MOODY NATIONAL REIT II, INC.
SUPPLEMENT NO. 1 DATED JANUARY 17, 2018
TO THE PROSPECTUS DATED JANUARY 17, 2018

This document supplements, and should be read in conjunction with, our prospectus dated January 17, 2018 relating to our offering of up to $1,100,000,000 in shares of our common stock. Terms used and not otherwise defined in this Supplement No. 1 shall have the same meanings as set forth in our prospectus. The purpose of this Supplement No. 1is to disclose:

- the status of our public offering;
- the estimated value per share of our common stock;
- our real estate portfolio following our merger with Moody National REIT I, Inc.;
- selected financial data;
- our performance — funds from operations and modified funds from operations;
- our net tangible book value;
- information regarding our indebtedness;
- information regarding our distributions;
- information regarding redemption of shares of our common stock;
- compensation paid to our advisor and its affiliates;
- information on experts; and
- incorporation of certain information by reference.

Status of Our Public Offering

We commenced our offering of up to $1,100,000,000 in shares of our common stock on January 20, 2015. On July 2, 2015, we received subscriptions aggregating $2,000,000 and the subscription proceeds held in escrow were released to us pursuant to the terms of our offering. As of January 3, 2018, we had received and accepted investors' subscriptions for and issued 5,037,374 shares of our common stock in our offering, including 133,680 shares of common stock pursuant to our distribution reinvestment plan, or DRP, resulting in gross offering proceeds of approximately $123,686,416 and including 4,957,353 Class A shares, 0 Class D shares, 41,673 Class I shares, and 38,348 Class T shares. As of January 3, 2018, $973,033,788 of shares remained to be sold in our offering in any combination of our Class A, Class D, Class I and Class T common stock. We intend to continue to offer shares of our common stock on a continuous basis until January 20, 2018, unless we determine to pursue a follow-on offering of shares of our common stock. However, in certain states our offering may continue for only one year unless we renew the offering period for an additional year. We reserve the right to terminate our offering at any time.

Estimated Value Per Share of Common Stock

Background

On March 16, 2017, our board of directors, including all of our independent directors, determined an estimated value per share of our common stock (now our Class A shares) of $25.04 as of December 31, 2016. We are providing the estimated value per share to assist broker-dealers in complying with certain rules of the Financial Industry Regulatory Authority, Inc., or FINRA. In determining an estimated value per share of our common stock, our board of directors relied upon information provided in a report, or the valuation report, provided by our advisor, the recommendation of our audit committee and the board of directors' experience with, and knowledge of, our real property and other assets as of December 31, 2016. The market for commercial real estate can fluctuate quickly and substantially, and values of our assets and liabilities are expected to change in the future. We are continuing to raise capital in this offering, and at December 31, we owned only two hotel properties and a mortgage note receivable from a related party. The estimated value per share does not take into account the properties we acquired in the mergers, which are described under the heading "Portfolio Information Following the Mergers" herein.

The objective of the board of directors in determining the estimated value per share of our common stock was to arrive at a value, based on recent, available data, that it believed was reasonable based on methods that it deemed appropriate after consultation with our advisor and our audit committee. Accordingly, our advisor performed the valuation of our common stock in accordance with Practice Guideline 2013-01, Valuations of Publicly Registered Non-Listed REITs, issued by the Investment Program Association in April 2013. To assist our advisor in its performance of the valuation of our common stock, our advisor engaged CBRE, Inc. —Valuation & Advisory Services and Landauer Valuation & Advisory, a division of Newmark Grubb Knight Frank, together, the appraisers, to provide appraisals of the fair value of our investment in hotel properties.

The estimated value per share is based on (x) the estimated value of our assets less the estimated value of our liabilities divided by (y) the number of outstanding shares of our common stock, all as of December 31, 2016.

Valuation Summary

The following is a summary of the valuation methods used on our assets and liabilities and the results of the valuation.

Real Estate Investments. As of December 31, 2016, we owned two hotel properties. Our board of directors determined the fair value of our investment in hotel properties to be $116,000,000 as of December 31, 2016. This determination was based on appraisals of the fair value of our investment in hotel properties performed by the appraisers, which appraisals were included in the valuation report.

Material Assumptions in Property Valuation. The appraisers made certain key assumptions in the discounted cash flow models that they used to value our investment in hotel properties, which are set forth below:

Capitalization rate	7.50%
Discount rate	9.50%

While we believe that the appraisers' assumptions are reasonable, a change in these assumptions would significantly impact the appraised values of our investment in hotel properties and thus, our estimated value per share. The table below illustrates the impact on the estimated value per share if the capitalization rate and discount rate listed above were increased or decreased by 2.5%, assuming all other factors remain unchanged:

	Decrease of 2.5%	Increase of 2.5%
Capitalization rate	$ 0.44	$ (0.47)
Discount rate	$ 0.56	$ (0.60)

Note Receivable. The valuation report contained an estimated fair value of a note receivable that we hold as equal to its carrying value as of December 31, 2016. Our board of directors determined that the value of our note receivable as of December 31, 2016 was $11,200,000.

Notes Payable. The valuation report contained an estimated value of our notes payable as equal to their fair value as of December 31, 2016. The estimated fair value of our notes payable as of December 31, 2016 was $70,000,000.

