~ ANNUAL REPORT ~

2011

Getty Realty

GETTY REALTY CORP.

	Years ended December 31,		
(in thousands, except per share amounts)	2011[(a)]	2010	2009[(b)]
Total revenues	$112,876	$88,192	$84,170
Earnings from continuing operations[(c)]	11,610	49,971	41,439
Earnings from discontinued operations	846	1,729	5,610
Net earnings	12,456	51,700	47,049
Diluted net earnings per common share	0.37	1.84	1.89
Funds from operations[(d)]	42,050	59,733	53,744
Diluted funds from operations per common share[(d)]	1.26	2.13	2.16
Adjusted funds from operations[(d)]	62,679	58,246	51,679
Diluted adjusted funds from operations per common share[(d)]	1.88	2.08	2.09
Cash dividends declared per common share	1.46	1.91	1.89

(a) Includes (from the respective date of the acquisition), the effect of the $111.6 million acquisition of 59 Mobil-branded gasoline station and convenience store properties in a sale/leaseback and loan transaction with CPD NY Energy Corp. which were acquired on January 13, 2011, and the effect of the $87.0 million acquisition of 66 Shell-branded gasoline station and convenience store properties in a sale/leaseback transaction with Nouria Energy Ventures I, LLC which were acquired on March 31, 2011.

(b) Includes (from the date of the acquisition) the effect of the $49.0 million acquisition of the real estate assets and improvements of 36 convenience store properties from White Oak Petroleum LLC which were acquired on September 25, 2009.

(c) Includes the effect of a $19.8 million non-cash deferred rent receivable reserve, the effect of a $8.8 million accounts receivable reserve, and the effect of a $20.2 million impairment charge, which are included in earnings from continuing operations related to certain properties leased to Getty Petroleum Marketing Inc. under the Master Lease. (For additional information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—General—Marketing and the Master Lease" in our accompanying 2011 Annual Report on Form 10-K.)

(d) In addition to measurements defined by accounting principles generally accepted in the United States of America ("GAAP"), our management also focuses on funds from operations ("FFO") and adjusted funds from operations ("AFFO") to measure our performance. FFO is generally considered to be an appropriate supplemental non-GAAP measure of the performance of real estate investment trusts ("REITs"). In accordance with the National Association of Real Estate Investment Trusts' modified guidance for reporting FFO, we have restated reporting of FFO to exclude non-cash impairment charges. FFO is defined by the National Association of Real Estate Investment Trusts as net earnings before depreciation and amortization of real estate assets, gains or losses on dispositions of real estate (including such non-FFO items reported in discontinued operations), non-cash impairment charges, extraordinary items, and cumulative effect of accounting change. Other REITs may use definitions of FFO and/or AFFO that are different than ours and; accordingly, may not be comparable.

We believe that FFO and AFFO are helpful to investors in measuring our performance because both FFO and AFFO exclude various items included in GAAP net earnings that do not relate to, or are not indicative of, our fundamental operating performance. FFO excludes various items such as gains or losses from property dispositions, depreciation and amortization of real estate assets, and non-cash impairment charges. In our case, however, GAAP net earnings and FFO typically include the impact of deferred rental revenue (straight-line rental revenue), the net amortization of above-market and below-market leases and income recognized from direct financing leases on the recognition of revenue from rental properties (collectively the "Revenue Recognition Adjustments"), as offset by the impact of related collection reserves. GAAP net earnings and FFO from time to time may also include other unusual or infrequently occurring items. Deferred rental revenue results primarily from fixed rental increases scheduled under certain leases with our tenants. In accordance with GAAP, the aggregate minimum rent due over the current term of these leases are recognized on a straight-line (or an average) basis rather than when the payment is contractually due. The present value of the difference between the fair market rent and the contractual rent for in-place leases at the time properties are acquired is amortized into revenue from rental properties over the remaining lives of the in-place leases. Income from direct financing leases is recognized over the lease terms using the effective interest method which produces a constant periodic rate of return on the net investments in the leased properties.

