



Investor Presentation

Recent Operating Trends & Capital Strategy Update

July | 2022

NON-GAAP FINANCIAL MEASURES

This presentation included disclosure of non-GAAP measures, including hotel EDITDA. The Company considers hotel EBITDA to be key supplemental measures of the Company's performance, and they should be considered along with, but not as alternatives to, net income as a measure of the Company's operating performance. Hotel EBITDA does not represent cash generated from operating activities determined by GAAP and should not be considered as alternatives to net income, cash flow from operations or any other operating performance measure prescribed by GAAP. Hotel EBITDA is not a measure of the Company's liquidity, nor is hotel EBITDA indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions. Please refer to the Company's filings with the SEC and its earnings releases, which are available at www.sotherlyhotels.com, for disclosure of the Company's net income, for reconciliations of hotel EBITDA to net income and for additional detail on the Company's use of non-GAAP measures.



BOARD & BARREL @ HOTEL BALLAST WILMINGTON



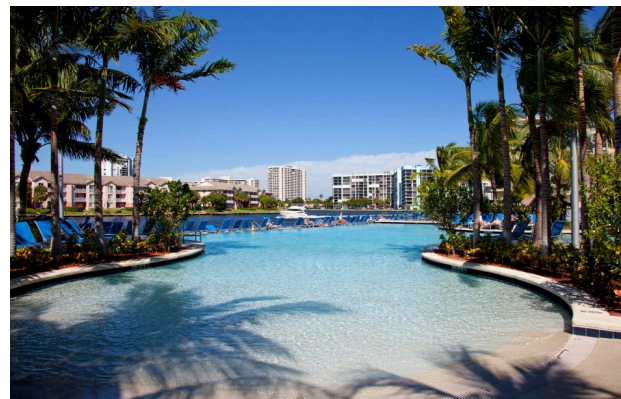
PART & PARCEL @ THE WHITEHALL HOUSTON

FORWARD-LOOKING STATEMENTS

This presentation includes “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. 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. Economic conditions generally and the real estate market specifically, management and performance of the Company’s hotels, plans for hotel renovations, financing plans, supply and demand for hotel rooms in the Company’s current and proposed market areas, the Company’s ability to acquire additional properties and the risk that potential acquisitions may not perform in accordance with expectations, legislative/regulatory changes, including changes to laws governing taxation of real estate investment trust and competitions, and other factors may affect the Company’s future results, performance and achievements. These risks and uncertainties are described in greater detail under “Risk Factors” in the Company’s Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission. The Company undertakes no obligation 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 we believe our current expectations to be based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that actual results will not differ materially.



HYDE RESORT & RESIDENCES



DOUBLETREE RESORT HOLLYWOOD BEACH

UPDATES ON PORTFOLIO & OPERATING TRENDS

Raleigh Asset Disposition & Partial KW Loan Paydown

- On June 14, 2022, we announced the Company closed on the sale of the DoubleTree by Hilton Raleigh Brownstone in Raleigh, North Carolina for \$42.0 million. A portion of the proceeds from the sale were used to repay the first mortgage and repay a majority of the Kemmons Wilson secured note. Remaining proceeds will be used to make any required distribution on the Company's preferred stock related to maintaining the Company's REIT status and for general corporate purposes.

Tampa Asset Loan Mod & Payoff of KW Loan

- On June 29, 2022, we announced the Company modified its existing mortgage loan with Fifth Third Bank secured by the Hotel Alba hotel in Tampa, Florida. The loan modification increased the principal balance to \$25.0 million, extended the term by three years with two 1-year extension options, decreased the floating interest rate by 1.0% to SOFR plus 2.75%, and reduced the corporate guaranty. Proceeds from the loan, combined with existing corporate cash, were used to repay the remainder of the Kemmons Wilson secured note.

Improving Business & Group Travel Demand

- During the second quarter, we experienced significantly improved demand from the business travel and group segments. This trend had an especially positive impact on our slow-to-recover urban markets such as Houston, Washington, D.C., and Atlanta where occupancy levels during the second quarter were the highest seen since the start of the pandemic. Based on recent booking trends, we anticipate continued business demand growth into Q3.

Continued Strength in Rate & Leisure Travel

- ADR continues to be the major driver of RevPAR growth across all segments, but particularly for leisure travel. While transient and group business travel showed the biggest year-over-year improvement during Q2, leisure demand continued to outperform, driven by strong rates, as leisure markets such as Wilmington, Savannah, Tampa, and Hollywood continued their stellar results during the quarter.

