MOODY NATIONAL REIT II, INC.
SUPPLEMENT NO. 5 DATED JULY 29, 2019
TO THE PROSPECTUS DATED APRIL 19, 2019

This document supplements, and should be read in conjunction with, our prospectus dated April 19, 2019, as supplemented by Supplement No. 1 dated April 26, 2019, Supplement No. 2 dated May 9, 2019, Supplement No. 3 dated May 16, 2019, and Supplement No. 4 dated June 3, 2019, relating to our offering of up to $990,000,000 in shares of our common stock. Terms used and not otherwise defined in this Supplement No. 5 shall have the same meanings as set forth in our prospectus. The purpose of this Supplement No. 5 is to disclose:

- the status of our public offering;
- an update to the "Suitability Standards" section of our prospectus;
- an update to the "Risk Factors" section of our prospectus;
- the estimated NAV per share of our common stock;
- our real estate portfolio;
- selected financial data;
- our funds from operations and modified funds from operations;
- our net tangible book value;
- information regarding our indebtedness;
- information regarding our distributions;
- information regarding repurchases 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

On July 19, 2018, we commenced this offering of up to $990,000,000 in any combination of our shares of Class A common stock, or Class A shares, Class I common stock, or Class I shares, and Class T common stock, or Class T shares. We are offering up to $895,000,000 in any combination of the classes of shares of our common stock to the public, which we refer to as the primary offering, and up to $95,000,000 in any combination of the classes of shares of our common stock to our stockholders pursuant to our distribution reinvestment plan. As of July 12, 2019, we had received and accepted investors' subscriptions for and issued 2,486,186 shares of our common stock in this offering (consisting of 2,251,532 Class A shares, 55,935 Class I shares and 178,717 class T shares), including 196,239 shares of our common stock issued pursuant to our distribution reinvestment plan, resulting in gross offering proceeds of $53,273,983. As of July 12, 2019, $932,166,076 in shares of our common stock remained to be sold in this offering.

We may continue to offer shares of our common stock in this offering until July 19, 2021 (three years from the date of the commencement of this offering). Under rules promulgated by the SEC, in some circumstances in which we are pursuing the registration of shares of our common stock in an additional follow-on public offering, we could continue this offering until as late as January 15, 2022. In many states, we will need to renew the registration statement or file a new registration statement to continue this offering beyond one year from the date of our prospectus. We reserve the right to terminate this offering at any time.

Update to Risk Factors

The following disclosure supersedes and replaces in its entirety the risk factor in our prospectus entitled "*Operational risks, including the risk of cyberattacks, may disrupt our businesses, result in losses or limit our growth*."

"Operational risks, including the risk of cyberattacks, may disrupt our businesses, result in losses or limit our growth.

We rely heavily on our and our sponsor's financial, accounting, treasury, communications and other data processing systems. Such systems may fail to operate properly or become disabled as a result of tampering or a breach of the network security systems or otherwise. In addition, such systems are from time to time subject to cyberattacks which may continue to increase in sophistication and frequency in the future. Attacks on our sponsor and its affiliates or on third-party service providers' systems could result in, and in some instances have in the past resulted in, unauthorized access to our proprietary information or personal identifying information of our stockholders, or could destroy data or disable, degrade or sabotage our systems, including through the introduction of computer viruses and other malicious code.

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Our sponsor and its affiliates and their portfolio entities' and third-party service providers' information and technology systems may be vulnerable to damage or interruption from cyber security breaches, computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and other security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Cyberattacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside parties. There has been an increase in the frequency and sophistication of the cyber and security threats our sponsor faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent. As a result, our sponsor may face a heightened risk of a security breach or disruption with respect to this information. If successful, these types of attacks on our sponsor's network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in the operation of our business and damage to our reputation. There can be no assurance that measures our sponsor takes to ensure the integrity of its systems will provide protection, especially because cyberattack techniques used change frequently or are not recognized until successful.