Other Assets and Liabilities. The valuation report contained our other assets and liabilities, consisting primarily of cash and cash equivalents, restricted cash, earnest money deposit, deferred franchise costs, accounts receivable, prepaid expenses and other assets and accounts payable and accrued expenses. The fair value of other assets and liabilities were considered by our board of directors to be equal to their carrying values as of December 31, 2016 due to their short maturities.

Estimated Value Per Share. The estimated value per share was based upon 3,173,348 shares of our common stock outstanding as of December 31, 2016. Although the estimated value per share has been developed as a measure of value as of December 31, 2016, a specific date, the estimated value per share does not reflect a liquidity discount for the fact that the shares are not currently traded on a national securities exchange or the limited nature in which a stockholder may redeem shares under our share repurchase program, a discount for the non-assumability or prepayment obligations associated with certain of our debt, or a discount for our corporate level overhead.

The following table presents how the estimated value per share was determined as of December 31, 2016:

Investment in hotel properties	$	116,000,000
Cash, cash equivalents and restricted cash		21,447,616
Note receivable		11,200,000
Other assets		3,121,418
	$	151,769,034
Notes payable	$	69,975,000
Other liabilities		1,885,834
Special limited partnership interests		1,000
Noncontrolling interest in Operating Partnership		450,691
Total liabilities, special limited partnership interests and noncontrolling interest in Operating Partnership	$	72,312,525
Estimated value	$	79,456,509
Common stock outstanding		3,173,348
Estimated value per share	$	25.04

As of December 31, 2016, our estimated value per share was allocated on a per share basis as follows:

Investment in hotel properties	$	36.55
Notes payable		(22.05)
Other assets, liabilities, and special limited partnership interests		10.68
Noncontrolling interest in Operating Partnership		(0.14)
Estimated value per share	$	25.04

Limitations of Valuation Method

FINRA rules provide limited guidance on the methods an issuer must use to determine its estimated value per share. As with any valuation method, and as noted above, the methods used to determine our estimated value per share were based upon a number of assumptions, estimates and judgments that may not be accurate or complete. The estimated value per share determined by our board of directors is not a representation, warranty or guarantee that, among other things:

- a stockholder would be able to realize the estimated value per share if such stockholder attempts to sell his or her shares;
- a stockholder would ultimately realize distributions per share equal to the estimated value per share upon liquidation of our assets and settlement of our liabilities or if we were sold;
- shares of our common stock would trade at the estimated value per share on a national securities exchange;
- a third party would offer the estimated value per share in an arms-length transaction to purchase all or substantially all of the shares of our common stock; or
- the methods used to determine the estimated value per share would be acceptable to FINRA, the Securities and Exchange Commission, any state securities regulatory entity or in accordance with the Employee Retirement Income Security Act of 1974, as amended, with respect to their respective requirements.

Further, the estimated value per share was calculated as of a particular moment in time and the value of our shares will fluctuate over time as a result of, among other things, future acquisitions or dispositions of assets, developments related to individual assets and changes in the real estate and capital markets.

Portfolio Information

As of September 30, 2017 our assets consist of (i) interests in 14 hotel properties with a total of 1,941 rooms located in six states and (ii) three notes receivable from related parties with a principal amount of $23,700,000.

Property Name	Date Acquired	Location	Ownership Interest	Purchase Price[(1)]	Rooms	Mortgage Debt Outstanding[(2)]
Residence Inn Austin	October 15, 2015	Austin, Texas	100%	$ 27,500,000	112	$ 16,575,000
Springhill Suites Seattle	May 24, 2016	Seattle, Washington	100%	74,100,000	234	45,000,000
Homewood Suites Woodlands	September 27, 2017[(5)]	The Woodlands, Texas	100%	17,355,672	91	9,244,028
Hyatt Place Germantown	September 27, 2017[(5)]	Germantown, Tennessee	100%	16,073,719	127	7,216,139
Hyatt Place North Charleston	September 27, 2017[(5)]	North Charleston, South Carolina	100%	13,805,648	113	7,323,184
Hampton Inn Austin	September 27, 2017[(5)]	Austin, Texas	100%	19,327,908	123	10,915,327
Residence Inn Grapevine	September 27, 2017[(5)]	Grapevine, Texas	100%	25,244,614	133	12,608,294
Marriott Courtyard Lyndhurst	September 27, 2017[(5)]	Lyndhurst, New Jersey	[(3)]	39,247,484	227	—
Hilton Garden Inn Austin	September 27, 2017[(5)]	Austin, Texas	100%	29,287,695	138	18,782,241
Hampton Inn Great Valley	September 27, 2017[(5)]	Frazer, Pennsylvania	100%	15,284,824	125	8,150,750
Embassy Suites Nashville	September 27, 2017[(5)]	Nashville, Tennessee	100%	81,453,322	208	42,890,574
Homewood Suites Austin	September 27, 2017[(5)]	Austin, Texas	100%	18,834,848	96	10,987,326
Townplace Suites Fort Worth	September 27, 2017[(5)]	Fort Worth, Texas	[(4)]	11,241,742	95	—
Hampton Inn Houston	September 27, 2017[(5)]	Houston, Texas	100%	9,959,785	119	4,627,120
Totals				$ 398,717,261	1,941	$ 194,319,983

(1) Excludes closing costs and includes gain on acquisition.

(2) As of September 30, 2017.

