

MOODY NATIONAL REIT II, INC.



**All properties shown are owned by Moody National REIT II, Inc.*

— CHECK IN AND CHECK OUT —



Investment Objectives: *

- Preserve, protect and return stockholders' capital contributions;
- Pay regular cash distributions to stockholders, and
- Realize capital appreciation upon the ultimate sale of the real estate assets acquired by the Moody National REIT II, Inc. (which we refer to as "we," "our," "us" or "REIT II").

This material does not constitute an offer to sell nor a solicitation of an offer to buy the securities referenced herein, which can only be made by the prospectus. **This material must be read in conjunction with the prospectus in order to fully understand all of the implications and risks of an investment in REIT II. A copy of the prospectus must be made available to investors in connection with this offering.** Neither the Securities and Exchange Commission, the Attorney General of the State of New York, nor any other state regulators have approved or disapproved of our common stock, determined if the prospectus is truthful or complete or passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful. Securities offered by Moody Securities, LLC, Member FINRA/SIPC.

IMPORTANT RISK FACTOR DISCLOSURE:

An investment in shares of common stock of Moody National REIT II, Inc. (REIT II) involves significant risks, including the following:

- REIT II has a limited operating history and there is no assurance that it will be able to successfully achieve its investment objectives.
- No public trading market exists for shares of REIT II and it is not required to effectuate a liquidity event by a certain date. As a result, it will be difficult for stockholders to sell their shares of REIT II common stock.
- There are restrictions and limitations on the ability of a stockholder to have all or a portion of its shares of REIT II common stock repurchased under REIT II's share repurchase program, and if a stockholder is able to have its shares repurchased pursuant to the share repurchase program, it may be for a price less than the price the stockholder paid for the shares and the then-current net asset value (NAV) of the shares.
- The price of REIT II shares may be adjusted periodically to reflect changes in the estimated value of its assets, and therefore, future adjustments may result in an offering price lower than the price a stockholder paid for its shares.
- The amount of distributions REIT II may make is uncertain. Distributions may exceed its earnings, particularly during the period before it has acquired a substantial portfolio of real estate assets. REIT II has paid distributions from the proceeds of its public offering, and may continue to pay distributions from the proceeds of its offerings or another category of funding that constitutes return of capital.
- REIT II's public offering is considered to be a "blind pool" offering because you will not have the opportunity to evaluate its future investments prior to purchasing shares of REIT II common stock.
- REIT II's public offering is a "best efforts" offering. If REIT II is not able to raise a substantial amount of capital in the near term, its ability to achieve its investment objectives could be adversely affected.
- There are limits on the ownership and transferability of REIT II's shares. See "Description of Capital Stock—Restrictions on Ownership and Transfer" in the REIT II prospectus.
- REIT II relies on its advisor and its affiliates for its day-to-day operations and the selection of its investments.
- REIT II pays certain fees and expenses to its advisor and its affiliates. These fees were not negotiated at arm's-length and therefore may be higher than fees payable to unaffiliated parties.
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- If REIT II fails to maintain its qualification as a REIT and no relief provisions apply, its NAV per share and cash available for distribution to its stockholders could materially decrease.

REIT II is sponsored by Moody National REIT Sponsor, LLC, which is indirectly owned and controlled by Brett C. Moody. Moody REIT Sponsor, LLC is an affiliate of Moody Securities, LLC, which is the dealer manager for this offering. Moody Securities, LLC is a member of FINRA/SIPC.

Forward Looking Statements: This literature contains forward-looking statements within the meaning of federal securities laws and regulations. These forward-looking statements are identified by their use of terms such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "should," "will," and other similar terms, including references to assumptions and forecasts of future results. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. These risks, uncertainties, and contingencies include but are not limited to the following: our ability to effectively raise capital in our offering; uncertainties relating to changes in general economic and real estate conditions; uncertainties relating to the implementation of our investment strategy; and other risk factors as outlined in our registration statement and periodic reports filed with the SEC. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. We undertake no obligation to update any forward-looking statement contained herein to conform the statement to actual results or changes in or expectations.

*There is no guarantee that these objectives will be achieved. The objectives include the payment of a cash distribution. However, investors should note that a portion of our distributions to date have been funded from operating proceeds. To the extent that we fund distributions other than cash from operations, a portion of the distributions we make may represent a return of capital to investors, which will reduce their tax basis in our shares of common stock.

Not a Deposit – Not FDIC Insured – Not Bank Guaranteed – May Lose Value

An investment in REIT II involves a high degree of risk and may not be suitable for all investors.