Although our sponsor has implemented various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Our sponsor does not control the cyber security of third-party service providers, and those service providers' systems have been attacked and may continue to be attacked in the future. Such third-party service providers may have limited or no indemnification obligations to our sponsor, us or our respective affiliates, each of whom could be negatively impacted as a result.

Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our, our sponsor's its affiliates' and/or a portfolio entities' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to shareholders, material nonpublic information and the intellectual property and trade secrets and other sensitive information in the possession of our sponsor and/or portfolio entities. We, our sponsor or our affiliates could be required to make a significant investment to remedy the effects of any such failures, harm to their reputations, legal claims that they and their respective affiliates may be subjected to, regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity and other events that may affect their business and financial performance.

In addition, our sponsor operates in businesses that are highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. In addition, cybersecurity and data privacy have become top priorities for regulators around the world. Many jurisdictions in which our sponsor operates have laws and regulations relating to data privacy, cybersecurity and protection of personal information. Some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Breaches in security could potentially jeopardize our sponsor, its employees' or our investors' or counterparties' confidential and other information processed and stored in, and transmitted through our sponsor's computer systems and networks, or otherwise cause interruptions or malfunctions in its, its employees', our investors', our counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of our sponsor's business, liability to our investors and other counterparties, regulatory intervention or reputational damage. Furthermore, if our sponsor fails to comply with the relevant laws and regulations, it could result in regulatory investigations and penalties, which could lead to negative publicity and may cause our investors to lose confidence in the effectiveness of our or our sponsor's security measures.

Finally, we depend on our sponsor's headquarters in Houston, Texas, where most of our sponsor's personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. Our sponsor's disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all."

Suitability Standards with Respect to Investors in Maine and New Jersey

The following disclosure is hereby added to the "Suitability Standards" section of our prospectus and to our subscription agreement.

"***Maine*** — The Maine Office of Securities recommends that an investor's aggregate investment in this offering and similar direct participation investments not exceed 10% of the investor's liquid net worth. For this purpose, "liquid net worth" is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities."

“***New Jersey*** — In addition to the suitability standards above, New Jersey investors must have either (a) a minimum liquid net worth of at least $100,000 and a minimum annual gross income of not less than $85,000, or (b) a minimum liquid net worth of $350,000. For these purposes, “liquid net worth” is defined as that portion of net worth (total assets exclusive of home, home furnishings, and automobiles, minus total liabilities) that consists of cash, cash equivalents and readily marketable securities. In addition, a New Jersey investor’s investment in us, our affiliates, and other non-publicly traded direct investment programs (including real estate investment trusts, business development companies, oil and gas programs, equipment leasing programs and commodity pools, but excluding unregistered, federally and state exempt private offerings) may not exceed ten percent (10%) of his or her liquid net worth.”

Estimated Net Asset Value Per Share of Our Common Stock

Background

On March 14, 2019, our board of directors, including all of our independent directors, determined an estimated NAV per share of our Class A Shares, Class I Shares and Class T Shares of $23.32 as of December 31, 2018. The estimated NAV 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, 2018. We are providing the estimated NAV per share to assist broker-dealers in connection with their obligations under National Association of Securities Dealers Conduct Rule 2340, as required by FINRA, with respect to customer account statements. In determining the estimated NAV per share, our board of directors relied upon information contained in a report, or the Valuation Report, provided by our advisor, the recommendation of the audit committee of our board and our board of director’s experience with, and knowledge of, our real property and other assets as of December 31, 2018. The objective of our board of directors in determining the estimated NAV per share of our common stock was to arrive at a value, based on recent, available data, that our board believed was reasonable based on methods that it deemed appropriate after consultation with our advisor and the Audit Committee. In preparing the Valuation Report, our advisor relied in part on appraisals of the fair value of our investments in hotel properties provided by Kendall Realty Consulting Group, LLC, which we refer to herein as the appraiser. To calculate the estimated NAV per share in the Valuation Report, our advisor used a methodology pursuant to the provisions of Practice Guideline 2013-01, *Valuations of Publicly Registered Non-Listed REITs*, issued by the Institute for Portfolio Alternatives (formerly the Investment Program Association) in April 2013.