(3) The Marriott Courtyard Lyndhurst is owned by MN Lyndhurst Venture, LLC, of which our operating partnership is a member and holds 100% of the Class B membership interests therein.

(4) The Townplace Suites Fort Worth is owned by MN Fort Worth Venture, LLC, of which our operating partnership is a member and holds 100% of the Class B membership interests therein.

(5) Acquired in merger with Moody I.

Notes Receivable from Related Parties

We hold the following three notes receivable from related parties.

Moody I Related Party Note. On August 21, 2015, Moody I originated a loan in the aggregate principal amount of $9,000,000, or the Moody I related party note, to Moody National DST Sponsor, LLC, a Texas limited liability company and affiliate of our sponsor, or DST Sponsor. Proceeds from the Moody I related party note were used by DST Sponsor to acquire a commercial real property located in Katy, Texas. Interest on the outstanding principal balance of the Moody I related party note accrues at a fixed per annum rate equal to 12%, provided that in no event will the interest rate exceed the maximum rate permitted by applicable law. The entire unpaid principal balance of the Moody I related party note and all accrued and unpaid interest thereon and all other amounts due thereunder were due and payable in full on August 21, 2016. On August 15, 2016, the maturity date of the Moody I related party note was extended from August 21, 2016 to August 21, 2017 and an origination fee in the amount of $90,000 and an extension fee in the amount of $45,000 were paid to Moody I by DST Sponsor. On September 24, 2017, the maturity date of the Moody I related party note was extended from August 21, 2017 to August 21, 2018. An exit fee of $90,000 is payable by DST Sponsor to Moody I upon maturity of the Moody I related party note, including any earlier prepayment date or accelerated maturity date of the Moody I related party note. The Moody I related party note may be prepaid in whole or part by DST Sponsor without penalty at any time upon prior written notice to Moody I.

Moody I Mezzanine Note. On April 29, 2016, Moody I originated a loan in the aggregate principal amount of $4,500,000, or the Moody I mezzanine note, to Moody National Realty Company, L.P., a Texas limited partnership and an affiliate of our sponsor, or Moody Realty. Proceeds from the Moody I mezzanine note were used by Moody Realty to acquire a multifamily real property located in Houston, Texas. The entire unpaid principal balance of the Moody I mezzanine note and all accrued and unpaid interest thereon and all other amounts due thereunder are due and payable in full on the earlier of (1) April 30, 2018, or (2) upon 90 days' written notice of acceleration of the maturity date by Moody I to Moody Realty. Interest on the outstanding principal balance of the Moody I mezzanine note accrues at a fixed per annum rate equal to 10%, provided that in no event will the interest rate exceed the maximum rate permitted by applicable law. Moody Realty will pay to Moody I an origination fee in the amount of $45,000 and an exit fee in the amount of $45,000 upon the maturity date of the Moody I mezzanine note, including any earlier prepayment date or accelerated maturity date. The Moody I mezzanine note may be prepaid in whole or part by Moody Realty without penalty at any time upon prior written notice to Moody I.

MN TX II Note. On October 6, 2016, our operating partnership originated a secured loan in the aggregate principal amount of $11,200,000, or the MN TX II note, to MN TX II, LLC, or MN TX II, a Texas limited liability company affiliated with our advisor. Proceeds from the MN TX II note were used by MN TX II solely to acquire a commercial property located in Houston, Texas. The entire unpaid principal balance of the MN TX II note and all accrued and unpaid interest thereon and all other amounts due thereunder are due and payable on October 6, 2018. Interest on the outstanding principal balance of the MN TX II note accrues at a fixed per annum rate equal to 5.50%, provided that in no event will the interest rate exceed the maximum rate permitted by applicable law. The MN TX II note may be prepaid in whole or in part by MN TX II without penalty at any time upon prior written notice to our operating partnership. We financed the mortgage note receivable in part with the proceeds of a loan secured by the MN TX II note with an initial principal balance of $8,400,000. See "Information Regarding Our Indebtedness," below for more information.

Consolidated Financial Statements of Moody I

In connection with the mergers, the audited consolidated financial statements of Moody I as of December 31, 2016 and 2015 and unaudited financial statements of Moody I as of June 30, 2017, and Moody I's related consolidated statements of operations, equity, and cash flows for the periods then ended are incorporated into this supplement by reference to our Current Report on Form 8-K/A filed with the SEC on October 23, 2017.

Selected Financial Data

The following selected financial data should be read in conjunction with our consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference herein. Our historical results are not necessarily indicative of results for any future period.