Investors should only purchase shares in REIT II if they can afford a complete loss of their investment.



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THE MOODY NATIONAL REIT II, INC. STRATEGY

Moody National REIT II, Inc. ("REIT II") is a lifecycle REIT which has the potential to provide a non-correlated, inflationary hedged, investment to retail clients. REIT II now consists of total assets valued in excess of \$540 Million including select service hotels under the Marriott, Hilton, and Hyatt Brands located in major metropolitan markets in the East Coast, West Coast, and Sunbelt regions. REIT II will continue with its follow on offering to expand its portfolio, provide more diversification to its investors and pay regular cash distributions.*

** The distribution that REIT II will pay is uncertain and not guaranteed.*

THE BENEFITS OF HOTEL ALLOCATION

U.S. hotel demand tracks U.S. gross domestic product, or GDP, at a 98% correlation.¹ As a result, we believe that the 2.9% GDP growth experienced in 2018 is a favorable condition for continued room night demand.² Given the strength of the U.S. economy, we believe that hotel demand will continue to rise for the foreseeable future.

Following record-setting demand for U.S. hospitality during 2018, PricewaterhouseCoopers (PwC) projects the 2019 outlook to remain stable, driven by steady economic fundamentals, including a continued increase in consumer spending, increasing business investment and relatively strong consumer confidence.³

The U.S. Travel Association (USTA) supports this outlook by noting that domestic business travel will grow faster in 2019 than it did the past three years. The USTA Fall Travel Forecast dated November 2018 projects a continued rise in domestic business trips over the next several years.⁴ By 2022, such trips are estimated to total \$493.3 million in cost, which is \$29.7 million greater than the total 2018 cost, with 20% of the cost of these trips going towards lodging expenses according to the Domestic Travel Fact Sheet from USTA.

"DOLLAR GOOD DAY ONE"

Hotels trade on average in the 7.5%-9.0% cap rate range. A cap rate for real property is calculated by dividing the net operating income of the property by the purchase price of the property, excluding costs. For purposes of this calculation, net operating income is determined using the projected net operating income of the property for the remaining fiscal year in which the acquisition occurred based on the prior fiscal year and interim period for the property adjusting for fluctuations due to seasonality. For purposes of this calculation, net operating income is all gross revenues from the property less all operating expenses, including property taxes and management fees but excluding depreciation. For example, in the 7.5-9.0% cap range, with the use of conservative leverage, we believe that we will be able to achieve an in-place, double-digit cash on cash yield.

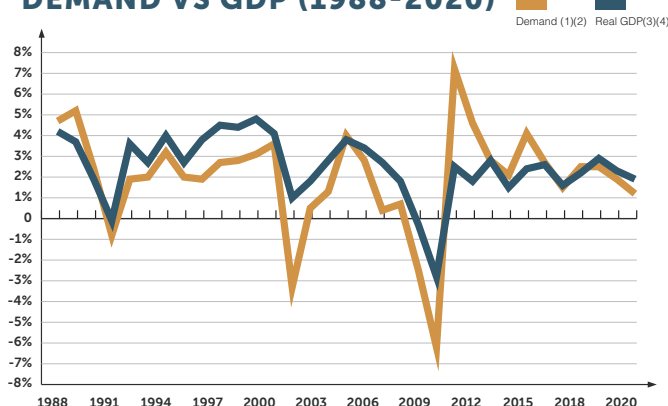
CREATING VALUE THROUGH NOI GROWTH

Our objective is to select the asset class with the highest propensity to increase NOI in the shortest period of time. Hotels have the potential to capture revenue growth faster than other asset classes as a result of daily leases on rooms. As a result, it is often possible to experience quicker NOI growth in the hotel industry than in other asset classes with longer term leases in place, as illustrated in the following example.

\$1 INCREASE @ 7.0% CAP RATE = \$14.28 INCREASED VALUE
\$1 INCREASE @ 6.0% CAP RATE = \$16.67 INCREASED VALUE
\$1 INCREASE @ 5.0% CAP RATE = \$20.00 INCREASED VALUE

** The foregoing is presented for illustrative purposes and is not a prediction or guarantee of the performance of any investment.*

U.S. MARKET DEMAND: HOSPITALITY DEMAND VS GDP (1988-2020)



THE TABLE ABOVE IS BASED UPON THE FOLLOWING SOURCES:

- Historical Total Supply/Demand Percent Change: STR Trend Report for 1987 through August 2014
- Actuals/ Forecast Total Supply/Demand Percent Change (2015-20): CBRE Hotel Horizons March - May 2019 Edition
- Historical (2016) GDP: <http://www.bea.gov/national/xls/gdpchg.xls>
- Forecast GDP: https://www.imf.org/external/datamapper/export/excel.php?indicator=NGDP_RPCH&geoitems=OEMDC,ADVEC,WEOORLD,USA

1 http://images.perspectives.jll.com/Web/JLLHotels/%7Bb7997391-5284-4969-ae53-a8b8d546640f%7D_ALIS_-_Through_the_looking_glass.pdf

2 <https://www.axios.com/united-states-2018-gdp-report-942280fa-1f51-4d31-97e1-dc557e2b46b2.html>

3 <https://www.pwc.com/us/en/industries/assets/pwc-hospitality-directions-us-january-2019.pdf>

4 <https://www.businesstravelnews.com/Global/Outlook-Strong-for-2019-US-Domestic-Business-Travel>

RISK MITIGATION

REIT II seeks to reduce the standard deviation of risk to NOI in two ways: 1) exclusively acquiring premier branded, select service hotels and 2) exclusively acquiring these assets in major metropolitan markets.

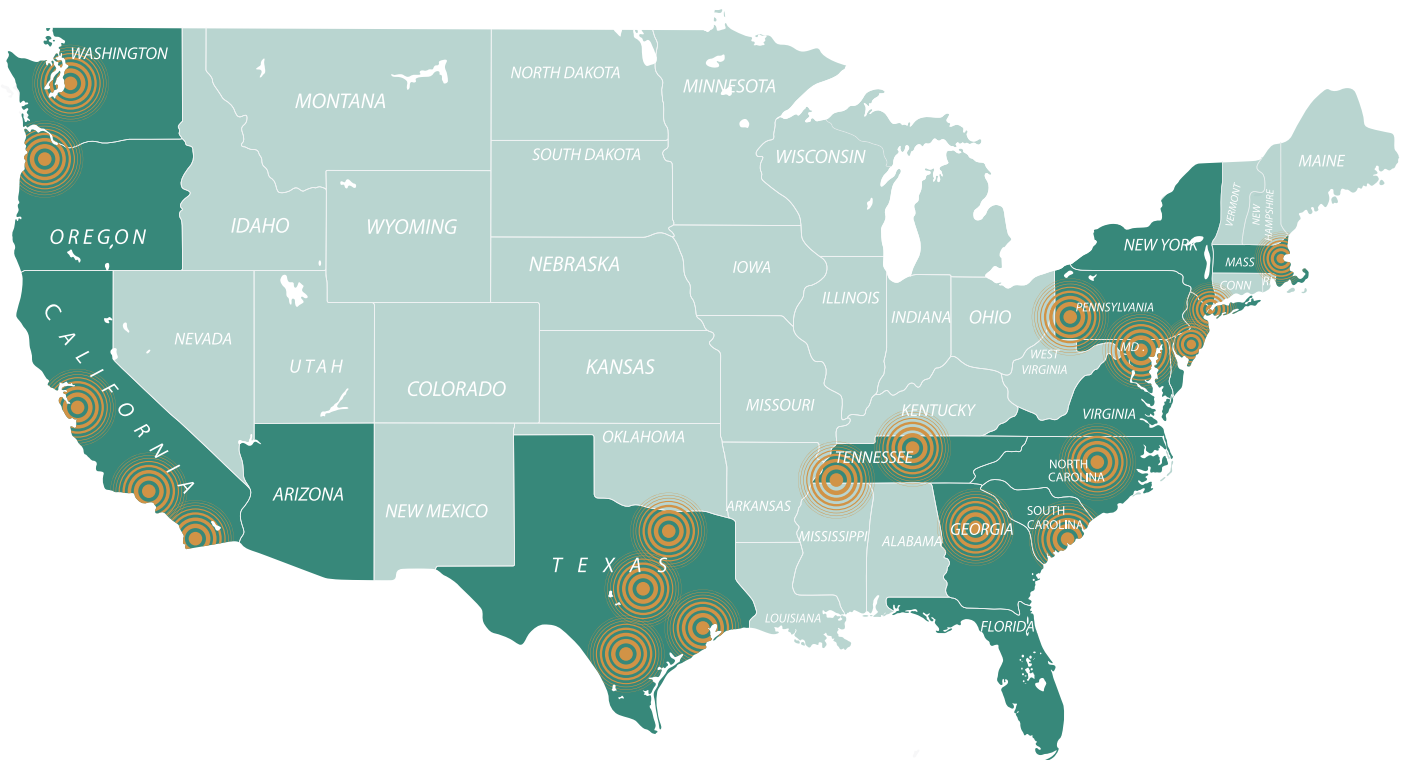
Not only are these target submarkets relatively inelastic to fluctuations in the economy, they also have barriers to new supply due to a variety of factors including cost (not economically viable given cost of land and construction cost), absence of land, or area of protection. Area of protection, or territorial restriction, provides a limit to the number of competitors allowed for a given submarket.

According to CBRE Hotels, in 2019, major metropolitan markets are projected to lead all other U.S. markets in occupancy (73.4%), average daily rate (\$185.96), revenue per available room (\$136.51), and demand (+2.9%).

Source: CBRE Hotel Horizons March – May 2019 Edition

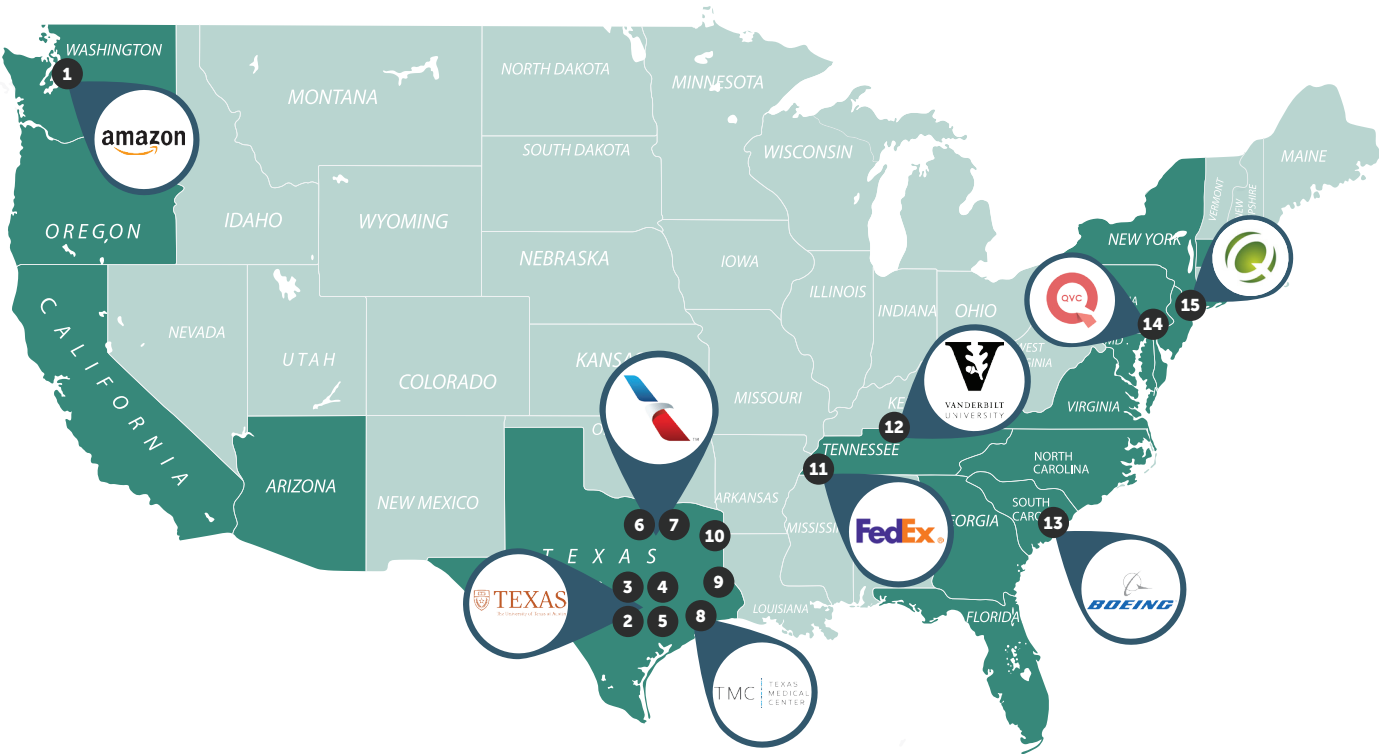
REIT II targets submarkets of major metropolitan population centers containing these multiple demand generators, examples of which are included in the map below.

- **WITHIN A HIGH CONCENTRATION OF OFFICE BUILDINGS
OR MACS (MASSIVE ACTIVITY CENTERS)**
- **AT THE GATE OF A MAJOR UNIVERSITY**
- **NEAR A MEDICAL CENTER**



PORTFOLIO













Our current portfolio, as illustrated below, consists of more than \$540 Million in assets. Examples of major demand generators are highlighted below.



- | | |
|--|---|
| 1 SPRING HILL SUITES, SEATTLE, WA | 9 THE HAMPTON INN, HOUSTON, TX |
| 2 HOMEWOOD SUITES, AUSTIN, TX | 10 HOMEWOOD SUITES, THE WOODLANDS, TX |
| 3 THE HAMPTON INN, AUSTIN, TX | 11 HYATT PLACE, GERMANTOWN, TN |
| 4 HILTON GARDEN INN, AUSTIN, TX | 12 EMBASSY SUITES, NASHVILLE, TN |
| 5 MARRIOTT RESIDENCE INN, AUSTIN, TX | 13 HYATT PLACE, NORTH CHARLESTON, SC |
| 6 TOWN PLACE SUITES, FORT WORTH, TX | 14 THE HAMPTON INN, FRAZER (PHILADELPHIA), PA |
| 7 MARRIOTT RESIDENCE INN, GRAPEVINE, TX | 15 MARRIOTT COURTYARD, LYNDHURST (THE MEADOWLANDS), NJ |
| 8 MARRIOTT RESIDENCE INN, HOUSTON, TX | |

Select-service hotels target business oriented travelers by providing clean rooms with basic amenities. In contrast to lower-cost budget motels, select-service hotels provide amenities such as an exercise room, business facilities and breakfast buffets. Unlike full-service hotels, select-service hotels typically do not have a full-service restaurant, which is relatively costly to operate.


BRANDS (FRANCHISORS)*

HOTEL BRAND			
UPSCALE			
STAPLE			
ECONOMY			
EXTENDED STAY	 		

If REIT II does not successfully attract and retain franchise flagships for premier-brand, select-service hotel properties, our business will suffer, and this result will reduce the value of a stockholder's investment.

**Moody National Companies has contractual relationships with each of the brands listed above. Moody National Companies expects to develop contractual relationships with other brands affiliated with Marriott, Hilton and Hyatt in the future, in addition to those listed above.*





SPONSOR BACKGROUND

Moody National Companies was founded as Moody National Mortgage Corporation in 1996. Since that time, Moody has evolved into a full-service commercial real estate firm which has employed over 1,200 people in several divisions, described below.

MOODY NATIONAL MORTGAGE

CORPORATION has closed over 200 transactions in 40 states, securing approximately \$2 billion in debt, equity, and structured financing. In addition, Moody National Mortgage Corporation pioneered the transition from a correspondent model to a client-representative model in the mortgage banking space.

MOODY NATIONAL DEVELOPMENT

COMPANY, L.P. develops high class properties through meticulous attention to detail with a commitment to quality. Moody National Development has completed projects across a range of commercial asset classes.

MOODY NATIONAL HOSPITALITY

MANAGEMENT L.P. and affiliates provide professional property management services designed to maximize operational efficiencies while delivering a quality environment for tenants. Moody National Hospitality Management, a subsidiary of Moody Management, with its affiliates, has operated over 3,500 apartment units and 900,000 SF of class A office space. Moody National Hospitality Management has overseen over 65 hotels throughout the United States.

MOODY NATIONAL REALTY COMPANY, L.P. and its affiliates have raised equity from approximately 5,000 investors through 48 privately offered real estate programs and one public, non-listed REIT for a total capitalization of approximately \$2.1B. In addition, Moody National Realty Company and its affiliates have acquired more than 70 hotels throughout the United States.

MOODY NATIONAL TITLE COMPANY, L.P.

plays a critical role in real estate transactions due to its involvement from contract to closing. Underwritten by a nationally-recognized title insurance company, Moody National Title Company has closed complex transactions of all product types across the nation.

MOODY NATIONAL INSURANCE AGENCY, LLC

is currently providing coverage for assets in excess of \$1 billion. By capitalizing on economies of scale and relationships with the premier insurance providers, Moody National Insurance Agency offers world-class property and casualty insurance at the lowest available market premiums.

MOODY NATIONAL ADVISOR II, LLC

serves programs sponsored by Moody National Companies, including Moody National REIT II Inc. This entity is responsible for the day-to-day activities of Moody National REIT II, and for implementing the investment strategy. In addition, this entity also researches, identifies, reviews and makes investments in and dispositions of real estate assets.

MOODY NATIONAL EXCHANGE, LLC

has assembled a team of skilled professionals with legal, accounting, and real estate experience who are committed to providing each client with the highest levels of service and attention. Moody National Exchange is expert in all facets of tax-deferred strategies, including delayed, reverse, and multiple property exchanges.