The table below sets forth material items included in the calculation of the estimated NAV per share as of December 31, 2018. A summary of methodologies, assumptions and limitations follows the table (in thousands except per share amounts) (amounts in the table are unaudited).

Investment in hotel properties	$	463,900
Cash, cash equivalents and restricted cash		19,194
Notes receivable		6,750
Other assets		5,818
	$	495,662
Notes payable	$	230,636
Other liabilities		9,880
Special limited partnership interests		1
Noncontrolling interests in Operating Partnership		7,141
Total liabilities, special limited partnership interests and noncontrolling interests in Operating Partnership	$	247,658
Estimated value	$	248,004
Common stock outstanding		10,636
Estimated value per share	$	23.32

As of December 31, 2018, the estimated NAV was allocated on a per share basis as follows:

Investment in hotel properties	$	43.62
Notes payable		(21.68)
Other assets, liabilities, and special limited partnership interests		2.05
Noncontrolling interests in Operating Partnership		(0.67)
Estimated value per share	$	23.32

Investment in Hotel Properties

As of December 31, 2018, we owned 14 hotel properties. The appraiser appraised each of the hotel properties in our portfolio using the income method of valuation, specifically a discounted cash flow analysis, as well as the sales comparison approach. The income method is a customary valuation method for income-producing properties, such as hotels. The appraisals were conducted on a property-by-property basis. In performing this analysis, the appraiser reviewed property-level information provided by our advisor and us, including: property-level operating and financial data, prior appraisals (as available), franchise agreements, management agreements, agreements governing the ownership structure of each property and other property-level information. In addition, the appraiser (i) discussed the applicable hotel properties with our advisor, (ii) conducted inspections of the applicable hotels, and (iii) reviewed information from a variety of sources about market conditions for the applicable hotels.

After completing the foregoing reviews, the appraiser developed multi-year discounted cash flow analyses for each hotel appraised based on a review of such property's historical operating statements, a review of such property's 2018 forecasts and 2018 preliminary budget, as well as estimated occupancy, average daily room rate, and revenues and expenses for each hotel based on an analysis of market demand. In addition, the appraiser determined an estimated residual value of the applicable hotel in the final year of the discounted cash flow analysis by estimating the next year's net operating income and capitalizing that income at a capitalization rate indicative of the location, quality and type of the hotel. The appraiser made deductions for capital expenditures based on discussions with our advisor, their review of the applicable property's improvements and estimates of reserves for replacements going forward.

The discount rates and capitalization rates used to value our hotel properties were selected and applied on a property-by-property basis and were selected based on several factors, including but not limited to industry surveys, discussions with industry professionals, hotel type, franchise, location, age, current room rates and other factors that the appraiser deemed appropriate. The following summarizes the overall discount rates and capitalization rates used by the appraiser:

	Range		
	Low	**High**	**Weighted Average**
Capitalization Rate	7.00%	9.00%	7.57%
Discount Rate	9.50%	11.50%	9.87%

While we believe that the discount rates and capitalization rates used by the appraiser were reasonable, a change in those rates would significantly impact the appraised values of our hotel properties and thus, the estimated NAV per share. The table below illustrates the impact on the estimated NAV per share if the weighted average capitalization rate and weighted average discount rate listed above were increased or decreased by 2.5%, assuming all other factors remain unchanged:

	Estimated NAV per Share due to	
	Decrease of 2.5%	**Increase of 2.5%**
Capitalization Rate	$ 23.86	$ 22.80
Discount Rate	$ 24.01	$ 22.61

The appraisals are each addressed to our advisor to assist it in calculating an estimated NAV per share of our Class A Shares, Class I Shares and Class T Shares. None of the appraisals are addressed to the public, may not be relied upon by any person other than our advisor and our board (including any committee thereof) to establish an estimated NAV per share of our shares of common stock, and do not constitute a recommendation to any person to purchase or sell any such shares.

