

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Moody National REIT II, Inc.		47-1436295	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Robert Engel	713-977-7500	rengel@moodynational.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
6363 Woodway, Suite 110		Houston, TX 77057	
<b>8</b> Date of action		<b>9</b> Classification and description	
1/15/16; 2/15/16; 3/15/16; 4/15/16; 5/15/16; 6/15/16; 7/15/16; 8/15/16; 9/15/16; 10/15/16; 11/15/16; 12/15/16		Common Stock - Moody National REIT II, Inc.	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ The Company paid cash distributions on common stock in 2016 (each a "Distribution") as follows:  
 Record Dates: 12/31/15; 1/31/16; 2/29/16; 3/31/16; 4/30/16; 5/31/16; 6/30/16; 7/31/16; 8/31/16; 9/30/16;  
 10/31/16; 11/30/16  
 Payment Dates: 1/15/16(\$.148/share); 2/15/16(\$.148/share); 3/15/16(\$.139/share); 4/15/16(\$.148/share);  
 5/15/16(\$.143/share); 6/15/16(\$.148/share); 7/15/16(\$.143/share); 8/15/16(\$.148/share); 9/15/16(\$.148/share);  
 10/15/16(\$.143/share); 11/15/16(\$.148/share); 12/15/16(\$.143/share)

The Company allows shareholders to elect to reinvest all or a part of the Distributions for additional shares in the Company. In 2016, 28% of shareholders elected to use the reinvestment option. The Company valued the shares for purposes of the reinvestment at \$23.75 per share (with fractional shares issued when the Distribution does not equal the per share value or a multiple thereof).

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The Company has determined that 93.93% of each Distribution was a non-taxable return of capital. The non-taxable return of capital reduced the tax basis on a per-share basis as follows:  
 1/15/16 - \$.0139/share; 2/15/16 - \$.0139/share; 3/15/16 - \$.0130/share;  
 4/15/16 - \$.0139/share; 5/15/16 - \$.0135/share; 6/15/16 - \$.0139/share;  
 7/15/16 - \$.0135/share; 8/15/16 - \$.0139/share; 9/15/16 - \$.0139/share;  
 10/15/16 - \$.0135/share; 11/15/16 - \$.0139/share; 12/15/16 - \$.0135/share

Shareholders who elected to reinvest all or a portion of the Distributions will have a cost basis in the acquired shares of the Company equal to the amount of such reinvestment.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The Company determines its annual earnings and profits under IRC Section 312 and the regulations thereunder after the close of the tax year, as practicable, and such determination was on or about January 25, 2017. Distributions in excess of earnings and profits reduce the shareholder's basis in common stock on the dates listed above. For shares for which Distributions were elected to be reinvested, the shareholder's basis in the acquired shares, or fraction thereof, of the Company equals the amount of the reinvestment.

**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Section 301(c)(2), 316 and 312 provide that the portion of the cash distribution on common stock which is not a dividend shall be applied against and reduce the adjusted basis of the common stock. IRC Section 1012 provides cost basis for shares acquired pursuant to the dividend reinvestment plan.

18 Can any resulting loss be recognized? ▶ No tax loss is recognized by shareholders as a result of receiving the 2016 cash distributions on common stock.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment to basis is taken into account in the year of distribution (i.e., 2016 for calendar year taxpayers).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Robert W. Engel Date ▶ 2/1/17  
Print your name ▶ Robert Engel Title ▶ CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	David Sanders	<u>[Signature]</u>	1/30/2017		P00407038
	Firm's name ▶ Deloitte Tax, LLP	Firm's address ▶ 1111 Bagby Street, Suite 4500, Houston, TX 77002		Firm's EIN ▶ 86-1065772	Phone no. 713-982-2000