prospectively and retroactively, and such changes or interpretation, as well as changes in the facts as they have been represented to us or assumed by us, could affect our opinions set forth herein. Our opinions set forth herein are rendered only as of the date hereof and we undertake no responsibility to update these opinions after this date. Our opinions set forth herein do not foreclose the possibility of a contrary determination by the IRS or by a court of competent jurisdiction, or of a contrary position by the IRS or the United States Treasury Department in regulations or rulings issued in the future.

Based on the foregoing and the next paragraph below, and subject to the limitations, qualifications and exceptions set forth herein, we are of the opinion that:

- a) the Company has been organized and has operated in conformity with the requirements for qualification and taxation as a REIT for the period commencing with its taxable year ended December 31, 2004 and continuing through its taxable year ended December 31, 2018, and its current organization and method of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT for its taxable year ending December 31, 2019, and in the future; and
- b) the discussions in the Registration Statement under the headings "Material U.S. Federal Income Tax Considerations," as supplemented and amended by the discussion in the Prospectus Supplement under the heading "Supplemental Material U.S. Federal Income Tax Considerations," to the extent they pertain to matters of law or legal conclusion, are accurate in all material respects.

Other than as expressly stated above, we express no opinion on any issue relating to the Company, or any of its direct or indirect subsidiaries or any of its investments.

We hereby consent to the filing of this opinion as an exhibit to Form 8-K to be filed with the SEC on or about the date hereof. In giving this consent, we do not acknowledge that we are in the category of persons whose consent is required by Section 7 of the Securities Act or the rules and regulations promulgated thereunder by the SEC.

Very truly yours,

/s/ Baker & McKenzie LLP

Baker & McKenzie LLP

3

[\(Back To Top\)](#)

## Section 5: EX-99.1 (EX-99.1)

Exhibit 99.1



**FOR IMMEDIATE RELEASE  
THURSDAY APRIL 18, 2019**

### **SOTHERLY HOTELS INC. ANNOUNCES CLOSING OF OFFERING OF SERIES D CUMULATIVE REDEEMABLE PERPETUAL PREFERRED STOCK**

**Williamsburg, Virginia – April 18, 2019** – Sotherly Hotels Inc. (NASDAQ: SOHO) (the “Company”) today announced it has closed its previously announced underwritten public offering of 1,080,000 shares of its 8.25% Series D Cumulative Redeemable Perpetual Preferred Stock (the “Series D Preferred Stock”) for total gross proceeds of \$27,000,000 before underwriting discounts and commissions and expenses payable by the Company. The Company has granted the underwriters a 30-day option to purchase up to an additional 162,000 shares of Series D Preferred Stock to cover over-allotments, if any, at the public offering price of \$25.00 per share of the Series D Preferred Stock. The Series D Preferred Stock has been approved for listing on the NASDAQ under the symbol “SOHON” 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 7.25% Senior Unsecured Notes due 2021 and, to the extent there are any remaining net proceeds, for general corporate purposes, including potential future acquisitions of hotel properties.

Sandler O’Neill + Partners, L.P. acted as active book-runner for the offering. Janney Montgomery Scott acted as passive book-runner. Boenning & Scattergood, Inc. and American Capital Partners, LLC acted as co-managers. The offering was conducted as a public offering under the Company’s and the Operating Partnership’s jointly filed shelf registration statement on Form S-3 filed with the Securities and Exchange Commission (“SEC”) (File Nos. 333-220369 and 333-220369-01), which was declared effective by the SEC on September 20, 2017. The offering was made only by means of a prospectus supplement and accompanying base prospectus. Copies of the prospectus supplement and the accompanying base prospectus can be obtained from Sandler O’Neill + Partners, L.P. at 1251 Avenue of the Americas, 6th Floor, New York, New York 10020, Attention: Prospectus Department, or by calling toll-free 1-866-805-4128, or by email at [syndicate@sandleroneill.com](mailto:syndicate@sandleroneill.com).

This press release shall not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

This press release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable, these statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and many of which are beyond the Company’s control.



---

Therefore, actual outcomes and results may differ materially from what is expressed, forecasted or implied in such forward-looking statements. Factors which could have a material adverse effect on the Company's future results, performance and achievements, include, but are not limited to: national and local economic and business conditions that affect occupancy rates and revenues at the Company's hotels and the demand for hotel products and services; risks associated with the hotel industry, including competition and new supply of hotel rooms, increases in wages, energy costs and other operating costs; risks associated with adverse weather conditions, including hurricanes; the availability and terms of financing and capital and the general volatility of the securities markets; the Company's intent to repurchase shares from time to time; risks associated with the level of the Company's indebtedness and its ability to meet covenants in its debt agreements and, if necessary, to refinance or seek an extension of the maturity of such indebtedness or modify such debt agreements; management and performance of the Company's hotels; risks associated with maintaining the Company's system of internal controls; risks associated with the conflicts of interest of the Company's officers and directors; risks associated with redevelopment and repositioning projects, including delays and cost overruns; supply and demand for hotel rooms in the Company's current and proposed market areas; risks associated with the Company's ability to maintain its franchise agreements with its third party franchisors; the Company's ability to acquire additional properties and the risk that potential acquisitions may not perform in accordance with expectations; the Company's ability to successfully expand into new markets; legislative/regulatory changes, including changes to laws governing taxation of REITs; the Company's ability to maintain its qualification as a REIT; and the Company's ability to maintain adequate insurance coverage. These risks and uncertainties are described in greater detail in the Company's registration statement, under "Risk Factors" in the Company's Annual Report on Form 10-K and subsequent reports filed with the SEC. The Company undertakes no obligation to and does not intend to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Although the Company believes its current expectations to be based upon reasonable assumptions, it can give no assurance that its expectations will be attained or that actual results will not differ materially.

#### **About Sotherly Hotels Inc.**

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 twelve hotel properties, comprising 3,156 rooms, and an interest in the Hyde Resort & Residences, a luxury condo hotel. Most of the Company's properties operate under the Hilton Worldwide, Hyatt Hotels Corporation, InterContinental Hotels Group and Marriott International, Inc. brands. Sotherly Hotels Inc. was organized in 2004 and is headquartered in Williamsburg, Virginia. For more information, please visit [www.sotherlyhotels.com](http://www.sotherlyhotels.com).

Contact at the Company:  
Scott Kucinski  
Sotherly Hotels Inc.  
410 West Francis Street  
Williamsburg, Virginia 23185  
(757) 229-5648



[SOTHERLYHOTELS.COM](http://SOTHERLYHOTELS.COM)

[\(Back To Top\)](#)