Notes Receivable

As of December 31, 2018, we held one note receivable from a related party. The Valuation Report contained an estimate based on discounted cash flow analyses using the current incremental lending rates for similar types of lending arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

Notes Payable

As of December 31, 2018, we had 14 notes payable, which were secured by certain of our assets. The Valuation Report contained an estimated fair value of each such note payable estimated based on discounted cash flow analyses using the current incremental borrowing rates for similar types of borrowing arrangements as of the respective reporting dates. The discounted cash flow method of assessing fair value results in a general approximation of value, and such value may never actually be realized.

Other Assets and Liabilities

The Valuation Report contained estimates of our other assets and liabilities, consisting primarily of cash and cash equivalents, restricted cash, deferred franchise costs, accounts receivable, prepaid expenses, other assets and accounts payable, and accrued expenses. The fair values of such other assets and liabilities were considered by our board of directors to be equal to their carrying value as of December 31, 2018 due to their short maturities.

Limitations of the Estimated NAV per Share

The various factors considered by our board of directors in determining the estimated NAV per share were based on a number of assumptions and estimates that may not be accurate or complete. Different parties using different assumptions and/or different estimates could derive a different estimated NAV per share. We disclosed the estimated NAV per share to assist broker-dealers that participate, or participated, in our offering in meeting their customer account statement reporting obligations. The estimated NAV per share is not audited and does not represent the value of our assets or liabilities according to GAAP. Moreover, the estimated NAV per share determined by the board of directors is not a representation, assurance, warranty or guarantee that, among other things:

- a stockholder would be able to realize the estimated NAV per share if such stockholder attempts to sell his or her shares;
- a stockholder would ultimately realize distributions per share equal to the estimated NAV per share upon a liquidation of our assets and settlement of our liabilities, or upon our sale;
- our shares would trade at the estimated NAV per share on a national securities exchange;
- another independent third-party appraiser or third-party valuation firm would agree with the estimated NAV per share; or
- the estimated NAV per share, or the methods used to determine the estimated NAV per share, will be acceptable to FINRA, the SEC, any state securities regulatory entity or in accordance with ERISA, as amended, or with any other regulatory requirements.

Similarly, the amount that a stockholder may receive upon repurchase of his or her shares, if he or she participates in our share repurchase program, may be greater than or less than the amount that such stockholder paid for the shares, regardless of any increase in the underlying value of any assets owned by us. Further, the value of the our common stock will fluctuate over time in response to developments related to individual assets in our portfolio, the management of those assets, and in response to the real estate and capital markets. The estimated NAV per share does not reflect a discount for the fact that we are externally managed, nor does it reflect a real estate portfolio premium/discount versus the sum of the individual property values. The estimated NAV per share also does not take into account estimated disposition costs and fees for real estate properties that are not held for sale.

Portfolio Information

Hotel Properties

As of the date of this supplement, we owned 15 hotel properties located in six states with a total of 2,123 rooms. The chart below sets forth additional information regarding our hotel properties (all $ amounts in thousands).

Property Name	Date Acquired	Location	Ownership Interest	Original Purchase Price(1)	Rooms	Mortgage Debt Outstanding(2)
Residence Inn Austin	October 15, 2015	Austin, Texas	100%	$ 27,500	112	$ 16,427
Springhill Suites Seattle	May 24, 2016	Seattle, Washington	100%	74,100	234	44,526
Homewood Suites Woodlands	September 27, 2017(5)	The Woodlands, Texas	100%	17,356	91	8,991
Hyatt Place Germantown	September 27, 2017(5)	Germantown, Tennessee	100%	16,074	127	6,946
Hyatt Place North Charleston	September 27, 2017(5)	North Charleston, South Carolina	100%	13,806	113	7,088
Hampton Inn Austin	September 27, 2017(5)	Austin, Texas	100%	19,328	123	10,590
Residence Inn Grapevine	September 27, 2017(5)	Grapevine, Texas	100%	25,245	133	12,228
Marriott Courtyard Lyndhurst	September 27, 2017(5)	Lyndhurst, New Jersey	(3)	39,547	227	—