Management pays particular attention to AFFO, a supplemental non-GAAP performance measure that we define as FFO less Revenue Recognition Adjustments, allowance for deferred rental revenue, acquisition costs, and other unusual or infrequently occurring items. In management's view, AFFO provides a more accurate depiction than FFO of our fundamental operating performance related to: (i) the impact of scheduled rent increases from operating leases; (ii) the rental revenue from acquired in-place leases; (iii) the impact of rent due from direct financing leases; and (iv) the impact of other unusual or infrequently occurring items. Neither FFO nor AFFO represent cash generated from operating activities calculated in accordance with GAAP and therefore these measures should not be considered an alternative for GAAP net earnings or as a measure of liquidity. (FFO and AFFO are reconciled to net earnings in "Item 6. Selected Financial Data" in our accompanying 2011 Annual Report on Form 10-K.)

Dear Fellow Shareholders,

As I reflect back on 2011, it was a year that certainly provided great challenges for us to overcome as a management team and as a Company. We entered the year with our largest tenant, Getty Petroleum Marketing, Inc., which I will refer to as "Marketing," accounting for two-thirds of our revenues. As the year went on we acquired almost $200 million of assets and raised approximately $90 million of capital. When the year ended, Marketing had filed for bankruptcy but accounted for less than 55% of our revenues.

We believe Marketing's bankruptcy represents a step forward and a transitional opportunity for our Company because, while we still have much work in front of us, we are finally in a position to begin repositioning the portfolio of properties that Marketing has been leasing from us. Marketing has been reporting poor results for many years and the uncertainty around the outcome and timing for this repositioning had become a meaningful overhang for our Company.

Based on the Master Lease with Marketing, it appeared that this overhang would be with us at least through the end of 2015. I am pleased to share that as the first quarter 2012 draws to a close, we are not going to have to wait until 2015 to reduce the Marketing overhang because we are repositioning the Marketing portfolio with new tenants today. As a result, we anticipate we will have moved well beyond Marketing by the time we get to 2015.

Having a tenant go bankrupt is never a good thing, and our short-term results clearly show the negative impact on our earnings. However, longer-term we are mindful that as we gain resolution of the Marketing situation, we will be a different Company, able to move forward and continue on our growth path.

As a "proof of concept," the acquisition program we commenced several years ago meaningfully contributed to our 2011 results. Lost in all the special charges and accounting adjustments during the year ended December 31st is the fact that last year's acquisitions added more than $10 million to our net earnings, FFO and AFFO. While we will work towards generating revenues from repositioning the Marketing portfolio, it is gratifying to have proven our ability to positively impact our performance through accretive acquisitions.

Our overall 2011 reported financial results were materially affected by Marketing's fourth quarter bankruptcy filing. The main impact came from several accounting-related charges we booked during and at the end of the year including:

- approximately $20 million in aggregate non-cash deferred rent receivable charges to reverse the effect of straight-line rents we no longer believe we will collect;
- approximately $20 million in aggregate non-cash impairment charges resulting primarily from our recognition of Marketing's environmental and tank removal liabilities which will require cash outlays in future years; and
- approximately $9 million in accounts receivable reserves which reflects so called "pre-petition" obligations owed to us by Marketing that we do not anticipate being able to collect. The accounts receivable reserve is for essentially November 2011 rent plus unpaid real estate taxes that accrued prior to the bankruptcy filing.

As a result of the aforementioned charges, the Company's 2011 net earnings were approximately $12.5 million versus $51.7 million in the prior year, and on a per share basis, $0.37 versus $1.84 in 2010. Additionally, per share results were impacted by an almost 20% higher weighted average share count year-over-year due to stock issuances in 2010 and 2011.

Funds from operations ("FFO")[1] per share for the year were $1.26 versus $2.13 in 2010 as FFO reflects less impact from charges than net earnings mainly because it excludes the impairment charges as well as depreciation and amortization.

Adjusted funds from operations ("AFFO")[1] excludes all of the non-cash charges and rental recognition adjustments required by GAAP but does not exclude the $8.8 million accounts receivable reserve. Accordingly, AFFO actually increased 7.7% or $4.5 million year-over-year to $62.7 million, although on a per share basis there was a decline of $0.20 to $1.88 in 2010 because of the higher share count.

As of December 31st, Marketing leased approximately 800 properties from the Company. The long-term objective of our repositioning project is to maximize the income we can realize from these properties either in the hands of new tenants or though property sales, the proceeds of which we intend to reinvest into newer and better positioned properties.

Undoubtedly, the repositioning will take time, yet when completed, we anticipate having multiple new "portfolio" tenants and perhaps as many as several hundred individual tenant locations.