	As of September 30, 2017	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
BALANCE SHEET DATA:				
Total assets	$ 457,307,928	$ 135,758,774	$ 29,479,123	$ 198,624
Total liabilities	$ 280,804,812	$ 70,929,336	$ 17,217,912	$ —
Special limited partnership interests	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Total equity	$ 176,502,116	$ 64,828,438	$ 12,260,211	$ 197,624

	Nine months ended September 30, 2017	Year ended December 31, 2016	Year ended December 31, 2015	Period from July 25, 2014 (Inception) to December 31, 2014
STATEMENT OF OPERATIONS DATA:				
Total revenue	$ 16,495,542	$ 14,858,872	$ 1,077,074	$ —
Total expenses	24,974,985	13,999,135	1,426,966	2,376
Total other income (expense)	(2,578,320)	(3,137,208)	1,828,589	—
Income tax benefit (expense)	(1,000)	4,000	6,000	—
Net income (loss)	(11,056,763)	(2,273,471)	1,484,697	(2,376)
STATEMENT OF CASH FLOWS DATA:				
Net cash provided by (used in) operating activities	$ (13,839,804)	$ 921,090	$ (18,993)	$ (2,376)
Net cash used in investing activities	86,189,688	88,665,861	25,683,518	—
Net cash provided by financing activities	91,985,800	105,741,116	27,084,854	201,000
OTHER DATA:				
Dividends declared	$ 5,751,748	$ 3,161,440	$ 217,365	$ —

Our Performance — Funds from Operations and Modified Funds from Operations

One of our objectives is to provide cash distributions to our stockholders from cash generated by our operations. Cash generated from operations is not equivalent to net income as determined under generally accepted account principles, or GAAP. Due to certain unique operating characteristics of real estate companies, NAREIT has promulgated a standard known as Funds from Operations, or FFO, which it believes more accurately reflects the operating performance of a REIT. As defined by NAREIT, FFO means net income computed in accordance with GAAP, excluding gains (or losses) from sales and on acquisitions of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures in which the REIT holds an interest. We have adopted the NAREIT definition for computing FFO because, in our view, FFO is a meaningful supplemental performance measure in conjunction with net income.

Changes in the accounting and reporting rules under GAAP that have been put into effect since the establishment of NAREIT's definition of FFO have prompted a significant increase in the magnitude of non-cash and non-operating items included in FFO, as defined. As a result, in addition to FFO, we also calculate modified funds from operations, or MFFO, a non-GAAP supplemental financial performance measure that our management uses in evaluating our operating performance. Similar to FFO, MFFO excludes items such as depreciation and amortization. However, MFFO excludes non-cash and non-operating items included in FFO, such as amortization of certain in-place lease intangible assets and liabilities and the amortization of certain tenant incentives. Our calculation of MFFO excludes these items, as well as the effects of straight-line rent revenue recognition, fair value adjustments to derivative instruments that do not qualify for hedge accounting treatment, non-cash impairment charges and certain other items, when applicable. Our calculation of MFFO also includes, when applicable, items such as master lease rental receipts, which are excluded from net income (loss) and FFO, but which we consider in the evaluation of the operating performance of our real estate investments.

We believe that MFFO reflects the overall impact on the performance of our real estate investments of occupancy rates, rental rates, property operating costs and development activities, as well as general and administrative expenses and interest costs, which is not immediately apparent from net income (loss). As such, we believe MFFO, in addition to net income (loss) as defined by GAAP, is a meaningful supplemental performance measure which is used by our management to evaluate our operating performance and determine our operating, financing and dividend policies.

Please see the limitations listed below associated with the use of MFFO as compared to net income (loss):

- Our calculation of MFFO will exclude any gains (losses) related to changes in estimated values of derivative instruments related to any interest rate swaps which we hold. Although we expect to hold these instruments to maturity, if we were to settle these instruments prior to maturity, it would have an impact on our operations. We do not currently hold any such derivate instruments and thus our calculation of MFFO set forth in the table below does not reflect any such exclusion.

- Our calculation of MFFO will exclude any impairment charges related to long-lived assets that have been written down to current market valuations. Although these losses will be included in the calculation of net income (loss), we will exclude them from MFFO because we believe doing so will more appropriately present the operating performance of our real estate investments on a comparative basis. We have not recognized any such impairment charges and thus our calculation of MFFO set forth in the table below does not reflect any such exclusion.

- Our calculation of MFFO will exclude organizational and offering expenses and acquisition expenses payable to our advisor. Although these amounts reduce net income, we fund such costs with proceeds from our offering and acquisition-related indebtedness and do not consider these expenses in the evaluation of our operating performance and determining MFFO. Our calculation of MFFO set forth in the table below reflects such exclusions.

We believe MFFO is useful to investors in evaluating how our portfolio might perform after our offering and acquisition stage has been completed and, as a result, may provide an indication of the sustainability of our distributions in the future. However, as described in greater detail below, MFFO should not be considered as an alternative to net income (loss) or as an indication of our liquidity. Many of the adjustments to MFFO are similar to adjustments required by SEC rules for the presentation of pro forma business combination disclosures, particularly acquisition expenses, gains or losses recognized in business combinations and other activity not representative of future activities. MFFO is also more comparable in evaluating our performance over time and as compared to other real estate companies, which may not be as involved in acquisition activities or as affected by impairments and other non-operating charges.

MFFO has limitations as a performance measure in an offering such as ours, but it is useful in assisting management and investors in assessing the sustainability of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. MFFO is not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining MFFO. Investors are cautioned that due to the fact that impairments are based on estimated future undiscounted cash flows and given the relatively limited term of our operations, it could be difficult to recover any impairment charges.

The calculation of FFO and MFFO may vary from entity to entity because capitalization and expense policies tend to vary from entity to entity. Consequently, our presentation of FFO and MFFO may not be comparable to other similarly titled measures presented by other REITs. In addition, FFO and MFFO should not be considered as an alternative to net income (loss) or to cash flows from operating activities and are not intended to be used as a liquidity measure indicative of cash flow available to fund our cash needs. In particular, as we are currently in the acquisition phase of our life cycle, acquisition costs and other adjustments which are increases to MFFO are, and may continue to be, a significant use of cash. MFFO also excludes impairment charges, rental revenue adjustments and unrealized gains and losses related to certain other fair value adjustments. Accordingly, both FFO and MFFO should be reviewed in connection with other GAAP measurements.

The table below summarizes our calculation of FFO and MFFO for the years ended December 31, 2016 and 2015, and the nine months ended September 30, 2017 and 2016, and a reconciliation of such non-GAAP financial performance measures to our net income (loss) for each period.

	Year ended December 31,	
	2016	**2015**
Net Income (Loss)	$ (2,273,471)	$ 1,484,697
Adjustments:		
Depreciation and amortization	1,711,145	135,540
Gain on acquisition of hotel property	—	(2,000,000)
Funds from Operations	(562,326)	(379,763)
Adjustments:		
Acquisition expenses	2,407,445	496,165
Modified Funds from Operations	$ 1,845,119	$ 116,402

	Nine months ended September 30,	
	2017	2016
Net loss	$ (11,056,763)	$ (646,604)
Adjustments:		
Depreciation and amortization	1,841,077	1,126,147
Funds from Operations	(9,215,686)	479,543
Adjustments:		
Acquisition expenses	11,806,469	1,258,322
Modified Funds from Operations	$ 2,590,783	$ 1,737,865

Our Net Tangible Book Value Per Share

As of September 30, 2017, our net tangible book value per share was $19.77. Net tangible book value per share of our common stock is determined by dividing the net tangible book value based on the September 30, 2017 net book value of tangible assets (consisting of total assets less intangible assets, which are comprised of deferred franchise costs) by the number of shares of our common stock outstanding as of September 30, 2017. Net tangible book value is used generally as a conservative measure of net worth that we do not believe reflects our estimated value per share. It is not intended to reflect the value of our assets upon an orderly liquidation of the company in accordance with our investment objectives. Additionally, investors who purchase shares in this offering will experience dilution in the percentage of their equity investment in us as we sell additional common shares in the future pursuant to this offering, if we sell securities that are convertible into common shares or if we issue shares upon the exercise of options, warrants or other rights.

Information Regarding Our Indebtedness

As of September 30, 2017 and December 31, 2016, our mortgage notes payable secured by the respective real estate-related investments, consisted of the following:

Mortgage Loan	Principal as of September 30, 2017	Principal as of December 31, 2016	Interest Rate at September 30, 2017	Maturity Date
Residence Inn Austin[(1)]	$ 16,575,000	$ 16,575,000	4.580%	November 1, 2025
Springhill Suites Seattle[(2)]	45,000,000	45,000,000	4.380%	October 1, 2026
MN TX II Note[(3)]	8,400,000	8,400,000	3.750%	October 6, 2018
Homewood Suites Woodlands[(4)]	9,244,028	—	4.690%	April 11, 2025
Hyatt Place Germantown[(4)]	7,216,139	—	4.300%	May 6, 2023
Hyatt Place North Charleston[(4)]	7,323,184	—	5.193%	August 1, 2023
Hampton Inn Austin[(4)]	10,915,327	—	5.426%	January 6, 2024
Residence Inn Grapevine[(4)]	12,608,294	—	5.250%	April 6, 2024
Hilton Garden Inn Austin[(4)]	18,782,241	—	4.530%	December 11, 2024
Hampton Inn Great Valley[(4)]	8,150,750	—	4.700%	April 11, 2025
Embassy Suites Nashville[(4)]	42,890,574	—	4.2123%	July 11, 2025
Homewood Suites Austin[(4)]	10,987,326	—	4.650%	August 11, 2025
Hampton Inn Houston[(4)]	4,627,120	—	6.000%	August 10, 2018
Term Loan[(5)]	70,000,000	—	30-day LIBOR plus 7.250%	September 27, 2018
Total notes payable	272,719,983	69,975,000		
Less unamortized debt issuance costs	(5,192,454)	(931,498)		
Total notes payable, net of unamortized debt issuance costs	$ 267,527,529	$ 69,043,502		

(1) Monthly payments of interest are due and payable until the maturity date. Monthly payments of principal are due and payable beginning in December 2017 until the maturity date.

(2) Monthly payments of interest only are due and payable in calendar years 2016 and 2017, after which monthly payments of principal and interest are due and payable until the maturity date.

(3) Monthly payments of interest only are due until the maturity date.

(4) Monthly payments of interest and principal are due until maturity date.

(5) Monthly payments of interest are due and payable until the maturity date. Monthly payments of principal are due and payable beginning in November 2017 until the maturity date.

Term Loan Agreement

On September 27, 2017, our operating partnership, as borrower, we and certain of our subsidiaries, as guarantors, and KeyBank National Association, or KeyBank, as agent and lender, entered into a term loan agreement, or the Term Loan Agreement (we refer to KeyBank, in its capacity as lender, together with any other lender institutions that may become parties thereto as the Lenders). Pursuant to the Term Loan Agreement, the Lenders have made a term loan to our operating partnership in the principal amount of $70.0 million, or the Term Loan. Capitalized terms used in this section and not defined herein have the same meaning as in the Term Loan Agreement. We used proceeds from the Term Loan to pay the cash consideration in connection with the mergers, other costs and expenses related to the mergers and for other corporate purposes.

Provisions of the Term Loan Agreement require that we raise a minimum of $10 million per quarter in gross offering proceeds from our public offering beginning with the quarter ending March 31, 2018 and that the Company make principal payments of $1.5 million per month beginning in November 2017.

The outstanding principal of the Term Loan will initially bear interest at either (i) 6.25% per year over the base rate, which is defined in the Term Loan Agreement as the greatest of (a) the fluctuating annual rate of interest announced from time to time by the Agent at the Agent's Head Office as its "prime rate," (b) the then applicable LIBOR for a one month Interest Period plus one percent (1.00%), or (c) one half of one percent (0.5%) above the Federal Funds Effective Rate or (ii) 7.25% per year over the LIBOR rate for the applicable Interest Period, but upon reduction of the outstanding principal balance of the Term Loan to a specified level, the margins over the base rate or LIBOR rate will be reduced to 2.95% and 3.95%, respectively. As a condition to the funding of the Term Loan, our operating partnership has entered into an interest rate cap arrangement with KeyBank that caps LIBOR at 1.75% until the initial Maturity Date with respect to $26.0 million of the principal of the Term Loan.

The Term Loan will mature on September 27, 2018, but can be extended for six months, to March 27, 2019, subject to satisfaction of certain conditions, including payment of an extension fee in the amount of 0.5% of the then outstanding principal amount of the Term Loan. The Outstanding Balance, together with any and all accrued and unpaid interest thereon, and all other Obligations, will be due on the Maturity Date. In addition, the Term Loan provides for monthly interest payments, for mandatory prepayments of principal from the proceeds of certain capital events, and for monthly payments of principal in an amount equal to the greater of (i) 50% of our operating partnership's Consolidated Net Cash Flow or (ii) $1,500,000. The Term Loan may be prepaid at any time, in whole or in part, without premium or penalty, as described in the Term Loan Agreement. Upon the occurrence of an event of default, the Lenders may accelerate the payment of the Outstanding Balance.

The Term Loan Agreement also contains various customary covenants, including but not limited to financial covenants, covenants requiring monthly deposits in respect of certain property costs, such as taxes, furniture, fixtures and equipment, and insurance, covenants imposing restrictions on indebtedness and liens, and restrictions on investments and participation in other asset disposition, merger or business combination or dissolution transactions.

The performance of our obligations under the Term Loan Agreement is secured by, among other things, mortgages on our hotel properties in Lyndhurst, New Jersey, which we refer to as the Lyndhurst Property, and Fort Worth, Texas, which we refer to as the Fort Worth Property, and by pledges of certain portions of the ownership interests in certain subsidiaries of our operating partnership. Pursuant to a Guaranty Agreement in favor of Keybank, or the Guaranty Agreement, we and certain of our subsidiaries, including the owners of the Lyndhurst Property and Fort Worth Property, will be fully and personally liable for the payment and performance of the obligations set forth in the Term Loan Agreement and all other loan documents, including the payment of all indebtedness and obligations due under the Loan Agreement. Pursuant to an Environmental Indemnity Agreement, or the Environmental Indemnity, we, our operating partnership and certain of our subsidiaries, including the owners of the Lyndhurst Property and Fort Worth Property, which we refer to collectively as the Indemnitors, have agreed to jointly and severally indemnify and hold harmless the Lenders, as defined therein, their successors and assigns, their respective affiliate, parent and subsidiary corporations, and the respective officers, directors, employees and agents of any of the foregoing, from and against any losses, damages, costs, claims, suits or other liabilities of any nature that the Lenders or any other indemnified party may suffer or incur as a result of, among other things, (1) any hazardous substances on, in, under or affecting the Lyndhurst Property or the Fort Worth Property or any surrounding property in violation of environmental law, (2) any violation by Indemnitors of any environmental law with respect to the Lyndhurst Property or the Fort Worth Property or any surrounding property, (3) any breach by the Indemnitors of any representation, warranty, or covenant under the Environmental Indemnity, or (4) costs of enforcing the Environmental Indemnity, including any costs of investigation or remediation.

Information Regarding Our Distributions

Since July 2, 2015, our board of directors has authorized and declared the payment of cash distributions to our stockholders. We first paid distributions on September 15, 2015. Our board of directors authorized and declared a distribution to our stockholders for 2017 that (1) is calculated daily and reduced for class-specific expenses; (2) is payable in cumulative amounts on or before the 15th day of each calendar month to stockholders of record as of the last day of the previous month; and (3) is calculated at a rate of $1.75 per share of our common stock per year, or approximately $0.00479 per share per day, before any class-specific expenses. Such rate, if paid over a 365-day period, is equivalent to an annualized distribution rate of approximately 6.29% based on a purchase price of $27.82 per share of our Class A common stock, which was the purchase price per share of our Class A common stock as of December 31, 2017. Our board of directors authorized and declared a distribution to our stockholders for the quarter ending March 31, 2018 that (1) is calculated daily and reduced for class-specific expenses (if any); (2) is payable in cumulative amounts on or before the 15th day of each calendar month to stockholders of record as of the last day of the previous month; and (3) is calculated at a rate of $1.7528 per share of our common stock per year, or approximately $0.004802 per share per day, before class-specific expenses (if any). Such rate, if paid over a 365-day period, is equivalent to an annualized distribution rate of approximately 7.00% based on a purchase price per share of $25.04.

Distributions paid during the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015 are presented in the following table:

Period	Cash Distribution	Distribution Paid Pursuant to DRP[1]	Total Amount of Distribution	Net Cash Provided by (Used in) Operating Activities	Funds From Operations
First Quarter 2015	$ —	$ —	$ —	$ —	$ —
Second Quarter 2015	—	—	—	—	—
Third Quarter 2015	16,959	5,838	22,797	(5,421)	—[2]
Fourth Quarter 2015	86,452	40,362	126,814	(13,572)	(379,763)
First Quarter 2016	185,952	84,466	270,418	393,477	338,504
Second Quarter 2016	351,169	157,799	508,968	762,888	(899,013)
Third Quarter 2016	634,948	229,708	864,656	351,342	1,040,052
Fourth Quarter 2016	818,892	314,629	1,133,521	(586,617)	(1,041,869)
First Quarter 2017	1,016,749	410,733	1,427,482	(954,243)	(329,329)
Second Quarter 2017	1,325,157	589,483	1,914,640	(295,263)	479,536
Third Quarter 2017	1,478,301	626,925	2,105,226	(12,590,298)	(9,365,893)
Total	$ 5,914,579	$ 2,459,943	$ 8,374,522	$ (12,937,707)	$ (10,157,775)

(1) Amount of distributions paid in shares of common stock pursuant to our DRP.

(2) As of September 30, 2015, no properties had been purchased and we had not yet commenced real estate operations.

For the year ended December 31, 2015, we had cash used in operating activities of $18,993 and a deficit of $379,763 in funds from operations. From July 2, 2015 (the date our board of directors authorized and declared the payment of a distribution) through December 31, 2015, we paid aggregate distributions of $149,611, including $103,411 of distributions paid in cash and $46,200 in shares of our common stock issued pursuant to our DRP. For the year ended December 31, 2015, all distributions were paid from offering proceeds. For the year ended December 31, 2016, we had cash provided by operating activities of $921,090 and a deficit of $562,326 in funds from operations. For the year ended December 31, 2016, 33% of distributions were paid from cash provided by operating activities and 67% were paid from offering proceeds. For the nine months ended September 30, 2017, we had cash used in operating activities of $13,839,804 and funds from operations of $(9,215,686). For the nine months ended September 30, 2017, all distributions were paid from offering proceeds because we were conserving cash in anticipation of the mergers rather than investing immediately into additional operating assets.

On September 30, 2017, we declared a distribution in the aggregate amount of $756,031 of which $496,217 was paid in cash on October 15, 2017, $207,869 was paid pursuant to the DRP in the form of additional shares of our common stock, and $51,945 was deferred pending the return of letters of transmittal by former Moody I stockholders. On October 31, 2017, we declared a distribution in the aggregate amount of $1,277,982, of which $810,362 was paid in cash on November 15, 2017, $299,349 was paid pursuant to the DRP in the form of additional shares of our common stock, and $168,271 was deferred pending the return of letters of transmittal by former Moody I stockholders.

We intend to fund future distributions from cash generated by operations, provided that we have sufficient cash generated by operations to do so. However, we may fund distributions from proceeds from our public offering, borrowings, advances from our sponsor or advisor and the deferral of fees and expense reimbursements to our advisor, in its sole discretion. The payment of distributions from sources other than cash flow from operations or FFO may be dilutive to our per share value because it may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds.

Information Regarding Redemption of Our Shares

During the year ended December 31, 2016, we redeemed 16,893 shares of our common stock. On March 14, 2017, in connection with our merger with Moody I, we suspended our share repurchase program, effective March 24, 2017. As a result, during the six months ended June 30, 2017, we did not redeem any shares of our common stock. On September 27, 2017, the closing date of the merger, our board of directors reinstated our share repurchase program.

Compensation Paid to Our Advisor and its Affiliates

The following data supplements, and should be read in conjunction with, the section of our prospectus captioned "Management Compensation Table."

The following table summarizes the compensation, fees and reimbursements we paid to (or incurred with respect to) our advisor and its affiliates, including the dealer manager, during the nine months ended September 30, 2017 and the years ended December 31, 2016 and 2015.

	Nine months ended September 30,	Year ended December 31,	
Type of Fee or Reimbursement	**2017**	**2016**	**2015**
Offering Stage:			
Selling commissions[1]	$ 3,248,281	$ 4,982,034	$ 939,752
Dealer manager fees[1]	740,325	1,080,374	229,885
Organization and offering expense reimbursement[2]	1,455,745	2,160,076	633,210
Operational Stage:			
Acquisition fee (base)	670,000	1,111,500	382,500
Acquisition fee (contingent)	—	—	—
Reimbursement of acquisition expenses to advisor	—	—	—
Financing coordination fee	1,720,000	562,500	165,700
Asset management fee	849,000	725,751	42,500
Property management fees	633,378	588,396	42,723
Property manager incentive fee	—	—	—
Operating expense reimbursement	520,000	472,000	—
Disposition Stage:			
Disposition fee	—	—	—

(1) As of January 16, 2018, our selling commissions, dealer manager fees and stockholder servicing fees are paid by our advisor.

(2) As of September 30, 2017, total offering costs were $16,282,794, comprised of $12,033,763 of offering costs incurred directly by us and $4,249,031 in offering costs incurred by and reimbursable to our advisor. As of September 30, 2017, we had $22,033 due from our advisor for reimbursable offering costs.

In connection with the mergers and as noted in the table above, we paid our advisor an acquisition fee of $670,000, which equaled 1.5% of the cash consideration paid to Moody I stockholders, and a financing coordination fee of $1,720,000, which amount was based on the loans assumed from Moody I in connection with the mergers, including debt held by us with respect to two properties that were previously owned by Moody I. Moody I paid the Moody I advisor $5,580,685, which we refer to as the Moody I advisor payment. The Moody I advisor payment was a negotiated amount that represents a reduction in the disposition fee to which the Moody I advisor could have been entitled and a waiver of any other fees that the Moody I advisor would have been due under the Moody I advisory agreement in connection with the mergers. During the first year following the consummation of the mergers, if we sell a property that was previously owned by Moody I, then any disposition fee to which our advisor would be entitled under our advisory agreement will be reduced by an amount equal to the portion of the Moody I advisor payment attributable to such property. In addition, Moody I OP paid $613,751 to OP Holdings, which amount was the promote payment to which OP Holdings was entitled under the terms of the limited partnership agreement. We also paid Moody Securities a stockholder servicing fee of up to $2.125 per share of our Class A Shares issued as stock consideration in the merger, for an aggregate amount of approximately $7.0 million in stockholder servicing fees, all of which was reallowed to broker-dealers that provide ongoing financial advisory services to former stockholders of Moody I following the mergers and that entered into participating broker-dealer agreements with Moody Securities.

Experts

Our consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2016 (including the schedule appearing therein) have been audited by Frazier & Deeter, LLC, an independent registered public accounting firm, as set forth in their report included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Moody I appearing in its Annual Report on Form 10-K for the year ended December 31, 2016 (including the schedule appearing therein) and incorporated by reference in our Current Report on Form 8-K/A filed with the SEC on October 23, 2017 have been audited by Frazier & Deeter, LLC, an independent registered public accounting firm, as set forth in their report included therein. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The combined financial statements of Moody National SHS Seattle MT, LLC and the tenant-in-common owners contained in our Current Report on Form 8-K/A filed with the SEC on August 8, 2016 have been audited by Frazier & Deeter, LLC, an independent auditor, as set forth in their report included therein. Such combined financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The financial statements of Mueller Hospitality, LP contained in our Current Report on Form 8-K/A filed with the SEC on December 30, 2015 have been audited by Frazier & Deeter, LLC, an independent auditor, as set forth in their report included therein. Such financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

Incorporation of Certain Information by Reference

We have elected to "incorporate by reference" certain information into this prospectus. By incorporating by reference, we are disclosing important information to you by referring you to documents that have been separately filed with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for information incorporated by reference that is superseded by information contained in this prospectus. You can access documents that are incorporated by reference into this prospectus at the website we maintain at *www.moodynationalreit.com*. There is additional information about us and our affiliates at our website, but unless specifically incorporated by reference herein as described in the paragraphs below, the contents of that site are not incorporated by reference in or otherwise a part of this prospectus.

The following documents filed with the SEC are incorporated by reference in this prospectus (Commission File No. 333-198305), except for any document or portion thereof deemed to be "furnished" and not filed in accordance with SEC rules:

- Quarterly Report on Form 10-Q filed with the SEC on November 14, 2017;
- Current Report on Form 8-K filed with the SEC on January 2, 2018;
- Current Report on Form 8-K filed with the SEC on December 22, 2017;
- Current Report on Form 8-K/A filed with the SEC on October 23, 2017;
- Current Report on Form 8-K filed with the SEC on September 28, 2017;
- Current Report on Form 8-K filed with the SEC on September 12, 2017;
- Current Report on Form 8-K filed with the SEC on August 18, 2017;
- Quarterly Report on Form 10-Q filed with the SEC on August 14, 2017;
- Current Report on Form 8-K filed with the SEC on August 11, 2017;
- Current Report on Form 8-K filed with the SEC on August 10, 2017;
- Current Report on Form 8-K filed with the SEC on June 13, 2017;
- Quarterly Report on Form 10-Q filed with the SEC on May 15, 2017;
- Annual Report on Form 10-K filed with the SEC on March 23, 2017;
- Current Report on Form 8-K filed with the SEC on March 20, 2017;
- Current Report on Form 8-K filed with the SEC on March 14, 2017;
- Current Report on Form 8-K filed with the SEC on February 3, 2017;

- Current Report on Form 8-K filed with the SEC on January 6, 2017;
- Current Report on Form 8-K/A filed with the SEC on August 8, 2016; and
- Current Report on Form 8-K/A filed with the SEC on December 30, 2015.

We will provide to each person, including any beneficial owner of our shares of common stock, to whom this prospectus is delivered, upon request, a copy of any or all of the information that we have incorporated by reference into this prospectus but not delivered with this prospectus. To receive a free copy of any of the documents incorporated by reference in this prospectus, other than exhibits, unless they are specifically incorporated by reference in those documents, call or write us at:

Moody National REIT II, Inc.
6363 Woodway Drive, Suite 110
Houston, Texas 77057
Attention: Investor Relations