Property Name	Date Acquired	Location	Ownership Interest	Original Purchase Price(1)	Rooms	Mortgage Debt Outstanding(2)
Hilton Garden Inn Austin	September 27, 2017(5)	Austin, Texas	100%	29,288	138	18,241
Hampton Inn Great Valley . . .	September 27, 2017(5)	Frazer, Pennsylvania	100%	15,285	125	7,928
Embassy Suites Nashville.	September 27, 2017(5)	Nashville, Tennessee	100%	82,207	208	41,626
Homewood Suites Austin	September 27, 2017(5)	Austin, Texas	100%	18,835	96	10,690
Townplace Suites Fort Worth	September 27, 2017(5)	Fort Worth, Texas	(4)	11,242	95	—
Hampton Inn Houston	September 27, 2017(5)	Houston, Texas	100%	9,958	119	4,428
Residence Inn Houston Medical Center	April 29, 2019(6)	Houston, Texas	100%	52,000	182	41,845
Totals				$ 451,771	2,123	$ 231,554

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

(2) As of June 30, 2019.

(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) Property acquired as a result of the merger of Moody National REIT I, Inc., or Moody I, with and into our company and the merger of Moody I's operating partnership with and into our operating partnership, each effective as of September 27, 2017, which we collectively refer to as the "mergers."

(6) Includes balance of $29,100,000 for first mortgage loan and balance of $12,745,218 for promissory note payable to the seller of the Residence Inn Houston Medical Center property in the original principal amount of $22,550,000.

Each of our properties face competition from similarly situated properties in and around their respective submarkets. We believe that the each of our properties are suitable for their intended purposes and is adequately covered by insurance. We have no plans for significant renovation or improvement of any of our properties.

Note Receivable from Related Party

On August 21, 2015, Moody I originated an unsecured loan in the aggregate principal amount of $9,000,000, or the Related Party Note, to Moody National DST Sponsor, LLC, a Texas limited liability company and an affiliate of our sponsor, or DST Sponsor. Proceeds from the Related Party Note were used by DST Sponsor solely to acquire a commercial real property located in Katy, Texas. We acquired the Related Party Note in connection with the mergers.

The balance of the Related Party Note was $6,750,000 as of December 31, 2018 and 2017. Interest on the outstanding principal balance of the Related Party Note accrued at a fixed per annum rate equal to 12%. On August 15, 2016, the maturity date of the Related Party Note was extended from August 21, 2016 to August 21, 2017. On September 24, 2017, the maturity date of the Related Party Note was again extended to August 21, 2018. On August 30, 2018, the maturity date of the Related Party Note was again extended to April 30, 2019. The Related Party Note was paid in full on April 29, 2019.

Selected Financial Data

The following selected financial data should be read in conjunction with the 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, 2018 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019, each of which is incorporated by reference herein. Our historical results are not necessarily indicative of results for any future period.