The process to solicit new distributor tenants is well underway and has resulted in numerous qualified distributors emerging as potential candidates. We expect to make tangible progress toward our repositioning initiatives throughout 2012 and beyond. Near-term, we will work with petroleum suppliers to keep properties operating and generating revenue for the Company while we sort through our longer-term opportunities.

It is apparent that the best opportunity to achieve rental values closest to those paid previously by Marketing is in our urban and infill locations. Given that these locations provide us with more "higher and better" use alternatives, we intend to work to maximize the value of these locations in a deliberate manner to maintain flexibility so we can maximize our results considering our short, intermediate and long-term alternatives and opportunities.

We are also quite aware that the portfolio has suffered from substantial deferred maintenance and is in need of capital investment. Part of the solution is to work with our prospective tenants to identify a process to rationally finance these important investments.

Nevertheless, despite all of our efforts, it is apparent to us that we will not be able to realize the amount of triple net rent from this portfolio that we were able to realize from Marketing historically. Our net earnings, FFO and AFFO will also be adversely impacted by additional operating expenses, specifically: environmental, G&A and interest costs. Net environmental expenses and outlays will increase significantly starting in 2012 because we are now largely primarily responsible for the remediation costs that used to be Marketing's.

We also anticipate incurring additional non-recurring costs associated with Marketing and the portfolio repositioning during 2012. While these expenditures should begin to dissipate beyond that, most likely there will be ongoing expenses associated with the Company asserting its rights against LUKoil, Marketing's prior owner, for several years.

We successfully obtained an extension of our credit facility and term loan in the first quarter of 2012, and we are gratified in the show of confidence and support from our banks. Part of our comprehensive strategy is a recycling of capital that will be utilized in the repositioning efforts, and later for select acquisitions. To that end, we are making progress with our property dispositions. There are many factors affecting the speed at which we can conclude these sales including local government permitting, due diligence and other factors. However, we now have a number of properties under contract and expect closings to start occurring during 2012.

We understand that Getty still has many challenges, but we also understand that the Marketing portfolio is valuable and will contribute meaningful cash flow as we successfully reposition the Marketing assets to maximize their potential.

There is no question the Company and our shareholders have endured significant stress this past year. However, we have a solid foundation in place and we are taking the necessary steps to ensure that the Company can grow again. In the meantime, during 2012 we should start to realize improved cash flow and visibility.

Finally, I want to personally thank our employees for all of their enormous contributions and sacrifice this past year and our shareholders for supporting our efforts. Our employees continue to work selflessly on behalf of the Company as we navigate through this challenging period.

Sincerely,

David B. Driscoll
Chief Executive Officer and President

[1]Funds from operations and adjusted funds from operations are non-GAAP measures of our financial performance and are reconciled to net earnings in "Item 6, Selected Financial Data" in our accompanying 2011 Annual Report on Form 10-K.

~ CORPORATE DATA ~

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Thomas J. Stirnweis
Vice President, Treasurer and Chief Financial Officer

CORPORATE HEADQUARTERS

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ABOUT OUR STOCK

Our Common Stock is listed on the New York Stock Exchange under the symbol GTY.

ABOUT OUR SHAREHOLDERS

As of March 29, 2012, we had 33,394,395 outstanding shares of Common Stock owned by approximately 18,100 shareholders.

ANNUAL MEETING

All shareholders are cordially invited to attend our annual meeting on May 24, 2012 at 3:30 p.m. at 383 Madison Avenue, New York, New York. Holders of common stock of record at the close of business on March 29, 2012, are entitled to vote at the meeting. A notice of meeting, proxy statement and proxy were mailed to our shareholders with this report.

INVESTOR RELATIONS INFORMATION

Shareholders are informed about Company news through the issuance of press releases. Shareholders inquiries, comments or suggestions concerning Getty Realty Corp. are welcome. Investors, brokers, securities analysts and others desiring financial information should contact Investor Relations at (516) 478-5400 or by writing to:

Investor Relations
Getty Realty Corp.
125 Jericho Turnpike
Jericho, New York 11753

Our website address is www.gettyrealty.com. Our website contains a hyperlink to the EDGAR database of the Securities and Exchange Commission where you can access, without charge, the reports we file with the Securities and Exchange Commission as soon as reasonably practicable after such reports are filed.

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