

## **Extra Space Storage Inc. Form 8937 Appendix A**

On December 14, 2018 (the “Record Date”), each shareholder of common stock of Extra Space Storage Inc. (“EXR”) that was listed as a holder of record became entitled to a cash dividend of \$0.86 per share with respect to its common stock. The cash dividend was paid to each shareholder of common stock of EXR on December 31, 2018. The cash dividend resulted in an increase to the Exchange Rate of the Exchangeable Notes (as defined below), which EXR takes the position is a deemed distribution under Section 301 of the Internal Revenue Code of 1986, as amended (the “Code”) by reason of sections 305(b)(2) and 305(c) of the Code.

Section 6045B of the Code and the underlying Treasury Regulations (the “Regulations”) provide that effective January 1, 2016, if a corporation issues a cash dividend with respect to stock that results in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution under section 305(b)(2) and (c) of the Code, an information return (Form 8937) must be filed with the Internal Revenue Service (the “IRS”) describing, among other things, the action and the action’s quantitative effect. As an alternative to filing this information with the IRS, an issuer may post the information return to its public website.

The information contained in the attached Form 8937 and this Appendix A thereto is intended to satisfy the requirements of public reporting under Section 6045B of the Code and Sections 1.6045B-1(a)(3) and (b)(4) of the Regulations by EXR. The Exchangeable Notes were issued by a subsidiary partnership of EXR (not EXR itself), and as a result are exchangeable (not convertible) for EXR shares. As a result, the treatment of the Exchangeable Notes for purposes of the rules described above is not certain. The information contained in this Appendix A is intended to reflect EXR’s reporting position and provide only a general summary of certain U.S. federal income tax consequences of the Exchange Rate adjustment, and is not intended to be a complete analysis or description of all U.S. federal income tax consequences of the Exchange Rate adjustment. **You should consult your own tax advisor to determine the particular federal, state, local, or foreign income, reporting or other tax consequences of the Exchange Rate adjustment to you.**

### **Part II, Line 14, Description of Organizational Action**

On the Record Date, each shareholder of common stock of EXR that was listed as a holder of record became entitled to a cash dividend with respect to such common stock. Pursuant to Section 14.04(d) of the indenture, the Exchange Rate on the 3.125% Exchangeable Senior Notes due 2035 issued by Extra Space Storage LP (the “Exchangeable Notes”) was increased on December 13, 2018 (“the Ex-Dividend Date”) to take into account such cash dividend. EXR takes the position that such adjustment to the Exchange Rate on the Ex-Dividend Date is a deemed distribution of property to the holders of the Exchangeable Notes to which section 301 of the Code applies by reason of sections 305(b)(2) and 305(c) of the Code.

### **Part II, Line 15, Quantitative Effect of Organizational Action**

EXR expects that it will have sufficient current or accumulated earnings and profits to treat the deemed distribution of property to the holders of the Exchangeable Notes as a dividend for U.S. federal income tax purposes. In that event, the holders of the Exchangeable Notes would be

required to include the dividend in gross income for U.S. federal income tax purposes and increase the basis of the Exchangeable Notes by the fair market value of the deemed distribution. Therefore, as a result of the increase in the Exchange Rate of the Exchangeable Notes, each holder of an Exchangeable Note would be required to include \$2.91 in gross income as a dividend per \$1,000 face amount of Exchangeable Notes and increase the basis in such Exchangeable Notes by the same amount.

**Part II, Line 16, Calculation of the Change in Basis**

Sample Calculation: Assume a holder of an Exchangeable Note has \$1,000 basis in a \$1,000 Exchangeable Note. A holder of an Exchangeable Note will increase its basis in such Exchangeable Note by \$2.91 as a result of the inclusion of the dividend in gross income for U.S. federal income tax purposes.

**Part II, Line 17, Code Sections Upon Which Tax Treatment is Based**

Sections 305(b)(2), 305(c), 301(c), 301(d) and 316 of the Code.

**Part II, Line 18, Recognition of any Resulting Loss**

This is not a loss transaction.

**Part II, Line 19, Reportable Tax Year**

The reportable tax year is 2018 for a taxpayer reporting taxable income on a calendar year basis.