Selected Financial Data	As of March 31, 2019	(in thousands) As of December 31, 2018	2017	2016	2015	2014
BALANCE SHEET DATA:						
Total assets	$ 426,477	$ 424,902	$ 446,476	$ 135,759	$ 29,479	$ 199
Total liabilities	$ 229,116	$ 237,054	$ 274,962	$ 70,930	$ 17,218	$ —
Special limited partnership interests	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1
Total equity	$ 197,360	$ 187,847	$ 171,513	$ 64,828	$ 12,260	$ 198

	Three Months Ended March 31, 2019	Year ended December 31, 2018	Year ended December 31, 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	$ 18,785	$ 80,841	$ 36,569	$ 14,859	$ 1,077	$ —
Total expenses	$ 21,525	$ 90,353	$ 50,948	$ 17,136	$ 1,598	$ 2
Gain on acquisition of hotel property	$ —	$ —	$ —	$ —	$ 2,000	$ —
Income tax expense (benefit)	$ 50	$ 158	$ 666	$ (4)	$ (6)	$ —
Net income (loss)	$ (2,790)	$ (9,670)	$ (15,045)	$ (2,273)	$ 1,485	$ (2)
STATEMENT OF CASH FLOWS DATA:						
Net cash provided by (used in) operating activities	$ (2,002)	$ 4,260	$ (10,609)	$ 921	$ (19)	$ (2)
Net cash provided by (used in) investing activities	$ (7,968)	$ 7,112	$ (77,713)	$ (88,666)	$ (25,684)	$ —
Net cash provided by (used in) financing activities	$ 5,788	$ (13,913)	$ 88,609	$ 105,741	$ 27,085	$ 201
OTHER DATA:						
Dividends declared	$ 4,691	$ 16,812	$ 9,562	$ 3,161	$ 217	$ —

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 accounting principles, or GAAP. Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, 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 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 will exclude 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 will also include, 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. Although organizational and acquisition expenses 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. Offering expenses do not affect net income. Our calculation of MFFO set forth in the table below reflects the exclusion of acquisition expenses.

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 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. However, 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, 2018 and 2017 and the three months ended March 31, 2019 and a reconciliation of such non-GAAP financial performance measures to our net loss (in thousands).

	Three Months Ended March 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Net Loss	$ (2,790)	$ (9,670)	$ (15,045)
Adjustments:			
Depreciation and amortization	3,174	12,166	4,749
Funds from Operations	384	2,496	(10,296)
Adjustments:			
Acquisition expenses	—	—	11,830
Unrealized loss on change in fair value of debt	159	—	—
Amortization of debt issuance costs	327	1,973	794
Modified Funds from Operations	$ 870	$ 4,469	$ 2,328

Our Net Tangible Book Value Per Share

As of March 31, 2019, our net tangible book value per share was $16.82. Net tangible book value per share of our common stock is determined by dividing the net tangible book value based on the December 31, 2018 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 March 31, 2019. 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 June 30, 2019, our indebtedness, as described below, was comprised of notes secured by our hotel properties. All such notes, except as noted below, accrue interest at a fixed rate and, therefore, an increase or decrease in interest rates would have no effect on our interest expense with respect such notes.

As of June 30, 2019, our notes payable consisted of the following (all $ amounts in thousands):

Loan	Principal as of June 30, 2019	Interest Rate at March 31, 2019	Maturity Date
Residence Inn Austin[1]	$ 16,427	4.580%	November 1, 2025
Springhill Suites Seattle[1]	44,526	4.380%	October 1, 2026
Homewood Suites Woodlands[1]	8,991	4.690%	April 11, 2025
Hyatt Place Germantown[1]	6,946	4.300%	May 6, 2023
Hyatt Place North Charleston[1]	7,088	5.193%	August 1, 2023
Hampton Inn Austin[1]	10,590	5.426%	January 6, 2024
Residence Inn Grapevine[1]	12,228	5.250%	April 6, 2024
Hilton Garden Inn Austin[1]	18,241	4.530%	December 11, 2024
Hampton Inn Great Valley[1]	7,928	4.700%	April 11, 2025
Embassy Suites Nashville[1]	41,626	4.2123%	July 11, 2025
Homewood Suites Austin[1]	10,690	4.650%	August 11, 2025
Hampton Inn Houston[1]	4,428	7.500%	April 28, 2023
Residence Inn Houston Medical Center[3]	29,100	5.000%	October 1, 2024
Residence Inn Houston Medical Center[1]	12,745	3.000%	December 15, 2019
Term Loan[2]	25,700	30-day LIBOR plus 3.750%	September 27, 2019
Total notes payable	257,254		
Less unamortized debt issuance costs	(3,167)		
Total notes payable, net of unamortized debt issuance costs	$ 254,087		