2Q 2022 SAME-STORE* WHOLLY OWNED PORTFOLIO PRELIMINARY OPERATING RESULTS

April 2022 Results			
	April 2022	% Variance to 2021	% Variance to 2019
Occupancy	72.4%	28.9%	-8.1%
ADR	\$187.07	26.4%	9.5%
RevPAR	\$134.33	62.6%	0.8%

May 2022 Results			
	May 2022	% Variance to 2021	% Variance to 2019
Occupancy	68.4%	14.7%	-11.1%
ADR	\$184.17	25.0%	7.1%
RevPAR	\$124.73	43.3%	-4.8%

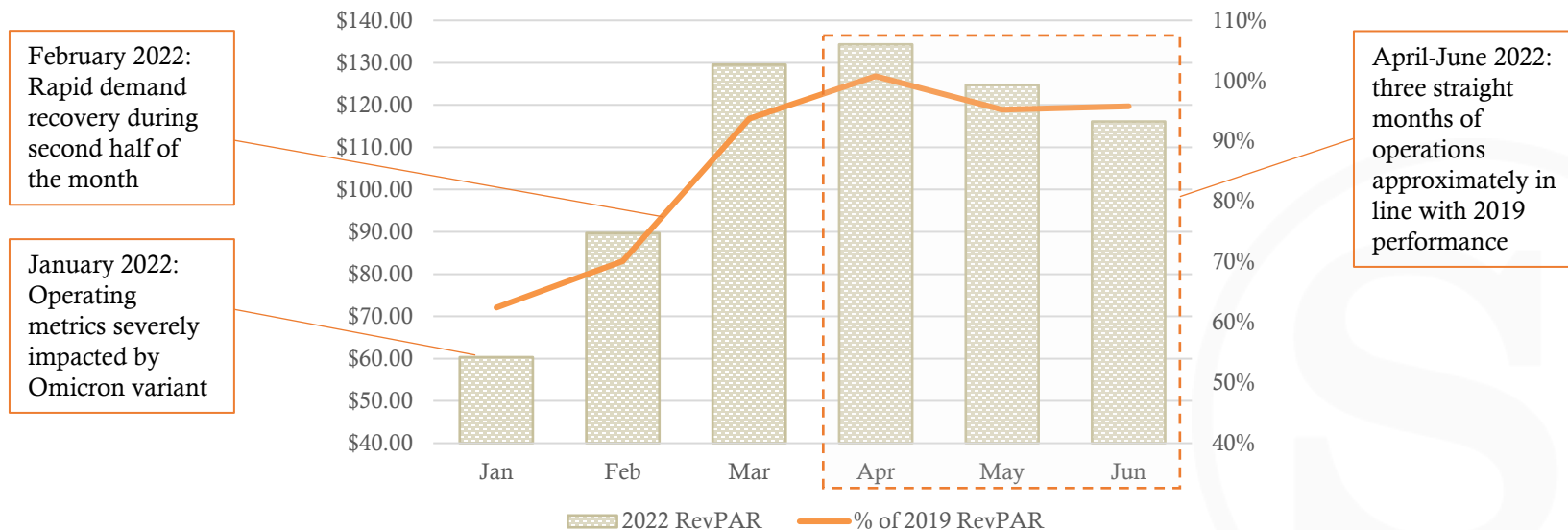
June 2022 Results			
	June 2022	% Variance to 2021	% Variance to 2019
Occupancy	67.8%	9.4%	-10.9%
ADR	\$173.11	15.5%	7.8%
RevPAR	\$116.10	25.7%	-4.2%

Total 2Q 2022 Results			
	2Q 2022	% Variance to 2021	% Variance to 2019
Occupancy	69.5%	17.3%	-10.0%
ADR	\$181.61	22.4%	8.2%
RevPAR	\$125.05	43.2%	-2.7%

**Same-store results exclude the Sheraton Louisville Riverside, the DoubleTree by Hilton Raleigh Brownstone, and the Hyde Beach House Resort*

H1 2022 OPERATING RESULTS

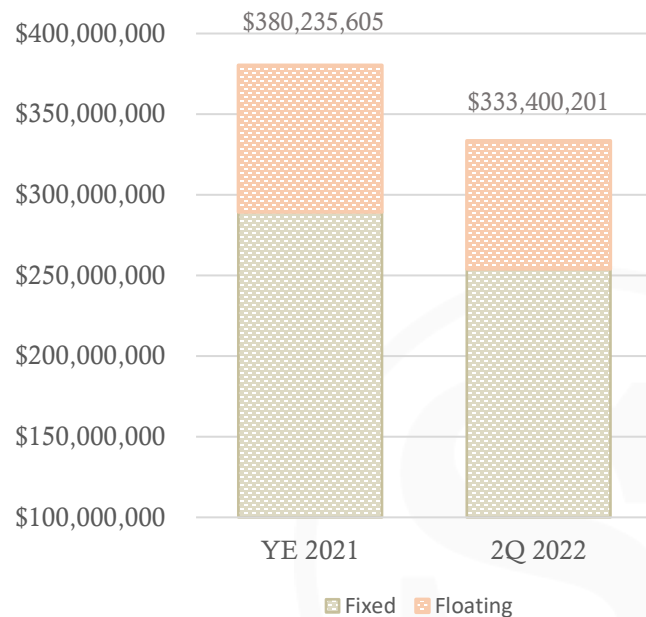
The graphic below displays 2022 wholly owned same-store portfolio RevPAR results and compares the results to 2019 as a benchmark. January and the first half of February 2022 were severely impacted by the Omicron variant. Reduced case counts in mid-February directly led to the uptick of demand from all business segments and resulted in strong March RevPAR representing 94% of March 2019. 2Q 2022 results continued to show improvement, with the quarter's overall RevPAR down only 2.7% to 2019 levels and April 2022 exceeding the same period in 2019.



CAPITAL RESTRUCTURING UPDATE

During the first half of 2022, the Company reduced the debt obligations on its balance sheet by nearly \$47.0 million, detailed below:

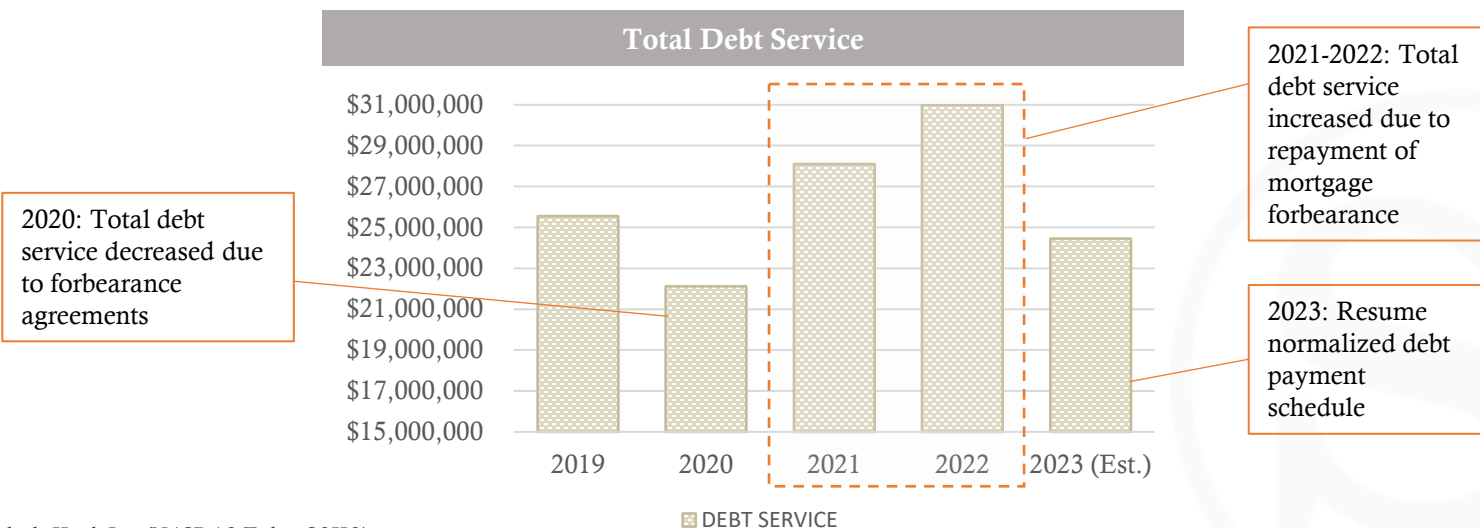
Louisville Asset Sale	<ul style="list-style-type: none"> • Sales Price: \$11.5 million • Eliminated: \$10.95 million mortgage debt • Eliminated: Approx. \$10 million in brand required life-cycle Capex
Raleigh Asset Sale	<ul style="list-style-type: none"> • Sales Price: \$42.0 million • Eliminated: \$18.6 million mortgage debt • Eliminated: Approx. \$15 million in brand required life-cycle Capex
Tampa Asset Loan Modification	<ul style="list-style-type: none"> • New loan balance: \$25.0 million • Proceeds \$7.5 million
Kemmons Wilson Loan Payoff	<ul style="list-style-type: none"> • Eliminated: \$20.0 million corporate debt, plus \$9.4 million in interest obligations • Paid off using Raleigh asset sale proceeds, Tampa loan mod proceeds, and nominal corporate cash



*Of the \$79.4 million in variable rate debt on the balance sheet as of 6/30/22, \$65.1 is fixed via interest rate swaps, leaving approximately \$14.3 million in true variable rate debt.

IMPROVING FUNDAMENTALS OUTLOOK

- As shown below, our total debt service substantially declined in 2020 due to forbearance agreements with our lenders, then increased significantly due to the repayment of those agreements in 2021 and 2022. We expect to complete these forbearance payments by YE 2022 and resume a normalized debt service payment schedule in 2023.
- In addition, with the elimination of the brand-required life cycle renovations for our Louisville and Raleigh assets, there are no major capital projects required for our portfolio guestrooms for the next 24-months, providing more flexibility for our capital allocation.
- During stabilized operations in 2019, the Company distributed approximately \$15.7 million in preferred and common dividends, combined. We believe the combination of improved operating and balance sheet fundamentals facilitate a clearer path towards repaying our preferred dividend obligations, while allowing us to concentrate on our core business strategies.



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