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

(2) Monthly payments of principal and interest were due and payable beginning in November 2017 until the maturity date. On October 24, 2018, the maturity date of the Term Loan was extended to September 27, 2019. The Marriott Courtyard Lyndhurst and Townplace Suites Fort Worth properties are pledged as security for the Term Loan.

(3) Monthly payments of interest only due and payable until October 2019. Monthly payments of principal and interest due and payable beginning in November 2019 until the maturity date.

Hotel properties secure their respective loans. The Term Loan is partially secured by Marriott Courtyard Lyndhurst and Townplace Suites Fort Worth, and is partially unsecured.

As of June 30, 2019, our outstanding indebtedness totaled $257,254,196, which amount includes debt associated with properties previously owned by Moody I. Our aggregate borrowings are reviewed by our board of directors at least quarterly. As of March 31, 2019, we were in compliance with all debt covenants and current on all loan payments.

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.

The following table summarizes the net distributions per share declared by our board of directors since our inception through March 31, 2019 (in thousands).

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	17	6	23	(5)	—[2]
Fourth Quarter 2015	87	40	127	241	(380)
First Quarter 2016	186	84	270	197	339
Second Quarter 2016	351	158	509	854	(899)
Third Quarter 2016	635	230	865	827	1,040
Fourth Quarter 2016	819	314	1,133	(870)	(1,042)
First Quarter 2017	1,017	410	1,427	(744)	(329)
Second Quarter 2017	1,325	590	1,915	(343)	479
Third Quarter 2017	1,478	627	2,105	(9,824)	(9,366)
Fourth Quarter 2017	2,161	820	2,981	302	(1,080)
First Quarter 2018	3,218	634	3,852	(1,585)	(152)
Second Quarter 2018	3,039	963	4,002	3,644	2,277
Third Quarter 2018	3,241	1,034	4,275	1,994	1,247
Fourth Quarter 2018	3,437	1,087	4,524	207	(876)
First Quarter 2019	3,517	1,121	4,638	(2,004)	384
Total	$ 24,528	$ 8,118	$ 32,646	$ (7,109)	$ (8,358)

(1) Amount of distributions paid in shares of common stock pursuant to our distribution reinvestment plan.

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

From July 2, 2015 (the date our board of directors authorized and declared the payment of a distribution) through March 31, 2019, we paid aggregate distributions of $32,645,939, including $24,527,129 of distributions paid in cash and $8,118,810 in shares of our common stock issued pursuant to our distribution reinvestment plan. From inception through March 31, 2019, we had cash used in operating activities of $(7,109,069) and cumulative FFO of $(8,358,373). Of the $32,645,939 in total distributions we have paid during the period from our inception through March 31, 2019, including shares issued pursuant to our distribution reinvestment plan, 0% was funded from cash flow from operations and 100% was funded from offering proceeds.

We intend to accrue distributions quarterly and pay distributions on a quarterly basis. However, we reserve the right to adjust the periods during which distributions accrue and are paid. We cannot provide assurance with respect to the amount of distributions, if any, that we will pay in the future. 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 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. For a discussion of how we calculate FFO, see “Funds from Operations and Modified Funds from Operations” above.

Information Regarding Share Repurchases

During the year ended December 31, 2016, we redeemed 16,893 shares of our common stock pursuant to our share repurchase program. During the year ended December 31, 2017, we redeemed 36,718 shares of our common stock pursuant to our share repurchase program (consisting of 36,718 Class A shares, 0 Class I shares and 0 Class T shares). During the year ended December 31, 2018, we redeemed 110,225 shares of our common stock pursuant to our share repurchase program (consisting of 110,225 Class A shares, 0 Class I shares and 0 Class T shares).

During the three months ended March 31, 2019, we fulfilled redemption requests and redeemed shares of our common stock pursuant to our share redemption program as follows:

	Total Number of Shares Requested to be Redeemed[1]	Average Price Paid per Share	Approximate Dollar Value of Shares Available That May Yet Be Redeemed Under the Program
January 2019	33,704.04	$ 25.08	[2]
February 2019	—	$ —	[2]
March 2019	81,355.97	$ 22.03	[2]
	115,060.01		

(1) We generally redeem shares on the last business day of the month following the end of each fiscal quarter in which redemption requests were received. The 115,060.01 shares requested to be redeemed were redeemed during the quarter ended March 31, 2019 at an average price of $22.92 per share.

(2) The number of shares that may be redeemed pursuant to the share redemption program during any calendar year is limited to: (1) 5% of the weighted-average number of shares outstanding during the prior calendar year and (2) those that can be funded from the net proceeds we received from the sale of shares under the DRP during the prior calendar year plus such additional funds as may be reserved for that purpose by our board of directors. This volume limitation will not apply to redemptions requested within two years after the death of a stockholder.

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 years ended December 31, 2018, 2017 and 2016 and the quarterly period ended March 31, 2019.

Type of Fee or Reimbursement	Quarter Ended March 31, 2019	Years ended December 31, 2018	2017	2016
Offering Stage:				
Selling commissions[1]	$ —	$ —	$ 3,501,347	$ 4,982,034
Dealer manager fees[1]	—	—	788,759	1,080,374
Organization and offering expense reimbursement[2]	227,992	2,108,043	2,109,773	2,160,076
Operational Stage:				
Acquisition fee (base)	—	—	670,000	1,111,500
Acquisition fee (contingent)	—	—	—	—
Reimbursement of acquisition expenses to advisor	—	—	—	—
Financing coordination fee	—	—	1,720,000	562,500
Asset management fee	1,046,000	4,197,000	1,913,000	725,751
Property management fees	738,248	3,185,388	1,409,841	588,396
Property manager incentive fee	—	—	—	—
Operating expense reimbursement	439,000	1,642,000	1,297,000	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 with no reimbursement from us.

(2) As of March 31, 2019, total organization and offering costs for our initial public offering and our follow-on public offering were $19,572,671, comprised of $12,333,647 of costs incurred directly by us and $7,239,024 in costs incurred by and reimbursable to our advisor. As of March 31, 2019, we had $280,197 due to our advisor for reimbursable offering costs.

As noted in the table above, during 2017 we paid our advisor an acquisition fee of $670,000, which equaled 1.5% of the cash consideration paid to Moody I stockholders in the mergers, 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. We also paid Moody Securities a stockholder servicing fee of up to $2.125 per Class A share issued as stock consideration in the mergers, 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, 2018 (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.

Kendall Realty Consulting Group, LLC an independent valuation services firm, provided individual appraisal reports with respect to each of our properties as of December 31, 2018 that our advisor used to calculate the number provided for "Investment in hotel properties" provided on page 2 of this Supplement No. 5 under the section "Estimated Net Asset Value Per Share of Our Common Stock," which is included in this Supplement No. 5 given the authority of such firm as an expert in property valuations and appraisals. Kendall Realty Consulting Group, LLC did not calculate our estimated NAV per share.

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. 333-222610), except for any document or portion thereof deemed to be "furnished" and not filed in accordance with SEC rules:

- Annual Report on Form 10-K filed with the SEC on March 29, 2019;
- Quarterly Report on Form 10-Q filed with the SEC on May 15, 2019;
- Current Report on Form 8-K filed with the SEC on May 3, 2019;
- Current Report on Form 8-K filed with the SEC on May 10, 2019;
- Current Report on Form 8-K/A filed with the SEC on October 23, 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
Phone: