

Getty Realty

GETTY REALTY CORP.

2019

ANNUAL REPORT



DEAR SHAREHOLDERS

2019 was another successful year for Getty as our team continued to grow our portfolio with high-quality real estate, driving increases in earnings and creating value for our shareholders. Our existing portfolio delivers consistent results, and our key priority remains expanding our company through focused investments in targeted industries and metropolitan markets.

Continued Execution of Core Business Strategy

We executed on all aspects of our growth strategy in 2019 as we acquired 27 high-quality properties for \$87.2 million through a combination of portfolio and individual acquisitions. This activity also reflects our extremely disciplined investment approach, which carefully considers real estate attributes as well as the operational and credit quality of our prospective tenants. During the year, we reviewed approximately \$1.3 billion of actionable opportunities, with more than one-third of the activity in other automotive categories. Included in our acquisitions were two portfolio sale-leaseback transactions in the Los Angeles, CA, and Las Vegas, NV metropolitan areas where we acquired 10 properties, plus 17 individual property transactions in highly sought-after core markets. As we continue through 2020, we have a significant pipeline across the convenience & gas and other automotive sectors, and we expect to remain active while maintaining our underwriting discipline.

Our redevelopment program also continues to make positive strides as we completed four projects and signed a number of new leases with national retail tenants in 2019. The completed projects included two new-to-industry convenience & gas locations leased to Sheetz and Big Y, both of whom are highly successful convenience store operators in their respective regions. The other two sites were ground leased to a local developer for a variety of retail uses. We invested a total of \$1.1 million in these four projects and expect to generate an incremental return on our investment of approximately 40%. In terms of our redevelopment outlook, we maintain a solid pipeline, ending the year with 12 signed leases. We also have a number of additional sites which we expect to move into our redevelopment pipeline this year and over the next several years. We continue to believe that between five and ten percent of our current portfolio can be redeveloped for either new convenience & gas use or alternative retail uses. By strategically investing in our existing portfolio, we believe we can generate attractive risk-adjusted returns, improve the credit quality of our portfolio and diversify our retail tenant base.

On the asset management front, we signed two leases for individual convenience & gas locations, sold nine properties, and exited five third-party leased sites during 2019. The net

result being that our portfolio of 945 properties continues to be 99% occupied.

Driving Growth and Shareholder Returns

Due to the strong execution of our business initiatives, we delivered a 5% increase in rental income, and increased net earnings and adjusted funds from operations per share (AFFO) in 2019. After taking into account additional borrowing costs and newly issued shares from the Company's 2019 capital raising activities, we were able to grow our AFFO per share to \$1.72 for the year.

Our 2019 accomplishments resulted in our Board's decision to increase our dividend by 6% to an annualized rate of \$1.48 per share – making 2019 the fifth consecutive year that the Company has rewarded shareholders with a significant increase in its recurring cash dividend rate. The dividend remains well-covered and its increase stems from the stability of our current portfolio along with our expectation of continued growth in AFFO.

Maintaining Our Flexible & Conservative Balance Sheet

We prioritize maintaining a conservatively leveraged balance sheet as we grow. To further this philosophy, we issued long-term and permanent capital to fund our business activities throughout 2019. Specifically, in the third quarter of 2019, we issued \$125 million of 10-year, 3.52% senior unsecured notes to AIG, Mass Mutual and Prudential. As a result of this extremely successful issuance, Getty ended 2019 with the smallest percentage of floating rate debt in the Company's history at less than 5%.

In addition, we also partially financed our growth in 2019 through the issuance of \$14.2 million of common equity through the use of our at-the-market (ATM) program. The ATM program continues to be a valuable tool for our Company as it is a cost effective and efficient way to raise equity capital and allows us to match fund our acquisitions and redevelopment projects.

We expect to maintain a conservative leverage profile and actively manage our capital structure to prudently grow over the long-term.

Ongoing Health of Convenience & Gas and Other Automotive Sectors

We continue to demonstrate that the value of owning attractive real estate located in both stable and growing metropolitan markets is a critical component to creating long-term shareholder value. We believe our national portfolio located in 33 states is largely irreplaceable in today's marketplace as we have 57% of our revenue coming from top 25 MSAs. In addition, our

service and consumer-oriented properties serve many aspects of the retail marketplace which are basically insulated from the growth of e-commerce. For the convenience store and gasoline station industry, 2019 was another year of sales growth as retail fuels benefited from stable volumes and input costs, and convenience sales grew by 2.3% nationally. With that said, we and our tenants are mindful of advances in technology, such as the increase in sales of pure battery electric vehicles. While the convenience store and gasoline station industry is evolving, our tenants are placing additional emphasis on branding and customer loyalty inside their stores in order to drive higher margin sales and reduce their overall dependence on customer visits derived solely from refueling. We believe that our portfolio of well-located properties in major metropolitan markets will remain resilient and thrive in the ever-changing consumer retail landscape.

Commitment to Our Focused Growth Strategy

We remain focused on executing a highly targeted strategy to deliver growth. *First*, we are expanding our portfolio through disciplined acquisitions in the convenience & gas and other automotive sectors. *Second*, we remain committed to our redevelopment strategy and expect to complete a steady number of projects on an annual basis with well-known, nationally recognized retail tenants, which further demonstrates the embedded value inherent in our existing portfolio. Finally, we are committed to proactive asset management, which includes benefiting from the stable growth inherent in our core net lease portfolio, steady performance of our tenants, and asset recycling.

I am particularly excited about two initiatives that we expect will materially benefit Getty in 2020 and beyond. The first initiative involves realigning our team and adding staff to focus on external growth and overseeing our growing portfolio. The second initiative, which is broadening our investment criteria to include acquisitions of properties in

“other automotive” sectors including car washes and automotive parts & service, is currently adding significant volume to our transaction pipeline. These categories are an ideal complement to our portfolio, allowing us to expand our investment prospects, while drawing on much of the underwriting expertise we have built throughout Getty’s history. The properties suited to these businesses are in almost all cases of similar size and location to our existing portfolio. In addition, many of these service-oriented sub-sectors within the other automotive category remain highly internet-resistant, and are growing and consolidating, which creates transaction opportunities for the Company. We are excited that in the second half of 2019, we were able to close on a number of property acquisitions in these sectors. Looking ahead, we believe we can make meaningful inroads into the other automotive sectors and create a recurring set of opportunities which is similar in size to what we typically underwrite annually in the convenience & gas sector.

Thank You!

I am very proud of Getty’s 2019 accomplishments and as I look ahead to 2020, I am optimistic. I believe we have the right growth strategy and a first-rate team in place to execute on it and create value for our shareholders for years to come. I would like to conclude by personally thanking our management team and employees for all of their hard work during the past year. I would also like to thank our Board and shareholders for their continued support.

Best Regards,



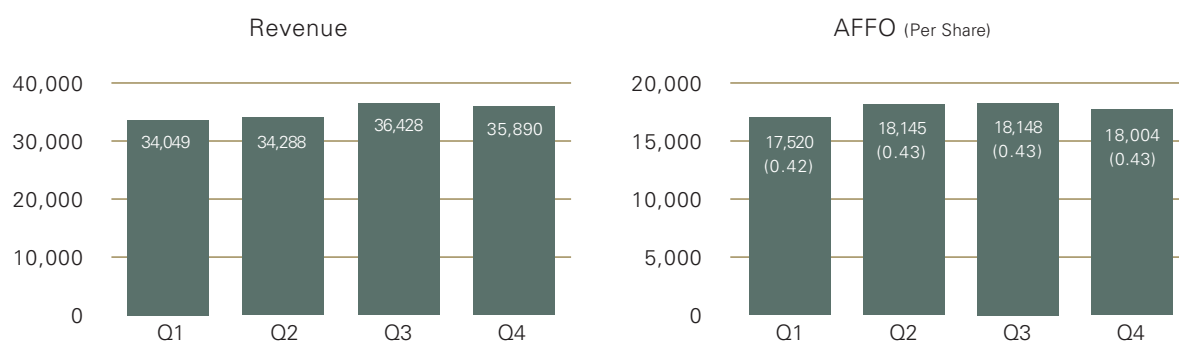
Christopher J. Constant

President and Chief Executive Officer

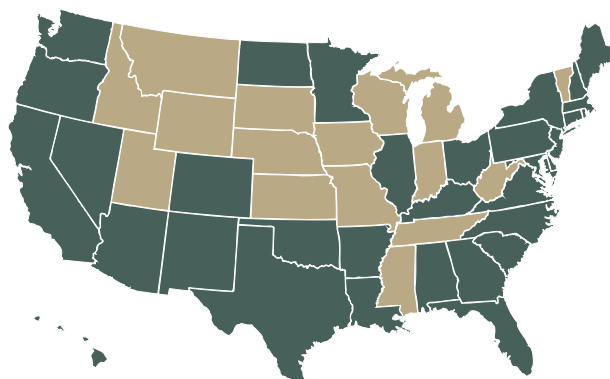
FINANCIAL HIGHLIGHTS

<i>Financial Summary (Years ended December 31) (a)</i>	2017	2018	2019
Number Of Properties	907	933	945
Total Revenues	120,153	136,106	140,655
Net Income	47,186	47,706	49,723
<i>(Per Share)</i>	1.26	1.17	1.19
Funds From Operations	74,555	73,564	77,833
<i>(Per Share)</i>	2.00	1.80	1.86
Adjusted Funds From Operations	62,032	69,669	71,816
<i>(Per Share)</i>	1.66	1.71	1.72
Dividends Per Share	1.16	1.31	1.42

2019 Quarterly Performance (a)



Geographic Diversity



(a) See "Item 6. Selected Financial Data", "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" for additional information.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
COMMISSION FILE NUMBER 001-13777**

GETTY REALTY CORP.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

11-3412575
(I.R.S. employer
identification no.)

**Two Jericho Plaza, Suite 110
Jericho, New York 11753-1681**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (516) 478-5400

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	GTY	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>		Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company		<input type="checkbox"/>
			Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common stock held by non-affiliates (33,222,707 shares of common stock) of the Company was \$1,021,930,000 as of June 30, 2019.

The registrant had outstanding 41,380,165 shares of common stock as of February 27, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT

Selected Portions of Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders (the "Proxy Statement"), which will be filed by the registrant on or prior to 120 days following the end of the registrant's year ended December 31, 2019, pursuant to Regulation 14A.

**PART OF
FORM 10-K**

III

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Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K may constitute “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements preceded by, followed by, or that otherwise include the words “believes,” “expects,” “seeks,” “plans,” “projects,” “estimates,” “anticipates,” “predicts” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and are not historical facts. (All capitalized and undefined terms used in this section shall have the same meanings hereafter defined in this Annual Report on Form 10-K.)

Examples of forward-looking statements included in this Annual Report on Form 10-K include, but are not limited to, our statements regarding our network of convenience store and gasoline station properties; substantial compliance of our properties with federal, state and local provisions enacted or adopted pertaining to environmental matters; the effects of recently enacted U.S. federal tax reform and other legislative, regulatory and administrative developments; the impact of existing legislation and regulations on our competitive position; our prospective future environmental liabilities, including those resulting from preexisting unknown environmental contamination; quantifiable trends, which we believe allow us to make reasonable estimates of fair value for the future costs of environmental remediation resulting from the removal and replacement of USTs; the impact of our redevelopment efforts related to certain of our properties; the amount of revenue we expect to realize from our properties; our belief that our owned and leased properties are adequately covered by casualty and liability insurance; AFFO as a measure that best represents our core operating performance and its utility in comparing the sustainability of our core operating performance with the sustainability of the core operating performance of other REITs; the reasonableness of our estimates, judgments, projections and assumptions used regarding our accounting policies and methods; our critical accounting policies; our exposure and liability due to and our accruals, estimates and assumptions regarding our environmental liabilities and remediation costs; loan loss reserves or allowances; our belief that our accruals for environmental and litigation matters including matters related to our former Newark, New Jersey Terminal and the Lower Passaic River, our MTBE multi-district litigation cases in the states of New Jersey, Pennsylvania and Maryland, and our lawsuit with the State of New York pertaining to a property formerly owned by us in Uniondale, New York, were appropriate based on the information then available; our claims for reimbursement of monies expended in the defense and settlement of certain MTBE cases under pollution insurance policies; compliance with federal, state and local provisions enacted or adopted pertaining to environmental matters; our beliefs about the settlement proposals we receive and the probable outcome of litigation or regulatory actions and their impact on us; our expected recoveries from UST funds; our indemnification obligations and the indemnification obligations of others; our investment strategy and its impact on our financial performance; the adequacy of our current and anticipated cash flows from operations, borrowings under our Restated Credit Agreement and available cash and cash equivalents; our continued compliance with the covenants in our Restated Credit Agreement and our senior unsecured notes; our belief that certain environmental liabilities can be allocated to others under various agreements; our belief that our real estate assets are not carried at amounts in excess of their estimated net realizable fair value amounts; our beliefs regarding our properties, including their alternative uses and our ability to sell or lease our vacant properties over time; and our ability to maintain our federal tax status as a REIT.

These forward-looking statements are based on our current beliefs and assumptions and information currently available to us, and are subject to known and unknown risks, uncertainties and other factors and were derived utilizing numerous important assumptions that may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors and assumptions involved in the derivation of forward-looking statements, and the failure of such other assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. Most of these factors are difficult to predict accurately and are generally beyond our control. These factors and assumptions may have an impact on the continued accuracy of any forward-looking statements that we make.

Factors which may cause actual results to differ materially from our current expectations include, but are not limited to, the risks described in “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K, as such risk factors may be updated from time to time in our public filings, and risks associated with: complying with environmental laws and regulations and the costs associated with complying with such laws and regulations; substantially all of our tenants depending on the same industry for their revenues; the creditworthiness of our tenants; our tenants’ compliance with their lease obligations; renewal of existing leases and our ability to either re-lease or sell properties; our dependence on external sources of capital; counterparty risks; the uncertainty of our estimates, judgments, projections and assumptions associated with our accounting policies and methods; our ability to successfully manage our investment strategy; potential future acquisitions and redevelopment opportunities; changes in interest rates and our ability to manage or mitigate this risk effectively; owning and leasing real estate; our business operations generating sufficient cash for distributions or debt service; adverse developments in general business, economic or political conditions; adverse effect of inflation; federal tax reform; property taxes; potential exposure related to pending lawsuits and claims; owning real estate primarily concentrated in the Northeast and Mid-Atlantic regions of the United States; competition in our industry; the adequacy of our insurance coverage and that of our tenants; failure to qualify as a REIT; dilution as a result of future issuances of equity securities; our dividend policy, ability to pay dividends and changes to our dividend policy; changes in market conditions; provisions in our corporate charter and by-laws; Maryland law

discouraging a third-party takeover; changes in LIBOR reporting practices or the method in which LIBOR is calculated or changes to alternative rates if LIBOR is discontinued; the loss of a member or members of our management team or Board of Directors; changes in accounting standards; future impairment charges; terrorist attacks and other acts of violence and war; our information systems; and failure to maintain effective internal controls over financial reporting.

As a result of these and other factors, we may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect our business, financial condition, operating results, ability to pay dividends or stock price. An investment in our stock involves various risks, including those mentioned above and elsewhere in this Annual Report on Form 10-K and those that are described from time to time in our other filings with the SEC.

You should not place undue reliance on forward-looking statements, which reflect our view only as of the date hereof. Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events, unless required by law. For any forward-looking statements contained in this Annual Report on Form 10-K or in any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART I

Item 1. Business

Company Profile

Getty Realty Corp., a Maryland corporation, is the leading publicly traded real estate investment trust (“REIT”) in the United States specializing in the ownership, leasing and financing of convenience store and gasoline station properties. Our 945 properties are located in 33 states across the United States and Washington, D.C. Our tenants operate our properties under a variety of national and regional convenience store, motor fuel, automotive service and other retail brands.

We are internally managed by our management team, which has extensive experience in owning, leasing and managing convenience store and gasoline station properties. We have invested, and will continue to invest, in real estate and real estate related investments when appropriate opportunities arise. Our company is headquartered in Jericho, New York and as of February 27, 2020, we had 31 employees.

Company Operations

As of December 31, 2019, we owned 877 properties and leased 68 properties from third-party landlords. Our typical property is used as a convenience store and gasoline station, and is located on between one-half and one acre of land in a metropolitan area. In addition, many of our properties are located at highly trafficked urban intersections or conveniently close to highway entrances or exit ramps. We have a national portfolio of properties with a concentration in the Northeast and Mid-Atlantic regions. We believe our network of convenience store and gasoline station properties across the Northeast and the Mid-Atlantic regions of the United States is unique and that comparable networks of properties are not readily available for purchase or lease from other owners or landlords.

Substantially all of our properties are leased on a triple-net basis primarily to petroleum distributors, convenience store retailers and, to a lesser extent, automotive service and other retail operators. Generally, our tenants supply fuel and either operate our properties directly or sublet our properties to operators who operate their convenience stores, gasoline stations, automotive services or other retail businesses at our properties. Our triple-net lease tenants are responsible for the payment of all taxes, maintenance, repairs, insurance and other operating expenses relating to our properties, and are also responsible for environmental contamination occurring during the terms of their leases and in certain cases also for environmental contamination that existed before their leases commenced. For additional information regarding our environmental obligations, see Note 5 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

Convenience store and gasoline station properties are an integral component of the transportation infrastructure supported by demand for refined petroleum products, day-to-day consumer goods and convenience foods. Substantially all of our tenants’ financial results depend on the sale of refined petroleum products, convenience store sales or rental income from their subtenants. As a result, our tenants’ financial results are highly dependent on the performance of the petroleum marketing industry, which is highly competitive and subject to volatility. During the terms of our leases, we monitor the credit quality of our triple-net lease tenants by reviewing their published credit rating, if available, reviewing publicly available financial statements, or reviewing financial or other operating statements which are delivered to us pursuant to applicable lease agreements, monitoring news reports regarding our tenants and their respective businesses, and monitoring the timeliness of lease payments and the performance of other financial covenants under their leases.

Our Properties

Net Lease. As of December 31, 2019, we leased 931 of our properties to tenants under triple-net leases.

Our net lease properties include 813 properties leased under 28 separate unitary or master triple-net leases and 118 properties leased under single unit triple-net leases. These leases generally provide for an initial term of 15 or 20 years with options for successive renewal terms of up to 20 years and periodic rent escalations. As of December 31, 2019, our contractual rent weighted average lease term, excluding renewal options, was approximately 10 years.

Several of our leases provide for additional rent based on the aggregate volume of fuel sold. For the year ended December 31, 2019, additional rent based on the aggregate volume of fuel sold was not material to our financial results. In addition, certain of our leases require the tenants to invest capital in our properties, substantially all of which are related to the replacement of underground storage tanks (“UST” or “USTs”) that are owned by our tenants. As of December 31, 2019, we have a remaining commitment to fund up to \$7.1 million in the aggregate with our tenants for our portion of such capital improvements. For additional information regarding our leases, see Note 2 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

Redevelopment. As of December 31, 2019, we were actively redeveloping five of our properties either as a new convenience and gasoline use or for alternative single-tenant net lease retail uses. For additional information regarding our redevelopment properties, see “Redevelopment Strategy and Activity” below.

Vacancies. As of December 31, 2019, nine of our properties were vacant. We expect that we will either sell or enter into new leases on these properties over time.

Investment Strategy and Activity

As part of our overall growth strategy, we regularly review acquisition and financing opportunities to invest in additional convenience store and gasoline station, and other automotive related properties, and we expect to continue to pursue investments that we believe will benefit our financial performance. In addition to sale/leaseback and other real estate acquisitions, our investment activities include purchase money financing with respect to properties we sell, and real property loans relating to our leasehold portfolios. Our investment strategy seeks to generate current income and benefit from long-term appreciation in the underlying value of our real estate. To achieve that goal, we seek to invest in high quality individual properties and real estate portfolios that are in strong primary markets that serve high density population centers. A key element of our investment strategy is to invest in properties that will promote our geographic and tenant diversity.

During the year ended December 31, 2019, we acquired fee simple interests in 27 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$87.2 million. During the year ended December 31, 2018, we acquired fee simple interests in 41 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$78.0 million. For additional information regarding our property acquisitions, see Note 13 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

Over the last five years, we have acquired 255 properties, located in various states, for an aggregate purchase price of \$606.0 million. These acquisitions included single property transactions and portfolio transactions.

Redevelopment Strategy and Activity

We believe that certain of our properties are located in geographic areas, which together with other factors, may make them well-suited for a new convenience and gasoline use or for alternative single-tenant net lease retail uses, such as quick service restaurants, automotive parts and service stores, specialty retail stores and bank branch locations. We believe that the redeveloped properties can be leased or sold at higher values than their current use.

For the year ended December 31, 2019 and 2018, rent commenced on four and six completed redevelopment projects, respectively, that were placed back into service in our net lease portfolio. Since the inception of our redevelopment program in 2015, we have completed 13 redevelopment projects.

For the year ended December 31, 2019, we spent \$0.4 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities. During the year ended December 31, 2019, we transferred \$0.5 million of construction-in-progress to buildings and improvements on our consolidated balance sheet.

For the year ended December 31, 2018, we spent \$2.7 million of construction-in-progress costs related to our redevelopment activities. During the year ended December 31, 2018, we transferred \$2.2 million of construction-in-progress to buildings and improvements on our consolidated balance sheet. In addition, during the year ended December 31, 2018, we spent \$4.4 million to reimburse tenants for capital expenditures related to our redevelopment activities.

As of December 31, 2019, we were actively redeveloping five of our properties either as a new convenience and gasoline use or for alternative single-tenant net lease retail uses. In addition to the five properties currently classified as redevelopment, we are in various stages of feasibility and planning for the recapture of select properties from our net lease portfolio that are suitable for redevelopment to either a new convenience and gasoline use or for alternative single-tenant net lease retail uses. As of December 31, 2019, we have signed leases on seven properties, that are currently part of our net lease portfolio, which will be recaptured and transferred to redevelopment when the appropriate entitlements, permits and approvals have been secured.

Major Tenants

As of December 31, 2019, we had three significant tenants by revenue:

- We leased 153 convenience store and gasoline station properties in three separate unitary leases and three stand-alone leases to subsidiaries of Global Partners LP (NYSE: GLP) (“Global”). In the aggregate, our leases with subsidiaries of Global represented 18% and 17% of our total revenues for the years ended December 31, 2019 and 2018, respectively. All of our unitary leases with subsidiaries of Global are guaranteed by the parent company.
- We leased 77 convenience store and gasoline station properties pursuant to three separate unitary leases to Apro, LLC (d/b/a “United Oil”). In the aggregate, our leases with United Oil represented 13% of our total revenues for each of the years ended December 31, 2019 and 2018.

- We leased 75 convenience store and gasoline station properties pursuant to two separate unitary leases to subsidiaries of Chestnut Petroleum Dist., Inc. (“Chestnut”). In the aggregate, our leases with subsidiaries of Chestnut represented 11% of our total revenues for each of the years ended December 31, 2019 and 2018. The largest of these unitary leases, covering 57 of our properties, is guaranteed by the parent company, its principals and numerous Chestnut affiliates.

Our major tenants are part of larger corporate organizations and the financial distress of one subsidiary or other affiliated companies or businesses in those organizations may negatively impact the ability or willingness of our tenant to perform its obligations under its lease with us. For information regarding factors that could adversely affect us relating to our leases with these tenants, see “Item 1A. Risk Factors”.

The History of Our Company

Our founders started the business in 1955 with the ownership of one gasoline service station in New York City and combined real estate ownership, leasing and management with service station operation and petroleum distribution. We held our initial public offering in 1971 under the name Power Test Corp. In 1985, we acquired from Texaco the petroleum distribution and marketing assets of Getty Oil Company in the Northeast United States along with the Getty® name and trademark in connection with our real estate and the petroleum marketing business in the United States.

We elected to be treated as a REIT under the federal income tax laws beginning January 1, 2001. The Internal Revenue Code permits a qualifying REIT to deduct dividends paid, thereby effectively eliminating corporate level federal income tax and making the REIT a pass-through vehicle for federal income tax purposes if certain REIT qualifications are met. To meet the applicable requirements of the Internal Revenue Code, a REIT must, among other things, invest substantially all of its assets in interests in real estate (including mortgages and other REITs) or cash and government securities, derive most of its income from rents from real property or interest on loans secured by mortgages on real property, and distribute to stockholders annually a substantial portion of its taxable income. As a REIT, we are required to distribute at least 90% of our taxable income to our stockholders each year and would be subject to corporate level federal income taxes on any taxable income that is not distributed.

Getty Petroleum Marketing, Inc. (“Marketing”), an indirect wholly owned subsidiary of OAO Lukoil from December 2000 until March 2011, was our largest tenant until 2012 under a unitary triple-net master lease. The master lease with Marketing was terminated effective April 30, 2012, pursuant to Marketing’s 2011 bankruptcy, which included the liquidation of Marketing and the distribution of its assets to creditors. As of December 31, 2019, 365 of the properties we own or lease were previously leased to Marketing.

Competition

The single-tenant net lease retail sector of the real estate industry in which we operate is highly competitive. In addition, we expect major real estate investors with significant capital will continue to compete with us for attractive acquisition opportunities. These competitors include petroleum manufacturing, distributing and marketing companies, other REITs, public and private investment funds, and other individual and institutional investors.

Trademarks

We own the Getty® name and trademark in connection with our real estate and the petroleum marketing business in the United States and we permit certain of our tenants to use the Getty® trademark at properties that they lease from us.

Regulation

Our properties are subject to numerous federal, state and local laws and regulations including matters related to the protection of the environment such as the remediation of known contamination and the retirement and decommissioning or removal of long-lived assets including buildings containing hazardous materials, USTs and other equipment. These laws include: (i) requirements to report to governmental authorities discharges of petroleum products into the environment and, under certain circumstances, to remediate soil and groundwater contamination, including pursuant to governmental order and directive, (ii) requirements to remove and replace USTs that have exceeded governmental-mandated age limitations and (iii) the requirement to provide a certificate of financial responsibility with respect to potential claims relating to UST failures. Our triple-net lease tenants are directly responsible for compliance with environmental laws and regulations with respect to their operations at our properties.

We believe that our properties are in substantial compliance with federal, state and local provisions pertaining to environmental matters. Although we are unable to predict what legislation or regulations may be adopted in the future with respect to environmental protection and waste disposal, we do not believe that existing legislation and regulations will have a material adverse effect on our competitive position. For additional information regarding pending environmental lawsuits and claims, see “Item 3. Legal Proceedings” in this Form 10-K.

For substantially all of our triple-net leases, our tenants are contractually responsible for compliance with environmental laws and regulations, removal of USTs at the end of their lease term (the cost of which in certain cases is partially borne by us) and

remediation of any environmental contamination that arises during the term of their tenancy. Under the terms of our leases covering properties previously leased to Marketing (substantially all of which commenced in 2012), we have agreed to be responsible for environmental contamination at the premises that was known at the time the lease commenced, and for environmental contamination which existed prior to commencement of the lease and is discovered (other than as a result of a voluntary site investigation) during the first 10 years of the lease term (or a shorter period for a minority of such leases). After expiration of such 10-year (or, in certain cases, shorter) period, responsibility for all newly discovered contamination, even if it relates to periods prior to commencement of the lease, is contractually allocated to our tenant. Our tenants at properties previously leased to Marketing are in all cases responsible for the cost of any remediation of contamination that results from their use and occupancy of our properties. Under substantially all of our other triple-net leases, responsibility for remediation of all environmental contamination discovered during the term of the lease (including known and unknown contamination that existed prior to commencement of the lease) is the responsibility of our tenant.

For additional information, see “Item 1A. Risk Factors” and to “Liquidity and Capital Resources,” “Environmental Matters” and “Contractual Obligations” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and to Note 5 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

Additional Information

Our website address is www.gettyrealty.com. Information available on our website shall not be deemed to be a part of this Annual Report on Form 10-K. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available on our website, free of charge, as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the U.S. Securities and Exchange Commission (“SEC”).

Our website also contains our business conduct guidelines (“Code of Ethics”), corporate governance guidelines and the charters of the Audit, Compensation and Nominating/Corporate Governance Committees of our Board of Directors. We intend to make available on our website any future amendments or waivers to our Code of Ethics within four business days after any such amendments or waivers become effective.

Item 1A. Risk Factors

We are subject to various risks, many of which are beyond our control. As a result of these and other factors, we may experience material fluctuations in our future operating results on a quarterly or annual basis, which could materially and adversely affect our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price. An investment in our stock involves various risks, including those mentioned below and elsewhere in this Annual Report on Form 10-K and those that are described from time to time in our other filings with the SEC.

We incur significant operating costs and, from time to time, may have significant liability accruals as a result of environmental laws and regulations, which costs and accruals could significantly increase, and reduce our profitability or have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

We are subject to numerous federal, state and local laws and regulations, including matters relating to the protection of the environment. Under certain environmental laws, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances or petroleum products at, on, or under, such property, and may be required to investigate and clean-up such contamination. Such laws typically impose liability and clean-up responsibility first on the party responsible for the contamination, but can also impose liability and clean-up responsibility on the owner and the current operator without regard to whether the owner or operator knew of or caused the presence of the contaminants, or the timing or cause of the contamination. Liability under such environmental laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility and the financial resources are available to perform the remediation. For example, liability may arise as a result of the historical use of a property or from the migration of contamination from adjacent or nearby properties. Any such contamination or liability may also reduce the value of the property. In addition, the owner or operator of a property may be subject to claims by third-parties based on injury, damage and/or costs, including investigation and clean-up costs, resulting from environmental contamination present at or emanating from a property. We cannot predict what environmental legislation or regulations may be enacted in the future, or how existing laws or regulations will be administered or interpreted with respect to products or activities to which they have not previously been applied. Additionally, compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretation of existing laws, which may develop in the future, could have an adverse effect on our financial position, or that of our tenants, and could require substantial additional expenditures for future remediation. Accordingly, compliance with environmental laws and regulations could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

The properties owned or controlled by us are leased primarily as convenience store and gasoline station properties, and therefore may contain, or may have contained, USTs for the storage of petroleum products and other hazardous or toxic substances, which creates a potential for the release of such products or substances. Some of our properties are subject to regulations regarding the

retirement and decommissioning or removal of long-lived assets including buildings containing hazardous materials, USTs and other equipment. Some of the properties may be adjacent to or near properties that have contained or currently contain USTs used to store petroleum products or other hazardous or toxic substances. In addition, certain of the properties are on, adjacent to, or near properties upon which others have engaged or may in the future engage in activities that may release petroleum products or other hazardous or toxic substances. There may be other environmental problems associated with our properties of which we are unaware. These problems may make it more difficult for us to re-lease or sell our properties on favorable terms, or at all.

We enter into leases and various other agreements which contractually allocate responsibility between the parties for known and unknown environmental liabilities at or relating to the subject properties. We are contingently liable for these environmental obligations in the event that our tenant does not satisfy them, and we are required to accrue for environmental liabilities that we believe are allocable to others under our leases if we determine that it is probable that our tenant will not meet its environmental obligations. It is possible that our assumptions regarding the ultimate allocation method and share of responsibility that we used to allocate environmental liabilities may change, which may result in material adjustments to the amounts recorded for environmental litigation accruals and environmental remediation liabilities. We assess whether to accrue for environmental liabilities based upon relevant factors including our tenants' histories of paying for such obligations, our assessment of their financial capability, and their intent to pay for such obligations. However, there can be no assurance that our assessments are correct or that our tenants who have paid their obligations in the past will continue to do so. We may ultimately be responsible to pay for environmental liabilities as the property owner if our tenant fails to pay them. The ultimate resolution of these matters could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

For substantially all of our triple-net leases, our tenants are contractually responsible for compliance with environmental laws and regulations, removal of USTs at the end of their lease term (the cost of which in certain cases is partially borne by us) and remediation of any environmental contamination that arises during the term of their tenancy. Under the terms of our leases covering properties previously leased to Marketing (substantially all of which commenced in 2012), we have agreed to be responsible for environmental contamination at the premises that was known at the time the lease commenced, and for environmental contamination which existed prior to commencement of the lease and is discovered (other than as a result of a voluntary site investigation) during the first 10 years of the lease term (or a shorter period for a minority of such leases). After expiration of such 10-year (or, in certain cases, shorter) period, responsibility for all newly discovered contamination, even if it relates to periods prior to commencement of the lease, is contractually allocated to our tenant. Our tenants at properties previously leased to Marketing are in all cases responsible for the cost of any remediation of contamination that results from their use and occupancy of our properties. Under substantially all of our other triple-net leases, responsibility for remediation of all environmental contamination discovered during the term of the lease (including known and unknown contamination that existed prior to commencement of the lease) is the responsibility of our tenant.

We anticipate that a majority of the USTs at properties previously leased to Marketing will be replaced over the next several years because these USTs are either at or near the end of their useful lives. For long-term, triple-net leases covering sites previously leased to Marketing, our tenants are responsible for the cost of removal and replacement of USTs and for remediation of contamination found during such UST removal and replacement, unless such contamination was found during the first 10 years of the lease term and also existed prior to commencement of the lease. In those cases, we are responsible for costs associated with the remediation of such preexisting contamination. We have also agreed to be responsible for environmental contamination that existed prior to the sale of certain properties assuming the contamination is discovered (other than as a result of a voluntary site investigation) during the first five years after the sale of the properties.

In the course of certain UST removals and replacements at properties previously leased to Marketing where we retained continuing responsibility for preexisting environmental obligations, previously unknown environmental contamination was and continues to be discovered. As a result, we have developed an estimate of fair value for the prospective future environmental liability resulting from preexisting unknown environmental contamination and have accrued for these estimated costs. These estimates are based primarily upon quantifiable trends which we believe allow us to make reasonable estimates of fair value for the future costs of environmental remediation resulting from the removal and replacement of USTs. Our accrual of the additional liability represents our estimate of the fair value of cost for each component of the liability, net of estimated recoveries from state UST remediation funds considering estimated recovery rates developed from prior experience with the funds. In arriving at our accrual, we analyzed the ages of USTs at properties where we would be responsible for preexisting contamination found within 10 years after commencement of a lease (for properties subject to long-term triple-net leases) or five years from a sale (for divested properties), and projected a cost to closure for preexisting unknown environmental contamination.

We measure our environmental remediation liabilities at fair value based on expected future net cash flows, adjusted for inflation, and then discount them to present value. We adjust our environmental remediation liabilities quarterly to reflect changes in projected expenditures, changes in present value due to the passage of time and reductions in estimated liabilities as a result of actual expenditures incurred during each quarter. As of December 31, 2019, we had accrued a total of \$50.7 million for our prospective environmental remediation obligations. This accrual consisted of (a) \$12.4 million, which was our estimate of reasonably estimable environmental remediation liability, including obligations to remove USTs for which we are responsible, net of estimated recoveries and (b) \$38.3 million for future environmental liabilities related to preexisting unknown contamination.

For additional information regarding pending environmental lawsuits and claims, and environmental remediation obligations and estimates, see “Item 3. Legal Proceedings”, “Environmental Matters” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Notes 3 and 5 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

Environmental exposures are difficult to assess and estimate for numerous reasons, including the amount of data available upon initial assessment of contamination, alternative treatment methods that may be applied, location of the property which subjects it to differing local laws and regulations and their interpretations, changes in costs associated with environmental remediation services and equipment, the availability of state UST remediation funds and the possibility of existing legal claims giving rise to allocation of responsibilities to others, as well as the time it takes to remediate contamination and receive regulatory approval. In developing our liability for estimated environmental remediation obligations on a property by property basis, we consider, among other things, laws and regulations, assessments of contamination and surrounding geology, quality of information available, currently available technologies for treatment, alternative methods of remediation and prior experience. Environmental accruals are based on estimates derived upon facts known to us at this time, which are subject to significant change as circumstances change, and as environmental contingencies become more clearly defined and reasonably estimable.

We cannot predict if state UST fund programs will be administered and funded in the future in a manner that is consistent with past practices and if future environmental spending will continue to be eligible for reimbursement at historical recovery rates under these programs. As a result, our estimates in respect of recoveries from state UST remediation funds could change, which could adversely affect our accruals for environmental remediation liabilities.

Any changes to our estimates or our assumptions that form the basis of our estimates may result in our providing an accrual, or adjustments to the amounts recorded, for environmental remediation liabilities. Additional environmental liabilities could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

Substantially all of our tenants depend on the same industry for their revenues.

We derive substantially all of our revenues from leasing, primarily on a triple-net basis, and financing convenience store and gasoline station properties to tenants in the petroleum marketing industry. Accordingly, our revenues are substantially dependent on the economic success of the petroleum marketing industry, and any factors that adversely affect that industry, such as disruption in the supply of petroleum or a decrease in the demand for conventional motor fuels due to conservation, technological advancements in petroleum-fueled motor vehicles or an increase in the use of alternative fuel and battery-operated vehicles, or other “green technologies,” could have a material adverse effect on our business, financial condition and results of operations, liquidity, ability to pay dividends or stock price. The success of participants in the petroleum marketing industry depends upon the sale of refined petroleum products at margins in excess of fixed and variable expenses. The petroleum marketing industry is highly competitive and volatile. Petroleum products are commodities, the prices of which depend on numerous factors that affect supply and demand. The prices paid by our tenants and other petroleum marketers for products are affected by global, national and regional factors. A large, rapid increase in wholesale petroleum prices would adversely affect the profitability and cash flows of our tenants if the increased cost of petroleum products could not be passed on to their customers or if automobile consumption of gasoline was to decline significantly. We cannot be certain as to how these factors will affect petroleum product prices or supply in the future, or how in particular they will affect our tenants.

Because certain of our tenants are not rated and their financial information is not available to you, it may be difficult for our investors to determine their creditworthiness.

The majority of our properties are leased to tenants who are not rated by any nationally recognized statistical rating organizations. In addition, our tenants’ financial information is not generally available to our investors. Additionally, many of our tenants are part of larger corporate organizations and we do not receive financial information for the other entities in those organizations. The financial distress of other affiliated companies or businesses in those organizations may negatively impact the ability or willingness of our tenant to perform its obligations under its lease with us. Because of the lack of financial information or credit ratings it is, therefore, difficult for our investors to assess the creditworthiness of our tenants and to determine the ability of our tenants to meet their obligations to us. It is possible that the assumptions and estimates we make after reviewing publicly and privately obtained information about our tenants are not accurate and that we may be required to increase reserves for bad debts, record allowances for deferred rent receivable or record additional expenses if our tenants are unable or unwilling to meet their obligations to us.

Our future cash flow is dependent on the performance of our tenants of their lease obligations, renewal of existing leases and either re-leasing or selling our properties.

We are subject to risks that financial distress, default or bankruptcy of our tenants may lead to vacancy at our properties or disruption in rent receipts as a result of partial payment or nonpayment of rent or that expiring leases may not be renewed. Under unfavorable general economic conditions, there can be no assurance that our tenants’ level of sales and financial performance

generally will not be adversely affected, which in turn could negatively impact our rental revenues. We are subject to risks that the terms governing renewal or re-leasing of our properties (including, compliance with numerous federal, state and local laws and regulations related to the protection of the environment, such as the remediation of contamination and the retirement and decommissioning or removal of long-lived assets, the cost of required renovations, or replacement of USTs and related equipment) may be less favorable than current lease terms.

We are also subject to the risk that we may receive less net proceeds from the properties we sell as compared to their current carrying value or that the value of our properties may be adversely affected by unfavorable general economic conditions. Unfavorable general economic conditions may also negatively impact our ability to re-lease or sell our properties. Numerous properties compete with our properties in attracting tenants to lease space. The number of available or competitive properties in a particular area could have a material adverse effect on our ability to lease or sell our properties and on the rents we are able to charge. In addition to the risk of disruption in rent receipts, we are subject to the risk of incurring real estate taxes, maintenance, environmental and other expenses at vacant properties. The financial distress, default or bankruptcy of our tenants may also lead to protracted and expensive processes for retaking control of our properties than would otherwise be the case, including, eviction or other legal proceedings related to or resulting from the tenant's default. These risks are greater with respect to certain of our tenants who lease multiple properties from us. If a tenant files for bankruptcy protection it is possible that we would recover substantially less than the full value of our claims against the tenant. If (i) our tenants do not perform their lease obligations, (ii) we are unable to renew existing leases and promptly recapture and re-lease or sell our properties, (iii) lease terms upon renewal or re-leasing are less favorable than current or historical lease terms, (iv) the values of properties that we sell are adversely affected by market conditions, or (v) we incur significant costs or disruption related to or resulting from tenant financial distress, default or bankruptcy, then our cash flow could be significantly adversely affected.

We are dependent on external sources of capital which may not be available on favorable terms, or at all.

We are dependent on external sources of capital to maintain our status as a REIT and must distribute to our stockholders each year at least 90% of our net taxable income, excluding any net capital gain. Because of these distribution requirements, it is not likely that we will be able to fund all future capital needs, including acquisitions, from income from operations. Therefore, we will have to continue to rely on third-party sources of capital, which may or may not be available on favorable terms, or at all. We may need to access the capital markets in order to execute future significant acquisitions. There can be no assurance that sources of capital will be available to us on favorable terms, or at all.

Our principal sources of liquidity are the cash flows from our operations, funds available under our \$300.0 million senior unsecured credit agreement (as amended, the "Restated Credit Agreement"), with a group of commercial banks led by Bank of America, N.A., proceeds from the sale of shares of our common stock through offerings, from time to time, under our at-the-market program ("ATM Program") and available cash and cash equivalents. The Restated Credit Agreement consists of a \$300.0 million unsecured revolving facility (the "Revolving Facility"), which is scheduled to mature in March 2022. Subject to the terms of the Restated Credit Agreement and our continued compliance with its provisions, we have the option to (a) extend the term of the Revolving Facility for one additional year to March 2023 and (b) request that the lenders approve an increase of up to \$300.0 million in the amount of the Revolving Facility to \$600.0 million in the aggregate. We have also issued \$450.0 million of senior unsecured notes. For additional information, see "Credit Agreement" and "Senior Unsecured Notes" in Note 4 in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

The Restated Credit Agreement and our senior unsecured notes contain customary financial covenants such as leverage, coverage ratios and minimum tangible net worth, as well as limitations on restricted payments, which may limit our ability to incur additional debt or pay dividends. The Restated Credit Agreement and our senior unsecured notes also contain customary events of default, including cross defaults to each other, change of control and failure to maintain REIT status (provided that the senior unsecured notes require a mandatory offer to prepay the notes upon a change in control in lieu of a change of control event of default). Our ability to meet the terms of the agreements is dependent upon our continued ability to meet certain criteria, as further described in Note 4 in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K, the performance of our tenants and the other risks described in this section. If we are not in compliance with one or more of our covenants, which could result in an event of default under our Restated Credit Agreement or our senior unsecured notes, there can be no assurance that our lenders would waive such non-compliance. This could have a material adverse effect on our business, financial condition, results of operation, liquidity, ability to pay dividends or stock price.

Under our ATM Program, we may issue and sell shares of our common stock with an aggregate sales price of up to \$125.0 million through a consortium of banks acting as agents. Sales of shares of our common stock under our ATM Program may be made from time to time in at-the-market offerings as defined in Rule 415 of the Securities Act of 1933, including by means of ordinary brokers' transactions on the New York Stock Exchange or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or as otherwise agreed to with the applicable agent. Sales of shares of our common stock under our ATM Program, if any, will depend on a variety of factors to be determined by us from time to time, including among others, market conditions and the trading price of our common stock. Our agents are not required to sell any specific number or dollar amount of our

common stock, but each agent will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulation to sell shares designated by us in accordance with the terms of the distribution agreement with our agents. The net proceeds we receive will be the gross proceeds received from such sales less the commissions and any other costs we may incur in issuing the shares of our common stock.

We may use a portion of the net proceeds from any of such sales to reduce our outstanding indebtedness, including borrowings under our Revolving Facility. The Revolving Credit Facility includes lenders who are affiliates of our agents. As a result, a portion of the net proceeds from any sale of shares of our common stock under our ATM Program that is used to repay amounts outstanding under our Revolving Credit Facility will be received by these affiliates. Because an affiliate may receive a portion of the net proceeds from any of these sales, each of our agents may have an interest in these sales beyond the sales commission it will receive. This could result in a conflict of interest and cause such agents to act in a manner that is not in the best interests of us or our investors in connection with any sale of shares of our common stock under our ATM Program.

Our access to third-party sources of capital depends upon a number of factors including general market conditions, the market's perception of our growth potential, financial stability, our current and potential future earnings and cash distributions, covenants and limitations imposed under our Restated Credit Agreement and our senior unsecured notes, and the market price of our common stock.

We are exposed to counterparty risk and there can be no assurances that we will effectively manage or mitigate this risk.

We regularly interact with counterparties in various industries. The types of counterparties most common to our transactions and agreements include, but are not limited to, landlords, tenants, vendors and lenders. We also enter into agreements to acquire and sell properties which allocate responsibility for certain costs to the counterparty. Our most significant counterparties include, but are not limited to, the members of the bank syndicate related to our Restated Credit Agreement, the lenders that are the counterparties to our senior unsecured notes and our major tenants from whom we derive a significant amount of rental revenue. The default, insolvency or other inability or unwillingness of a significant counterparty to perform its obligations under an agreement, including, without limitation, as a result of the rejection of an agreement in bankruptcy proceedings, is likely to have a material adverse effect on us.

As of December 31, 2019, we leased 153 convenience store and gasoline station properties in three separate unitary leases and three stand-alone leases to subsidiaries of Global. In the aggregate, our leases with subsidiaries of Global represented 18% and 17% of our total revenues for the years ended December 31, 2019 and 2018, respectively. All of our unitary leases with subsidiaries of Global are guaranteed by the parent company. As of December 31, 2019, we leased 77 convenience store and gasoline station properties in three separate unitary leases to United Oil. In the aggregate, our leases with United Oil represented 13% of our total revenues for each of the years ended December 31, 2019 and 2018. As of December 31, 2019, we leased 75 convenience store and gasoline station properties in two separate unitary leases to subsidiaries of Chestnut. In the aggregate, our leases with subsidiaries of Chestnut represented 11% of our total revenues for each of the years ended December 31, 2019 and 2018. The largest of these unitary leases, covering 57 of our properties, is guaranteed by the parent company, its principals and numerous Chestnut affiliates.

We may also undertake additional transactions with these or other existing tenants, which would further concentrate our sources of rental revenues. Many of our tenants, including those noted above, are part of larger corporate organizations and the financial distress of one subsidiary or other affiliated companies or businesses in those organizations may negatively impact the ability or willingness of our tenant to perform its obligations under its lease with us. The failure of a major tenant or their default in their rental and other obligations to us is likely to have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations, and they require management to make estimates, judgments and assumptions about matters that are inherently uncertain.

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations. We have identified several accounting policies as being critical to the presentation of our financial position and results of operations because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be recorded under different conditions or using different assumptions. We cannot provide any assurance that we will not make subsequent significant adjustments to our consolidated financial statements. Estimates, judgments and assumptions underlying our consolidated financial statements include, but are not limited to, receivables and related reserves, deferred rent receivable, income under direct financing leases, asset retirement obligations (including environmental remediation obligations and future environmental liabilities for pre-existing unknown environmental contamination), real estate, depreciation and amortization, carrying value of our properties, impairment of long-lived assets, litigation, accrued liabilities, income taxes and allocation of the purchase price of properties acquired to the assets acquired and liabilities assumed. If our accounting policies, methods, judgments, assumptions, estimates and allocations prove to be incorrect, or if circumstances change, our business, financial condition, revenues, operating expense, results of operations, liquidity, ability to pay dividends or stock price may be materially adversely affected.

We may not be able to successfully implement our investment strategy.

We may not be able to successfully implement our investment strategy. We cannot assure you that our portfolio of properties will expand at all, or if it will expand at any specified rate or to any specified size. As part of our overall growth strategy, we regularly review acquisition, financing and redevelopment opportunities, and we expect to continue to pursue investments that we believe will benefit our financial performance. We cannot assure you that investment opportunities which meet our investment criteria will be available. Pursuing our investment opportunities may result in additional debt or new equity issuances, that may initially be dilutive to our net income, and such investments may not perform as we expect or produce the returns that we anticipate (including, without limitation, as a result of tenant bankruptcies, tenant concessions, our inability to collect rents and higher than anticipated operating expenses). Further, we may not be able to successfully integrate investments into our existing portfolio without operating disruptions or unanticipated costs. To the extent that our current sources of liquidity are not sufficient to fund such investments, we will require other sources of capital, which may or may not be available on favorable terms or at all. Additionally, to the extent that we increase the size of our portfolio, we may not be able to adapt our management, administrative, accounting and operational systems, or hire and retain sufficient operational staff to integrate investments into our portfolio or manage any future investments without operating disruptions or unanticipated costs. Moreover, our continued growth will require increased investment in management personnel, professional fees, other personnel, financial and management systems and controls and facilities, which will result in additional operating expenses. Under the circumstances described above, our results of operations, financial condition and growth prospects may be materially adversely affected.

We expect to acquire new properties and this may create risks.

We may acquire properties when we believe that an acquisition matches our business and investment strategies. These properties may have characteristics or deficiencies currently unknown to us that affect their value or revenue potential. It is possible that the operating performance of these properties may decline after we acquire them, or that they may not perform as expected. Further, if financed by additional debt or new equity issuances, our acquisition of properties may result in stockholder dilution. Our acquisition of properties will expose us to the liabilities of those properties, some of which we may not be aware of at the time of such acquisitions. We face competition in pursuing these acquisitions and we may not succeed in leasing acquired properties at rents sufficient to cover the costs of their acquisition and operations.

Newly acquired properties may require significant management attention that would otherwise be devoted to our ongoing business. We may not succeed in consummating desired acquisitions. Consequences arising from or in connection with any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

We are pursuing redevelopment opportunities and this creates risks to our Company.

We have commenced a program to redevelop certain of our properties, and to recapture select properties from our net lease portfolio in order to redevelop such properties, for either a new convenience and gasoline use or for alternative single-tenant net lease retail uses. The success at each stage of our redevelopment program is dependent on numerous factors and risks, including our ability to identify and extract qualified sites from our portfolio and successfully prepare and market them for alternative uses, and project development issues, including those relating to planning, zoning, licensing, permitting, third party and governmental authorizations, changes in local market conditions, increases in construction costs, the availability and cost of financing, and issues arising from possible discovery of new environmental contamination and the need to conduct environmental remediation. Occupancy rates and rents at any particular redeveloped property may fail to meet our original expectations for reasons beyond our control, including changes in market and economic conditions and the development by competitors of competing properties. We could experience increased and unexpected costs or significant delays or abandonment of some or all of these redevelopment opportunities. For any of the above-described reasons, and others, we may determine to abandon opportunities that we have already begun to explore or with respect to which we have commenced redevelopment efforts and, as a result, we may fail to recover expenses already incurred. We cannot assure you that we will be able to successfully redevelop and lease any of our identified opportunities or that our overall redevelopment program will be successful. Consequences arising from or in connection with any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

We are exposed to interest rate risk and there can be no assurances that we will manage or mitigate this risk effectively.

We are exposed to interest rate risk, primarily as a result of our Restated Credit Agreement. Borrowings under our Restated Credit Agreement bear interest at a floating rate. Accordingly, an increase in interest rates will increase the amount of interest we must pay under our Restated Credit Agreement. Our interest rate risk may materially change in the future if we increase our borrowings under the Restated Credit Agreement or amend our Restated Credit Agreement or our senior unsecured notes, seek other sources of debt or equity capital or refinance our outstanding indebtedness. A significant increase in interest rates could also make it more difficult to find alternative financing on desirable terms. For additional information with respect to interest rate risk, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in this Form 10-K.

We are subject to risks inherent in owning and leasing real estate.

We are subject to varying degrees of risk generally related to leasing and owning real estate, many of which are beyond our control. In addition to general risks applicable to us, our risks include, among others: our liability as a lessee for long-term lease obligations regardless of our revenues; deterioration in national, regional and local economic and real estate market conditions; potential changes in supply of, or demand for, rental properties similar to ours; competition for tenants and declining rental rates; difficulty in selling or re-leasing properties on favorable terms or at all; impairments in our ability to collect rent or other payments due to us when they are due; increases in interest rates and adverse changes in the availability, cost and terms of financing; uninsured property liability; the impact of present or future environmental legislation and compliance with environmental laws; adverse changes in zoning laws and other regulations; acts of terrorism and war; acts of God; the unforeseen impacts of climate change, compliance with any future laws or regulations designed to prevent or mitigate the impacts of climate change, and any material costs related thereto; the potential risk of functional obsolescence of properties over time the need to periodically renovate and repair our properties; and physical or weather-related damage to our properties. Certain significant expenditures generally do not change in response to economic or other conditions, including: (i) debt service, (ii) real estate taxes, (iii) environmental remediation costs and (iv) operating and maintenance costs. The combination of variable revenue and relatively fixed expenditures may result, under certain market conditions, in reduced earnings and could have an adverse effect on our financial condition.

Each of the factors listed above could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price. In addition, real estate investments are relatively illiquid, which means that our ability to vary our portfolio of properties in response to changes in economic and other conditions may be limited.

Our business operations may not generate sufficient cash for distributions or debt service.

There is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay dividends on our common stock, to pay our indebtedness or to fund our other liquidity needs. We may not be able to repay or refinance existing indebtedness on favorable terms, which could force us to dispose of properties on disadvantageous terms (which may also result in losses) or accept financing on unfavorable terms.

Adverse developments in general business, economic or political conditions could have a material adverse effect on us.

Adverse developments in general business and economic conditions, including through recession, downturn or otherwise, either in the economy generally or in those regions in which a large portion of our business is conducted, could have a material adverse effect on us and significantly increase certain of the risks we are subject to. Among other effects, adverse economic conditions could depress real estate values, impact our ability to re-lease or sell our properties and have an adverse effect on our tenants' level of sales and financial performance generally. As our revenues are substantially dependent on the economic success of our tenants, any factors that adversely impact our tenants could also have a material adverse effect on our business, financial condition and results of operations, liquidity, ability to pay dividends or stock price.

Inflation may adversely affect our financial condition and results of operations.

Although inflation has not materially impacted our results of operations in the recent past, increased inflation could have a more pronounced negative impact on any variable rate debt we incur in the future and on our results of operations. During times when inflation is greater than increases in rent, as provided for in our leases, rent increases may not keep up with the rate of inflation. Likewise, even though our triple-net leases reduce our exposure to rising property expenses due to inflation, substantial inflationary pressures and increased costs may have an adverse impact on our tenants if increases in their operating expenses exceed increases in revenue, which may adversely affect our tenants' ability to pay rent.

Recently enacted U.S. federal tax reform legislation could affect REITs generally, our tenants, the markets in which we operate, the price of our common stock and our results of operations, in ways, both positively and negatively, that are difficult to predict.

Recent federal tax legislation (the "2017 Legislation") included significant changes to corporate and individual tax rates and the calculation of taxes. As a REIT, we are generally not required to pay federal taxes otherwise applicable to regular corporations if we distribute all of our income and comply with the various tax rules governing REITs. Stockholders, however, are generally required to pay taxes on REIT dividends. The 2017 Legislation changed the way in which dividends paid on our stock are taxed by the holder of that stock and could impact the price of our common stock or how stockholders and potential investors view an investment in REITs. In addition, while certain elements of the 2017 Legislation do not impact us directly as a REIT, they could impact our tenants and the markets in which we operate in ways, both positive and negative, that are difficult to predict. Prospective stockholders are urged to consult with their tax advisors with respect to the 2017 Legislation and any other regulatory or administrative developments and proposals and the potential effects thereof on an investment in our common stock.

Property taxes on our properties may increase without notice.

Each of the properties we own or lease is subject to real property taxes. The leases for certain of the properties that we lease from third-parties obligate us to pay real property taxes with regard to those properties. The real property taxes on our properties and any other properties that we acquire or lease in the future may increase as property tax rates change and as those properties are assessed or reassessed by tax authorities. To the extent that our tenants are unable or unwilling to pay such increase in accordance with their leases, our net operating expenses may increase.

We are defending pending lawsuits and claims and are subject to material losses.

We are subject to various lawsuits and claims, including litigation related to environmental matters, such as those arising from leaking USTs, contamination of groundwater with methyl tertiary butyl ether (a fuel derived from methanol, commonly referred to as “MTBE”) and releases of motor fuel into the environment, and toxic tort claims. The ultimate resolution of certain matters cannot be predicted because considerable uncertainty exists both in terms of the probability of loss and the estimate of such loss. Our ultimate liabilities resulting from the lawsuits and claims we face could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price. For additional information with respect to certain pending lawsuits and claims, see “Item 3. Legal Proceedings” and Note 3 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

A significant portion of our properties are concentrated in the Northeast and Mid-Atlantic regions of the United States, and adverse conditions in those regions, in particular, could negatively impact our operations.

A significant portion of the properties we own and lease are located in the Northeast and Mid-Atlantic regions of the United States and, as of December 31, 2019, 45.9% of our properties are concentrated in three states (New York, Massachusetts and Connecticut). Because of the concentration of our properties in those regions, in the event of adverse economic conditions in those regions, we would likely experience higher risk of default on payment of rent to us than if our properties were more geographically diversified. Additionally, the rents on our properties may be subject to a greater risk of default than other properties in the event of adverse economic, political or business developments, natural disasters or severe weather that may affect the Northeast or Mid-Atlantic regions of the United States and the ability of our lessees to make rent payments. This lack of geographical diversification could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

We are in a competitive business.

The real estate industry is highly competitive. Where we own properties, we compete for tenants with a large number of real estate property owners and other companies that sublet properties. Our principal means of competition are rents we are able to charge in relation to the income producing potential of the location. In addition, we expect other major real estate investors, some with much greater financial resources or more experienced personnel than we have, will compete with us for attractive acquisition opportunities. These competitors include petroleum manufacturing, distributing and marketing companies, convenience store retailers, other REITs, public and private investment funds, and other individual and institutional investors. This competition has increased prices for properties we seek to acquire and may impair our ability to make suitable property acquisitions on favorable terms in the future.

We are subject to losses that may not be covered by insurance.

We and our tenants carry insurance against certain risks and in such amounts as we believe are customary for businesses of our kind. However, as the costs and availability of insurance change, we may decide not to be covered against certain losses (such as certain environmental liabilities, earthquakes, hurricanes, floods and civil disorder) where, in the judgment of management, the insurance is not warranted due to cost or availability of coverage or the remoteness of perceived risk. Furthermore, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God, that generally are not insured because they are either uninsurable or not economically insurable. There is no assurance that the existing insurance coverages are or will be sufficient to cover actual losses incurred. The destruction of, or significant damage to, or significant liabilities arising out of conditions at, our properties due to an uninsured loss would result in an economic loss and could result in us losing both our investment in, and anticipated profits from, such properties. When a loss is insured, the coverage may be insufficient in amount or duration, or a lessee’s customers may be lost, such that the lessee cannot resume its business after the loss at prior levels or at all, resulting in reduced rent or a default under its lease. Any such loss relating to a large number of properties could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

Failure to qualify as a REIT under the federal income tax laws would have adverse consequences to our stockholders. Uncertain tax matters may have a significant impact on the results of operations for any single fiscal year or interim period or may cause us to fail to qualify as a REIT.

We elected to be treated as a REIT under the federal income tax laws beginning January 1, 2001. To qualify for taxation as a REIT, we must, among other requirements such as those related to the composition of our assets and gross income, distribute annually to our stockholders at least 90% of our taxable income, including taxable income that is accrued by us without a corresponding receipt of cash. Accordingly, we generally will not be subject to federal income tax on qualifying REIT income, provided that distributions to our stockholders equal at least the amount of our taxable income as defined under the Internal Revenue Code. But, we may have to borrow money or sell assets to satisfy such distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. Many of the REIT requirements are highly technical and complex. If we were to fail to meet the requirements, we may be subject to federal income tax, excise taxes, penalties and interest or we may have to pay a deficiency dividend. We may have to borrow money or sell assets to pay such a deficiency dividend.

We cannot guarantee that we will continue to qualify in the future as a REIT. We cannot give any assurance that new legislation, regulations, administrative interpretations or court decisions will not significantly change the requirements relating to our qualification. If we fail to qualify as a REIT, we would not be allowed a deduction for distributions to stockholders in computing our taxable income and will again be subject to federal income tax at regular corporate rates, we could be subject to the federal alternative minimum tax for taxable years beginning before 2019, we could be required to pay significant income taxes and we would have less money available for our operations and distributions to stockholders. This would likely have a significant adverse effect on the value of our securities. We could also be precluded from treatment as a REIT for four taxable years following the year in which we lost the qualification, and all distributions to stockholders would be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. Loss of our REIT status could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

Future issuances of equity securities could dilute the interest of holders of our equity securities.

Our future growth depends upon our ability to raise additional capital. If we were to raise additional capital through the issuance of equity securities, such issuance, the receipt of the net proceeds thereof and the use of such proceeds may have a dilutive effect on our expected earnings per share, funds from operations per share and adjusted funds from operations per share. The actual amount of such dilution cannot be determined at this time and will be based on numerous factors. Additionally, we are not restricted from issuing additional shares of our common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities in the future. The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after an offering or the perception that such sales could occur.

We may change our dividend policy and the dividends we pay may be subject to significant volatility.

The decision to declare and pay dividends on our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our Board of Directors and will depend upon such factors as the Board of Directors deems relevant and the dividend paid may vary from expected amounts. Any change in our dividend policy could adversely affect our business and the market price of our common stock. In addition, each of the Restated Credit Agreement and senior unsecured notes prohibit the payments of dividends during certain events of default. No assurance can be given that our financial performance in the future will permit our payment of any dividends or that the amount of dividends we pay, if any, will not fluctuate significantly. Under the Maryland General Corporation Law, our ability to pay dividends would be restricted if, after payment of the dividend, (i) we would not be able to pay indebtedness as it becomes due in the usual course of business or (ii) our total assets would be less than the sum of our liabilities plus the amount that would be needed, if we were to be dissolved, to satisfy the rights of any stockholders with liquidation preferences. There currently are no stockholders with liquidation preferences.

No assurance can be given that our financial performance in the future will permit our payment of any dividends. Each of the Restated Credit Agreement our senior unsecured notes contain customary financial covenants such as availability, leverage and coverage ratios and minimum tangible net worth, as well as limitations on restricted payments, which may limit our ability to incur additional debt or pay dividends. As a result of the factors described above, we may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect our business, stock price and ability to pay dividends.

Changes in market conditions could adversely affect the market price of our publicly traded common stock.

As with other publicly traded securities, the market price of our publicly traded common stock depends on various market conditions, which may change from time-to-time. Among the market conditions that may affect the market price of our publicly traded common stock are the following: our financial condition and performance and that of our significant tenants; the market's perception of our growth potential and potential future earnings; the reputation of REITs generally and the reputation of REITs with portfolios

similar to us; the attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies); an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for publicly traded securities; the extent of institutional investor interest in us; and general economic and financial market conditions.

In order to preserve our REIT status, our charter limits the number of shares a person may own, which may discourage a takeover that could result in a premium price for our common stock or otherwise benefit our stockholders.

Our charter, with certain exceptions, authorizes our Board of Directors to take such actions as are necessary and desirable to preserve our qualification as a REIT for federal income tax purposes. Unless exempted by our Board of Directors, no person may (i) own, or be deemed to own by virtue of certain constructive ownership provisions of the Internal Revenue Code, in excess of 5.0% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of our common stock or (ii) own, or be deemed to own by virtue of certain other constructive ownership provisions of the Internal Revenue Code, in excess of 9.9% (by value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock, which may discourage large investors from purchasing our stock. This restriction may have the effect of delaying, deferring or preventing a change in control, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for our common stock or otherwise be in the best interest of our stockholders.

Maryland law may discourage a third-party from acquiring us.

We are subject to the provisions of the Maryland Business Combination Act (the “Business Combination Act”) which prohibits transactions between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Generally, pursuant to the Business Combination Act, an “interested stockholder” is a person who, together with affiliates and associates, beneficially owns, directly or indirectly, 10% or more of a Maryland corporation’s voting stock. These provisions could have the effect of delaying, preventing or deterring a change in control of our Company or reducing the price that certain investors might be willing to pay in the future for shares of our capital stock. Additionally, the Maryland Control Share Acquisition Act may deny voting rights to shares involved in an acquisition of one-tenth or more of the voting stock of a Maryland corporation. In our charter and bylaws, we have elected not to have the Maryland Control Share Acquisition Act apply to any acquisition by any person of shares of stock of our Company. However, in the case of the control share acquisition statute, our Board of Directors may opt to make this statute applicable to us at any time by amending our bylaws, and may do so on a retroactive basis. Finally, the “unsolicited takeovers” provisions of the Maryland General Corporation Law permit our Board of Directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain provisions that may have the effect of inhibiting a third-party from making an acquisition proposal for our Company or of delaying, deferring or preventing a change in control of our Company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then current market price or that stockholders may otherwise believe is in their best interests.

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is calculated.

On July 27, 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a newly-created index, calculated by reference to short-term repurchase agreements backed by U.S. Treasury securities, called the Secured Overnight Financing Rate (“SOFR”). The first publication of SOFR was released by the Federal Reserve Bank of New York in April 2018. Whether SOFR will become a widely accepted benchmark in place of LIBOR, however, remains in question. As such, the future of LIBOR and potential alternatives thereto are uncertain at this time. If LIBOR is discontinued, pursuant to the Second Amendment to the Restated Credit Agreement, our interest rate for our borrowings under the Restated Credit Agreement will be based on SOFR or an alternative rate otherwise agreed upon. Such an event would not affect our ability to borrow or maintain already outstanding borrowings, but the alternative rate could be higher and more volatile than LIBOR prior to its discontinuance. Accordingly, the potential effects of the foregoing on our cost of capital cannot yet be determined.

The loss of certain members of our management team or Board of Directors could adversely affect our business or the market price of our common stock.

Our future success and ability to implement our business and investment strategy depends, in part, on our ability to attract and retain key management personnel and directors, and on the continued contributions of such persons, each of whom may be difficult to replace. As a REIT, we employ only 31 employees and have a cost-effective management structure. We do not have any employment agreements with any of our executives. In the event of the loss of key management personnel or directors, or upon unexpected death, disability or retirement, we may not be able to find replacements with comparable skill, ability and industry expertise, which could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock

price. Additionally, certain of our directors beneficially own more than 5% of the outstanding shares of our common stock. If any of these directors cease to be a director of the Company and they or their estate sell a significant portion of such holdings into the public market, it could adversely affect the market price of our common stock.

Amendments to the Accounting Standards Codification made by the Financial Accounting Standards Board (the “FASB”) or changes in accounting standards issued by other standard-setting bodies may adversely affect our reported revenues, profitability or financial position.

Our consolidated financial statements are subject to the application of Generally Accepted Accounting Principles (“GAAP”) in accordance with the Accounting Standards Codification, which is periodically amended by the FASB. The application of GAAP is also subject to varying interpretations over time. Accordingly, we are required to adopt amendments to the Accounting Standards Codification or comply with revised interpretations that are issued from time-to-time by recognized authoritative bodies, including the FASB and the SEC. Those changes could adversely affect our reported revenues, profitability or financial position.

Our assets may be subject to impairment charges.

We periodically evaluate our real estate investments and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based on GAAP, and includes a variety of factors such as market conditions, the accumulation of asset retirement costs due to changes in estimates associated with our estimated environmental liabilities, the status of significant leases, the financial condition of major tenants and other assumptions and factors that could affect the cash flow from or fair value of our properties. During the years ended December 31, 2019 and 2018, we incurred \$4.0 million and \$6.2 million, respectively, of impairment charges. We may be required to take similar impairment charges, which could affect the implementation of our current business strategy and have a material adverse effect on our financial condition and results of operations.

Terrorist attacks and other acts of violence or war may affect the market on which our common stock trades, the markets in which we operate, our operations and our results of operations.

Terrorist attacks or other acts of violence or war could affect our business or the businesses of our tenants. The consequences of armed conflicts are unpredictable, and we may not be able to foresee events that could have a material adverse effect on us. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. Terrorist attacks also could be a factor resulting in, or which could exacerbate, an economic recession in the United States or abroad. Any of these occurrences could have a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of our business processes, including financial transactions and maintenance of records, which may include personal identifying information of tenants and lease data. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Although we have taken steps to protect the security of the data maintained in our information systems, it is possible that our security measures will not be able to prevent the systems’ improper functioning, or the improper disclosure of personally identifiable information such as in the event of cyberattacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could materially and adversely affect us.

If we fail to maintain effective internal controls over financial reporting, we may not be able to accurately and timely report our financial results.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports, effectively prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We are required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

As a result of material weaknesses or significant deficiencies that may be identified in our internal control over financial reporting in the future, we may also identify certain deficiencies in some of our disclosure controls and procedures that we believe require remediation. If we or our independent registered public accounting firm discover any such weaknesses or deficiencies, we will make efforts to further improve our internal control over financial reporting controls. However, there is no assurance that we will be

successful. Any failure to maintain effective controls or timely effect any necessary improvement of our internal control over financial reporting controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect the listing of our common stock on the NYSE. Ineffective internal control over financial reporting and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the per share trading price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Substantially all of our properties are leased on a triple-net basis primarily to petroleum distributors, convenience store retailers and, to a lesser extent, automotive services and other retail operators, engaged in the sale of refined petroleum products, day-to-day consumer goods and convenience foods, who are responsible for the operations conducted at our properties and for the payment of all taxes, maintenance, repair, insurance and other operating expenses relating to our properties. In those instances where we determine that the best use for a property is no longer its existing use and the property is not subject to a lease, we will either redevelop the property or seek an alternative tenant or buyer for the property. We manage and evaluate our operations as a single segment.

We independently obtain and maintain a program of insurance which we believe adequately covers our owned and leased properties for casualty and liability risks. Our insurance program is underwritten in view of primary insurance coverages in amounts and on other terms satisfactory to us, which we require to be provided by most of our tenants for properties they lease from us, including in respect to casualty, liability, pollution legal liability, fire and extended coverage risks.

The following table summarizes the geographic distribution of our properties as of December 31, 2019. The table also identifies the number and location of properties we lease from third-parties. In addition, we lease approximately 8,900 square feet of office space at Two Jericho Plaza, Jericho, New York, which is used for our corporate headquarters, which we believe will remain suitable and adequate for such purposes for the immediate future.

	Owned by Getty Realty	Leased by Getty Realty	Total Properties by State	Percent of Total Properties
New York	205	42	247	26.2%
Massachusetts	100	9	109	11.5
Connecticut	69	8	77	8.2
New Jersey	46	5	51	5.4
Texas	49	—	49	5.2
Virginia	46	1	47	5.0
New Hampshire	45	—	45	4.8
South Carolina	45	—	45	4.8
Maryland	40	2	42	4.5
California	35	—	35	3.7
Washington State	31	—	31	3.3
Arizona	23	—	23	2.4
Colorado	23	—	23	2.4
Pennsylvania	22	—	22	2.3
Oregon	13	—	13	1.4
Arkansas	11	—	11	1.2
Hawaii	10	—	10	1.1
North Carolina	8	—	8	0.9
Maine	7	—	7	0.7
Nevada	6	—	6	0.6
Ohio	6	—	6	0.6
Florida	5	—	5	0.5
Georgia	5	—	5	0.5
New Mexico	5	—	5	0.5
Rhode Island	5	—	5	0.5
Louisiana	4	—	4	0.4
Oklahoma	4	—	4	0.4
Illinois	2	—	2	0.2
Kentucky	2	—	2	0.2
Washington, D.C.	2	—	2	0.2
Alabama	1	—	1	0.1
Delaware	—	1	1	0.1
Minnesota	1	—	1	0.1
North Dakota	1	—	1	0.1
Total	877	68	945	100%

The properties that we lease from third-parties have a remaining lease term, including renewal and extension option terms, averaging approximately eight years. The following table sets forth information regarding lease expirations, including renewal and extension option terms, for properties that we lease from third-parties:

<u>CALENDAR YEAR</u>	<u>Number of Leases Expiring</u>	<u>Percent of Total Leased Properties</u>	<u>Percent of Total Properties</u>
2020	9	13.2%	1.0%
2021	8	11.8	0.9
2022	5	7.4	0.5
2023	2	2.9	0.2
2024	4	5.9	0.4
Subtotal	28	41.2	3.0
Thereafter	40	58.8	4.2
Total	68	100%	7.2%

Revenues from rental properties for the year ended December 31, 2019, were \$137.7 million with respect to 937 average rental properties held during the year for an average revenue per rental property of approximately \$147,000. Revenues from rental properties and tenant reimbursements for the year ended December 31, 2018, were \$133.0 million with respect to 926 average rental properties held during the year for an average revenue per rental property of approximately \$143,600.

Rental property lease expirations and annualized contractual rent as of December 31, 2019, are as follows (in thousands, except for number of properties):

<u>CALENDAR YEAR</u>	<u>Number of Rental Properties (a)</u>	<u>Annualized Contractual Rent (b)</u>	<u>Percentage of Total Annualized Rent</u>
Redevelopment	5	\$ —	—
Vacant	9	—	—
2020	28	2,300	1.9%
2021	25	2,503	2.0
2022	36	3,149	2.5
2023	26	3,549	2.9
2024	26	3,642	2.9
2025	39	6,356	5.1
2026	77	12,889	10.4
2027	248	19,089	15.4
2028	44	7,254	5.8
2029	75	10,961	8.8
Thereafter	307	52,526	42.3
Total	945	\$ 124,218	100.0%

(a) With respect to a unitary master lease that includes properties that we lease from third-parties, the expiration dates refer to the dates that the leases with the third-parties expire and upon which date our tenant must vacate those properties, not the expiration date of the unitary master lease itself.

(b) Represents the monthly contractual rent due from tenants under existing leases as of December 31, 2019, multiplied by 12.

Item 3. Legal Proceedings

We are subject to various legal proceedings, many of which we consider to be routine and incidental to our business. Many of these legal proceedings involve claims relating to alleged discharges of petroleum into the environment at current and former gasoline stations. We routinely assess our liabilities and contingencies in connection with these matters based upon the latest available information. The following is a description of material legal proceedings, including those involving private parties and governmental authorities under federal, state and local laws regulating the discharge of hazardous substances into the environment. We are vigorously defending all of the legal proceedings against us, including each of the legal proceedings listed below. As of December 31, 2019 and 2018, we had accrued \$17.8 million and \$12.2 million, respectively, for certain of these matters which we believe were appropriate based on information then currently available. It is possible that losses related to these legal proceedings could exceed the amounts accrued as of December 31, 2019, and that such additional losses could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

In September 2008, we received a directive and notice of violation from the New Jersey Department of Environmental Protection (“NJDEP”) calling for a remedial investigation and cleanup, to be conducted by us and Gary and Barbara Galliker (the “Gallikers”), individually and trading as Millstone Auto Service (“Millstone”), Auto Tech and other named parties, of petroleum-related contamination found at a gasoline station property located in Millstone Township, New Jersey. We did not own or lease this property, but in 1985 we did acquire ownership of certain USTs located at the property. In 1986 we tried to remove these USTs and were refused access by the Gallikers to do so. We believe the USTs were transferred to the Gallikers by operation of law not later than 1987 and responded to the NJDEP’s directive and notice by denying liability. In November 2009, the NJDEP issued an Administrative Order and Notice of Civil Administrative Penalty Assessment (the “Order and Assessment”) to us, Marketing and the Gallikers, individually and trading as Millstone. We filed for, and were granted, a hearing to contest the allegations of the Order and Assessment. In 2014, the NJDEP issued a notice of violation directing the Gallikers and Millstone to register and remove the contents of the USTs at the property. Thereafter, the Gallikers made written demand of us to investigate and remediate all contamination at the property, which we have rejected on the basis that we are not responsible for the alleged contamination. In December 2018, we agreed with the NJDEP upon terms of settlement which require us to conduct a limited remedial investigation and limited remedial work at the property in exchange for the NJDEP’s agreement to release us from any future remediation obligations at the property and to withdraw its demand against us for civil penalties and fines. The NJDEP published the terms of the settlement in the New Jersey Register for public comment and executed the Settlement Agreement on January 29, 2020, after addressing any public comments received. The NJDEP submitted a Stipulation of Dismissal to the Office of Administrative Law, which terminated the matter with prejudice and without costs. No civil penalties, fines or other payments to the NJDEP are required to be made by us in connection with the disposition of this matter.

MTBE Litigation – State of New Jersey

We are a party to a case involving a large number of gasoline station sites throughout the State of New Jersey brought by various governmental agencies of the State of New Jersey, including the NJDEP. This New Jersey case (the “New Jersey MDL Proceedings”) is among the more than one hundred cases that were transferred from various state and federal courts throughout the country and consolidated in the United States District Court for the Southern District of New York for coordinated Multi-District Litigation (“MDL”) proceedings. The New Jersey MDL Proceedings allege various theories of liability due to contamination of groundwater with MTBE as the basis for claims seeking compensatory and punitive damages. New Jersey is seeking reimbursement of significant clean-up and remediation costs arising out of the alleged release of MTBE containing gasoline in the State of New Jersey and is asserting various natural resource damage claims as well as liability against the owners and operators of gasoline station properties from which the releases occurred. The New Jersey MDL Proceedings name us as a defendant along with approximately 50 petroleum refiners, manufacturers, distributors and retailers of MTBE, or gasoline containing MTBE, including Atlantic Richfield Company, BP America, Inc., BP Amoco Chemical Company, BP Products North America, Inc., Chevron Corporation, Chevron U.S.A., Inc., Citgo Petroleum Corporation, ConocoPhillips Company, Cumberland Farms, Inc., Duke Energy Merchants, LLC, ExxonMobil Corporation, ExxonMobil Oil Corporation, Getty Petroleum Marketing, Inc., Gulf Oil Limited Partnership, Hess Corporation, Lyondell Chemical Company, Lyondell-Citgo Refining, LP, Lukoil Americas Corporation, Marathon Oil Corporation, Mobil Corporation, Motiva Enterprises, LLC, Shell Oil Company, Shell Oil Products Company LLC, Sunoco, Inc., Unocal Corporation, Valero Energy Corporation, and Valero Refining & Marketing Company. The majority of the named defendants have already settled their case with the State of New Jersey. A portion of the case (“bellwether” trials) has been transferred to the United States District Court for the District of New Jersey for pre-trial proceedings and trial, although a trial date has not yet been set. We continue to engage in settlement negotiations and a dialogue with the plaintiffs’ counsel to educate them on the unique role of the Company and our business as compared to other defendants in the litigation. Although the ultimate outcome of the New Jersey MDL Proceedings cannot be ascertained at this time, we believe that it is probable that this litigation will be resolved in a manner that is unfavorable to us. We are unable to estimate the possible loss or range of loss in excess of the amount accrued for the New Jersey MDL Proceedings as we do not believe that plaintiffs’ settlement proposal is realistic and there remains uncertainty as to the allegations in this case as they relate to us, our defenses to the claims, our rights to indemnification or contribution from other parties and the aggregate possible amount of damages for which we may be held liable. It is possible that losses related to the New Jersey MDL Proceedings could exceed the amounts accrued as of December 31, 2019, which could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

MTBE Litigation – State of Pennsylvania

On July 7, 2014, our subsidiary, Getty Properties Corp., was served with a complaint filed by the Commonwealth of Pennsylvania (the “State”) in the Court of Common Pleas, Philadelphia County relating to alleged statewide MTBE contamination in Pennsylvania. The named plaintiffs are the State, by and through (then) Pennsylvania Attorney General Kathleen G. Kane (as Trustee of the waters of the State), the Pennsylvania Insurance Department (which governs and administers the Underground Storage Tank Indemnification Fund), the Pennsylvania Department of Environmental Protection (vested with the authority to protect the environment) and the Pennsylvania Underground Storage Tank Indemnification Fund. The complaint names us and more than 50 other defendants, including Exxon Mobil, various BP entities, Chevron, Citgo, Gulf, Lukoil Americas, Getty Petroleum Marketing Inc., Marathon, Hess, Shell Oil, Texaco, Valero, as well as other smaller petroleum refiners, manufacturers, distributors and retailers

of MTBE or gasoline containing MTBE who are alleged to have distributed, stored and sold MTBE gasoline in Pennsylvania. The complaint seeks compensation for natural resource damages and for injuries sustained as a result of “defendants’ unfair and deceptive trade practices and act in the marketing of MTBE and gasoline containing MTBE.” The plaintiffs also seek to recover costs paid or incurred by the State to detect, treat and remediate MTBE from public and private water wells and groundwater. The plaintiffs assert causes of action against all defendants based on multiple theories, including strict liability – defective design; strict liability – failure to warn; public nuisance; negligence; trespass; and violation of consumer protection law.

The case was filed in the Court of Common Pleas, Philadelphia County, but was removed by defendants to the United States District Court for the Eastern District of Pennsylvania and then transferred to the United States District Court for the Southern District of New York so that it may be managed as part of the ongoing MTBE MDL proceedings. In November 2015, plaintiffs filed a second amended complaint naming additional defendants and adding factual allegations intended to bolster their claims against the defendants. We have joined with other defendants in the filing of a motion to dismiss the claims against us. This motion is pending with the Court. We intend to defend vigorously the claims made against us. Our ultimate liability, if any, in this proceeding is uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known.

MTBE Litigation – State of Maryland

On December 17, 2017, the State of Maryland, by and through the Attorney General on behalf of the Maryland Department of Environment and the Maryland Department of Health (the “State of Maryland”), filed a complaint in the Circuit Court for Baltimore City related to alleged statewide MTBE contamination in Maryland. The complaint was served upon us on January 19, 2018. The complaint names us and more than 60 other defendants, including Exxon Mobil Corporation, APEX Oil Company, Astra Oil Company, Atlantic Richfield Company, various BP, Chevron, Citgo, ConocoPhillips, Hess, Kinder Morgan, Lukoil, Marathon, Shell Oil, Sunoco, Texaco and Valero entities, Cumberland Farms, Duke Energy Merchants, El Paso Merchant Energy-Petroleum Company, Energy Transfer Partners, L.P., Equilon Enterprises, Inc., ETP Holdco Corporation, George E. Warren Corporation, Getty Petroleum Marketing, Inc., Gulf Oil Limited Partnership, Guttman Energy, Inc., Hartree Partners L.P., Holtzman Oil Corporation, Motiva Enterprises LLC, Nustar Terminals Operations Partnership LP, Phillips 66 Company, Premcor, 7-Eleven, Inc., Sheetz, Inc., Total Petrochemicals & Refining USA, Inc., Transmontaigne Product Services, Inc., Vitol S.A., WAWA, Inc. and Western Refining, Inc. The complaint seeks compensation for natural resource damages and for injuries sustained as a result of the defendants’ unfair and deceptive trade practices in the marketing of MTBE and gasoline containing MTBE. The plaintiffs also seek to recover costs paid or incurred by the State of Maryland to detect, investigate, treat and remediate MTBE from public and private water wells and groundwater, punitive damages and the award of attorneys’ fees and litigation costs. The plaintiffs assert causes of action against all defendants based on multiple theories, including strict liability – defective design; strict liability – failure to warn; strict liability for abnormally dangerous activity; public nuisance; negligence; trespass; and violations of Titles 4, 7 and 9 of the Maryland Environmental Code.

On February 14, 2018, defendants removed the case to the United States District Court for the District of Maryland. It is unclear whether the matter will ultimately be removed to the MTBE MDL proceedings or remain in federal court in Maryland. We intend to defend vigorously the claims made against us. Our ultimate liability, if any, in this proceeding is uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known.

Matters related to our former Newark, New Jersey Terminal and the Lower Passaic River

In September 2003, we received a directive (the “Directive”) issued by the NJDEP under the New Jersey Spill Compensation and Control Act. The Directive indicated that we are one of approximately 66 potentially responsible parties (“PRPs”) for alleged natural resource damages resulting from the discharges of hazardous substances along the Lower Passaic River (the “Lower Passaic River”).

The Directive provides, among other things, that the named recipients must conduct an assessment of the natural resources that have been injured by discharges into the Lower Passaic River and must implement interim compensatory restoration for the injured natural resources. The NJDEP alleges that our liability arises from alleged discharges originating from our former Newark, New Jersey Terminal site (which we sold in October 2013). We responded to the Directive by asserting that we are not liable. In 2005, the NJDEP initiated litigation in the Superior Court of Essex County against Occidental Chemical Corporation (“Occidental”), Tierra Solutions, Inc. (“Tierra”), Maxus Energy Corporation (“Maxus”), Repsol YPF, S.A., YPF, S.A., YPF Holdings, Inc. and CLH Holdings, Inc. as former owners, operators and/or affiliates of the Diamond Shamrock Corporation facility located at 80 Lister Avenue in Newark, New Jersey in the matter of the NJDEP et al. v. Occidental Chemical Corp. et al., alleging these entities are responsible for the discharge of 2,3,8-TCDD (“dioxin”) and other hazardous substances from the Lister facility. The Defendants asserted third-party claims against over 300 third-party defendants, including us, seeking contribution or cost recovery for the claims asserted by the NJDEP. On December 12, 2013, the NJDEP entered into a Consent Judgment resolving the NJDEP’s claims against all third-party defendants, and releasing third-party defendants for any obligation to comply with the terms of the Directive and for future natural resource damage claims that may be brought by the State of New Jersey to the extent such claims do not exceed 20% of the aggregate

funds paid by the third-party defendants in settlement of the state court litigation. Subject to this reservation of rights by the NJDEP, the demands made by the NJDEP pursuant to the Directive, as they apply to us, are resolved.

In 2004, the United States Environmental Protection Agency (“EPA”) issued General Notice Letters (“GNL”) to over 100 entities, including us, alleging that they are PRPs at the Diamond Alkali Superfund Site, which includes a 17-mile stretch of the Lower Passaic River. In May 2007, over 70 GNL recipients, including us, entered into an Administrative Settlement Agreement and Order on Consent (“AOC”) with the EPA to perform a Remedial Investigation and Feasibility Study (“RI/FS”) for the 17-mile stretch of the Lower Passaic River, which is intended to address the investigation and evaluation of alternative remedial actions with respect to alleged damages to the Lower Passaic River. Most of the parties to the AOC, including us, are also members of a Cooperating Parties Group (“CPG”). The CPG agreed to an interim allocation formula for purposes of allocating the costs to complete the RI/FS among its members, with the understanding that this interim allocation formula is not binding on the parties in terms of any potential liability for the costs to remediate the Lower Passaic River. The CPG submitted to the EPA its draft RI/FS in 2015, which sets forth various alternatives for remediating the 17-mile stretch of the Lower Passaic River. In October 2018, the EPA issued a letter directing the CPG to prepare a streamlined feasibility study for the upper 9-miles of the Lower Passaic River based on an iterative approach using adaptive management strategies. On August 12, 2019, the CPG submitted a draft Interim Remedy Feasibility Study to the EPA which identifies various targeted dredge and cap alternatives, which the EPA is still evaluating.

In addition to the RI/FS activities, other actions relating to the investigation and/or remediation of the Lower Passaic River have proceeded as follows. First, in June 2012, certain members of the CPG entered into an Administrative Settlement Agreement and Order on Consent (“10.9 AOC”) with the EPA to perform certain remediation activities, including removal and capping of sediments at the river mile 10.9 area and certain testing. The EPA also issued a Unilateral Order to Occidental directing Occidental to participate and contribute to the cost of the river mile 10.9 work. Concurrent with the CPG’s work on the RI/FS, on April 11, 2014, the EPA issued a draft Focused Feasibility Study (“FFS”) with proposed remedial alternatives to remediate the lower 8-miles of the 17-mile stretch of the Lower Passaic River. The FFS was subject to public comments and objections and, on March 4, 2016, the EPA issued its Record of Decision (“ROD”) for the lower 8-miles selecting a remedy that involves bank-to-bank dredging and installing an engineered cap with an estimated cost of \$1.38 billion. On March 31, 2016, we and more than 100 other PRPs received from the EPA a “Notice of Potential Liability and Commencement of Negotiations for Remedial Design” (“Notice”), which informed the recipients that the EPA intends to seek an Administrative Order on Consent and Settlement Agreement with Occidental (who the EPA considers the primary contributor of dioxin and other pesticides in the Lower Passaic River generated from the production of Agent Orange at its Diamond Alkali Company plant and a discharger of other contaminants of concern (“COCs”) to the Lower Passaic River), for remedial design of the remedy selected in the ROD, after which the EPA plans to begin negotiations with “major” PRPs for implementation and/or payment of the selected remedy. The Notice also stated that the EPA believes that some of the PRPs and other parties not yet identified will be eligible for a cash out settlement with the EPA. On September 30, 2016, Occidental entered into an agreement with the EPA to perform the remedial design for the remedy selected for the lower 8-miles of the Lower Passaic River. In December 2019, Occidental submitted a report to the EPA on the progress of the remedial design work, which is still ongoing.

Occidental has asserted that it is entitled to indemnification by Maxus and Tierra for its liability in connection with the Diamond Alkali Superfund Site. Occidental has also asserted that Maxus and Tierra’s parent company, YPF, S.A. (“YPF”) and certain of its affiliates must indemnify Occidental. On June 16, 2016, Maxus and Tierra filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In the Chapter 11 proceedings, YPF sought bankruptcy approval of a settlement under which YPF would pay \$130 million to the bankruptcy estate in exchange for a release in favor of Maxus, Tierra, YPF and YPF’s affiliates of Maxus and Tierra’s contractual environmental liability to Occidental. We and the CPG filed proofs of claims in the Maxus/Tierra bankruptcy proceedings for costs incurred by the CPG relating to the Lower Passaic River. In July 2017, an amended Chapter 11 plan of liquidation became effective and, in connection therewith, Maxus/Tierra and certain other parties, including us, entered into a mutual contribution release agreement pertaining to certain past costs, but not future remedy costs.

By letter dated March 30, 2017, the EPA advised the recipients of the Notice that it would be entering into cash out settlements with 20 PRPs to resolve their alleged liability for the lower 8-mile remedial action that is the subject of the ROD, who the EPA stated did not discharge any of the eight hazardous substances identified as a COC in the ROD. The letter also stated that other parties who did not discharge dioxins, furans or polychlorinated biphenyls (which are considered the COCs posing the greatest risk to the river) may also be eligible for cash out settlements, and that the EPA would begin a process for identifying other PRPs for negotiation of similar cash out settlements. We were not included in the initial group of 20 parties identified by the EPA for cash out settlements. In January 2018, the EPA published a notice of its intent to enter into a final settlement agreement with 15 of the identified 20 parties to resolve their respective alleged liability for the ROD work, each for a payment to the EPA in the amount of \$280,600. In August 2017, the EPA appointed an independent third party allocation expert to conduct allocation proceedings with most of the remaining recipients of the Notice, which is anticipated to lead to additional offers of cash out settlements to certain additional parties and/or a consent decree in which parties that are not offered a cash out settlement will agree to perform the lower 8-mile remedial action. The allocation proceedings, which we are participating in, were scheduled to conclude by mid-2019, but have been extended and are still ongoing.

On June 30, 2018, Occidental filed a complaint in the United States District Court for the District of New Jersey seeking cost recovery and contribution under the Comprehensive Environmental Response, Compensation, and Liability Act for its alleged expenses with respect to the investigation, design, and anticipated implementation of the remedy for the lower 8-miles of the Passaic River. The complaint lists over 120 defendants, including us, many of whom were also named in the NJDEP's 2003 Directive and the EPA's 2016 Notice. Factual discovery is ongoing, and we are defending the claims consistent with our defenses in the related proceedings.

Many uncertainties remain regarding how the EPA intends to implement the ROD. We anticipate that performance of the EPA's selected remedy will be subject to future negotiation, potential enforcement proceedings and/or possible litigation. The RI/FS AOC, 10.9 AOC and Notice do not obligate us to fund or perform any remedial action contemplated by either the ROD or RI/FS and do not resolve liability issues for remedial work or the restoration of or compensation for alleged natural resource damages to the Lower Passaic River, which are not known at this time.

Based on currently known facts and circumstances, we do not believe that this matter is reasonably likely to have a material impact on our results of operations, including, among other factors, because we do not believe that there was any use or discharge of dioxins, furans or polychlorinated biphenyls in connection with our former petroleum storage operations at our former Newark, New Jersey Terminal, and because there are numerous other parties who will likely bear any costs of remediation and/or damages. However, our ultimate liability, if any, in the pending and possible future proceedings pertaining to the Lower Passaic River, and/or one or more adverse determinations related to this matter, are uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known. Therefore, it is possible that the ultimate liability resulting from this matter and the impact on our results of operations could be material.

Uniondale, New York Litigation

In September 2004, the State of New York commenced an action against us, United Gas Corp., Costa Gas Station, Inc., Vincent Costa, Sharon Irni, The Ingraham Bedell Corporation, Richard Berger and Exxon Mobil Corporation in New York Supreme Court in Albany County seeking recovery for reimbursement of investigation and remediation costs claimed to have been incurred by the New York Environmental Protection and Spill Compensation Fund relating to contamination it alleges emanated from various gasoline station properties located in the same vicinity in Uniondale, New York, including a site formerly owned by us and at which a petroleum release and cleanup occurred. The complaint also seeks future costs for remediation, as well as interest and penalties. We have served an answer to the complaint denying responsibility. In 2007, the State of New York commenced action against Shell Oil Company, Shell Oil Products Company, Motiva Enterprises, LLC, and related parties, in the New York Supreme Court, Albany County seeking basically the same relief sought in the action involving us. We have also filed a third-party complaint against Hess Corporation, Sprague Operating Resources LLC (successor to RAD Energy Corp.), Service Station Installation of NY, Inc., and certain individual defendants based on alleged contribution to the contamination that is the subject of the State's claims arising from a petroleum discharge at a gasoline station up-gradient from the site formerly owned by us. In 2016, the various actions filed by the State of New York and our third-party actions were consolidated for discovery proceedings and trial. Discovery in this case is in later stages and, as it nears completion, a schedule for trial will be established. We are unable to estimate the possible loss or range of loss in excess of the amount we have accrued for this lawsuit. It is possible that losses related to this case could exceed the amounts accrued, as of December 31, 2019, which could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

Lukoil Americas Case

In March 2016, we filed a civil lawsuit in the New York State Supreme Court, New York County, against Lukoil Americas Corporation and certain of its current or former executives, seeking recovery of environmental remediation costs that we either have incurred, or expect to incur, at properties previously leased to Marketing pursuant to a master lease. The lawsuit alleges various theories of liability, including claims based on environmental liability statutes in effect in the states in which the properties are located, as well as a breach of contract claim seeking to pierce Marketing's corporate veil. In August 2017, the court denied a motion by Lukoil Americas Corporation to dismiss our statutory environmental claims but granted a motion to dismiss our breach of contract claim. In the fall of 2018, we appealed the dismissal of our breach of contract claim, and the defendants cross-appealed the denial of their motion to dismiss our statutory claims. Further trial court litigation was stayed pending completion of a court-ordered mediation, which began in 2018 and which is presently inactive. On March 19, 2019, the appellate court granted our appeal and rejected the defendants' cross-appeal, thereby reinstating our breach of contract claim and confirming that our statutory environmental claims may move forward. The case is currently in the early stages of discovery, and it is not yet possible to predict or estimate the potential recovery, if any, of this case.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities Capital Stock

Our common stock is traded on the New York Stock Exchange (symbol: GTY). There were approximately 14,824 beneficial holders of our common stock as of February 5, 2020, of which approximately 895 were holders of record.

For a discussion of potential limitations on our ability to pay future dividends see “Item 1A. Risk Factors – We may change our dividend policy and the dividends we pay may be subject to significant volatility” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources”.

Issuer Purchases of Equity Securities

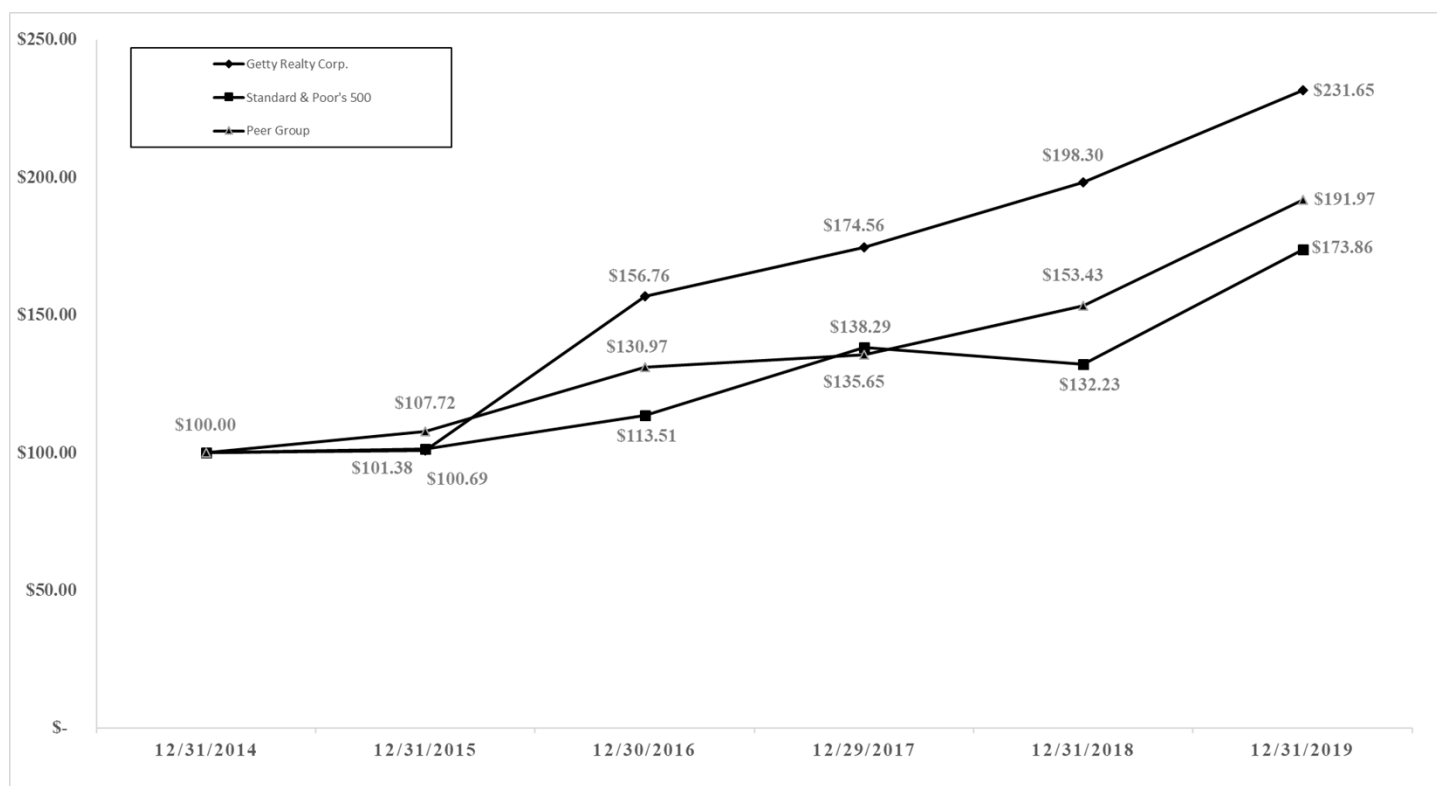
None.

Sales of Unregistered Securities

None.

Stock Performance Graph

Comparison of Five-Year Cumulative Total Return*



Source: SNL Financial

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Getty Realty Corp.	100.00	100.69	156.76	174.56	198.30	231.65
Standard & Poor's 500	100.00	101.38	113.51	138.29	132.23	173.86
Peer Group	100.00	107.72	130.97	135.65	153.43	191.97

Assumes \$100 invested at the close of the last day of trading on the New York Stock Exchange on December 31, 2014, in Getty Realty Corp. common stock, Standard & Poor’s 500 and Peer Group.

* Cumulative total return assumes reinvestment of dividends.

We have chosen as our Peer Group the following companies: Agree Realty Corporation, EPR Properties (formerly known as Entertainment Properties Trust), National Retail Properties, Realty Income Corporation, Spirit Realty Capital, Inc. and STORE Capital Corporation. We have chosen these companies as our Peer Group because a substantial segment of each of their businesses is owning and leasing single-tenant net lease retail properties. We cannot assure you that our stock performance will continue in the future with the same or similar trends depicted in the performance graph above. We do not make or endorse any predictions as to future stock performance.

The above performance graph and related information shall not be deemed filed for the purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section and shall not be deemed to be incorporated by reference into any filing that we make under the Securities Act or the Exchange Act.

Item 6. Selected Financial Data

GETTY REALTY CORP. AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(in thousands, except per share amounts and number of properties)

	For the Years ended December 31,				
	2019	2018 (a)	2017 (b)	2016	2015 (c)
OPERATING DATA:					
Total revenues	\$ 140,655	\$ 136,106	\$ 120,153	\$ 115,271	\$ 110,776
Net earnings	\$ 49,723	\$ 47,706	\$ 47,186	\$ 38,411	\$ 37,410
Basic and diluted per share amounts:					
Net earnings	1.19	1.17	1.26	1.12	1.11
Basic weighted average common shares outstanding	41,072	40,171	36,897	33,806	33,420
Diluted weighted average common shares outstanding	41,110	40,191	36,897	33,806	33,420
Dividends declared per share (d)	1.42	1.31	1.16	1.03	1.15
FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS (e):					
Net earnings	\$ 49,723	\$ 47,706	\$ 47,186	\$ 38,411	\$ 37,410
Depreciation and amortization of real estate assets	25,161	23,636	19,089	19,170	16,974
Gains on dispositions of real estate	(1,063)	(3,948)	(1,041)	(6,213)	(2,611)
Impairments	4,012	6,170	9,321	12,814	17,361
Funds from operations	77,833	73,564	74,555	64,182	69,134
Revenue recognition adjustments	(960)	(2,223)	(1,976)	(3,417)	(4,471)
(Recovery) for deferred rent/mortgage receivables	—	—	—	—	(93)
Changes in environmental estimates	(5,386)	(1,319)	(6,854)	(7,007)	(4,639)
Accretion expense	2,006	2,409	3,448	4,107	4,829
Environmental litigation accruals	5,896	(45)	1,044	801	374
Insurance reimbursements	(4,866)	(2,570)	(1,804)	(1,146)	—
Legal settlements and judgments	(2,707)	(147)	(6,381)	(514)	(18,176)
Acquisition costs	—	—	—	86	445
Adjusted funds from operations	\$ 71,816	\$ 69,669	\$ 62,032	\$ 57,092	\$ 47,403
BALANCE SHEET DATA (AT END OF YEAR):					
Real estate before accumulated depreciation and amortization	\$ 1,113,651	\$ 1,043,106	\$ 970,964	\$ 782,166	\$ 783,233
Total assets	1,211,777	1,161,948	1,072,754	877,306	896,918
Total debt	469,065	444,409	379,158	298,544	317,093
Stockholders' equity	\$ 589,439	\$ 581,164	\$ 553,695	\$ 430,918	\$ 406,561
NUMBER OF PROPERTIES:					
Owned	877	859	828	740	753
Leased	68	74	79	89	98
Total properties	945	933	907	829	851

- (a) Includes (from the date of acquisition) the effect of the \$52.6 million acquisition of 30 properties in the E-Z Mart transaction on April 17, 2018, and the effect of the \$17.4 million acquisition of six properties in the Applegreen transaction on August 1, 2018.
- (b) Includes (from the date of acquisition) the effect of the \$123.1 million acquisition of 49 properties in the Empire transaction on September 6, 2017, and the effect of the \$68.7 million acquisition of 38 properties in the Applegreen transaction on October 3, 2017.
- (c) Includes (from the date of the acquisition) the effect of the \$214.5 million acquisition of 77 properties in the United Oil transaction on June 3, 2015.
- (d) Includes a special dividend of \$0.22 per share for the year ended December 31, 2015.
- (e) During the fourth quarter of 2017, we revised our definition of AFFO. AFFO for the years ended December 31, 2017, 2016 and 2015, have been restated to conform to our revised definition. For additional information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – General – Supplemental Non-GAAP Measures".

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the “Cautionary Note Regarding Forward-Looking Statements”; the sections in Part I entitled “Item 1A. Risk Factors”; the selected financial data in Part II entitled “Item 6. Selected Financial Data”; and the consolidated financial statements and related notes in “Item 8. Financial Statements and Supplementary Data”.

This section of this Form 10-K generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018. Discussions of 2017 items and year-to-year comparisons between 2018 and 2017 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

General

Real Estate Investment Trust

We are a REIT specializing in the ownership, leasing and financing of convenience store and gasoline station properties. As of December 31, 2019, we owned 877 properties and leased 68 properties from third-party landlords. As a REIT, we are not subject to federal corporate income tax on the taxable income we distribute to our stockholders. In order to continue to qualify for taxation as a REIT, we are required, among other things, to distribute at least 90% of our ordinary taxable income to our stockholders each year.

Our Triple-Net Leases

Substantially all of our properties are leased on a triple-net basis primarily to petroleum distributors, convenience store retailers and, to a lesser extent, automotive service and other retail operators. Generally, our tenants supply fuel and either operate our properties directly or sublet our properties to operators who operate their convenience stores, gasoline stations, automotive service or other retail businesses at our properties. Our triple-net lease tenants are responsible for the payment of all taxes, maintenance, repairs, insurance and other operating expenses relating to our properties, and are also responsible for environmental contamination occurring during the terms of their leases and in certain cases also for environmental contamination that existed before their leases commenced.

Substantially all of our tenants’ financial results depend on the sale of refined petroleum products, convenience store sales or rental income from their subtenants. As a result, our tenants’ financial results are highly dependent on the performance of the petroleum marketing industry, which is highly competitive and subject to volatility. During the terms of our leases, we monitor the credit quality of our triple-net lease tenants by reviewing their published credit rating, if available, reviewing publicly available financial statements, or reviewing financial or other operating statements which are delivered to us pursuant to applicable lease agreements, monitoring news reports regarding our tenants and their respective businesses, and monitoring the timeliness of lease payments and the performance of other financial covenants under their leases. For additional information regarding our real estate business, our properties and environmental matters, see “Item 1. Business – Company Operations”, “Item 2. Properties” and “Environmental Matters” below.

Our Properties

Net Lease. As of December 31, 2019, we leased 931 of our properties to tenants under triple-net leases.

Our net lease properties include 813 properties leased under 28 separate unitary or master triple-net leases and 118 properties leased under single unit triple-net leases. These leases generally provide for an initial term of 15 or 20 years with options for successive renewal terms of up to 20 years and periodic rent escalations. Several of our leases provide for additional rent based on the aggregate volume of fuel sold. In addition, certain of our leases require the tenants to invest capital in our properties.

Redevelopment. As of December 31, 2019, we were actively redeveloping five of our properties either as a new convenience and gasoline use or for alternative single-tenant net lease retail uses.

Vacancies. As of December 31, 2019, nine of our properties were vacant. We expect that we will either sell or enter into new leases on these properties over time.

Investment Strategy and Activity

As part of our overall growth strategy, we regularly review acquisition and financing opportunities to invest in additional convenience store and gasoline station, and other automotive related, properties, and we expect to continue to pursue investments that we believe will benefit our financial performance. In addition to sale/leaseback and other real estate acquisitions, our investment activities include purchase money financing with respect to properties we sell, and real property loans relating to our leasehold portfolios. Our investment strategy seeks to generate current income and benefit from long-term appreciation in the underlying value of our real estate. To achieve that goal, we seek to invest in high quality individual properties and real estate portfolios that are in

strong primary markets that serve high density population centers. A key element of our investment strategy is to invest in properties that will promote geographic and tenant diversity in our property portfolio.

During the year ended December 31, 2019, we acquired fee simple interests in 27 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$87.2 million. Included in these acquisitions was our June 17, 2019, acquisition of fee simple interests in six convenience store and gasoline station properties from 1234 M Division Street Inc. ("1234 M"). These properties were simultaneously leased to 1234 M under a long-term triple-net unitary lease. The properties are located in the metro Los Angeles, CA area. The total purchase price for the transaction was \$24.7 million, which was funded with funds available under our Revolving Facility. Also included was our November 22, 2019, acquisition of fee simple interests in four car wash properties from Go Car Wash Propco Inc. These properties were simultaneously leased to QNC OpCo Inc ("QNC") under a long-term triple-net unitary lease. The properties are located in Las Vegas, NV. The total purchase price for the transaction was \$14.1 million, which was funded with funds available under our Revolving Facility. In addition to the 1234 M and QNC transactions, in 2019, we acquired fee simple interests in 17 convenience store and gasoline station, and other automotive related properties in various transactions for an aggregate purchase price of \$48.3 million.

During the year ended December 31, 2018, we acquired fee simple interests in 41 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$78.0 million. Included in these acquisitions was our April 17, 2018, acquisition of fee simple interests in 30 convenience store and gasoline station properties from GPM Investments, LLC ("GPM"). These properties were simultaneously leased to GPM, a leading regional convenience store and gasoline station operator, under a long-term triple-net unitary lease. The properties are located across Arkansas, Louisiana, Oklahoma and Texas. The total purchase price for the transaction was \$52.6 million, which was funded with funds available under our Revolving Facility. Also included was our August 1, 2018, acquisition of fee simple interests in six convenience store and gasoline station properties from a U.S. subsidiary of Applegreen PLC ("Applegreen"), the largest convenience store and gasoline station operator in the Republic of Ireland. These properties were simultaneously leased to a U.S. subsidiary of Applegreen under a long-term triple-net unitary lease. The properties are located within the metropolitan market of Columbia, SC. The total purchase price for the transaction was \$17.4 million, which was funded with funds available under our Revolving Facility. In addition to the GPM and Applegreen transactions, in 2018, we acquired fee simple interests in five convenience store and gasoline station, and other automotive related properties in various transactions for an aggregate purchase price of \$8.0 million.

Redevelopment Strategy and Activity

We believe that certain of our properties are located in geographic areas which, together with other factors, may make them well-suited for a new convenience and gasoline use or for alternative single-tenant net lease retail uses, such as quick service restaurants, automotive parts and service stores, specialty retail stores and bank branch locations. We believe that the redeveloped properties can be leased or sold at higher values than their current use.

For the year ended December 31, 2019 and 2018, rent commenced on four and six completed redevelopment projects, respectively, that were placed back into service in our net lease portfolio. Since the inception of our redevelopment program in 2015, we have completed 13 redevelopment projects.

For the year ended December 31, 2019, we spent \$0.4 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities. During the year ended December 31, 2019, we transferred \$0.5 million of construction-in-progress to buildings and improvements on our consolidated balance sheet.

For the year ended December 31, 2018, we spent \$2.7 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities. During the year ended December 31, 2018, we transferred \$2.2 million of construction-in-progress to buildings and improvements on our consolidated balance sheet. In addition, during the year ended December 31, 2018, we spent \$4.4 million to reimburse tenants for capital expenditures related to our redevelopment activities.

As of December 31, 2019, we were actively redeveloping five of our properties either as a new convenience and gasoline use or for alternative single-tenant net lease retail uses. In addition to the five properties currently classified as redevelopment, we are in various stages of feasibility and planning for the recapture of select properties from our net lease portfolio that are suitable for redevelopment to either a new convenience and gasoline use or for alternative single-tenant net lease retail uses. As of December 31, 2019, we have signed leases on seven properties, that are currently part of our net lease portfolio, which will be recaptured and transferred to redevelopment when the appropriate entitlements, permits and approvals have been secured.

Asset Impairment

We perform an impairment analysis for the carrying amounts of our properties in accordance with GAAP when indicators of impairment exist. We reduced the carrying amounts to fair value, and recorded impairment charges aggregating \$4.0 million and \$6.2 million for the years ended December 31, 2019 and 2018, respectively, where the carrying amounts of the properties exceed the estimated undiscounted cash flows expected to be received during the assumed holding period which includes the estimated sales value expected to be received at disposition. The impairment charges were attributable to the effect of adding asset retirement costs

due to changes in estimates associated with our environmental liabilities, which increased the carrying values of certain properties in excess of their fair values, reductions in estimated undiscounted cash flows expected to be received during the assumed holding period for certain of our properties, and reductions in estimated sales prices from third-party offers based on signed contracts, letters of intent or indicative bids for certain of our properties. The evaluation and estimates of anticipated cash flows used to conduct our impairment analysis are highly subjective and actual results could vary significantly from our estimates. For a discussion of the risks associated with asset impairments, see “Item 1A. Risk Factors – Our assets may be subject to impairment charges.”

Supplemental Non-GAAP Measures

We manage our business to enhance the value of our real estate portfolio and, as a REIT, place particular emphasis on minimizing risk, to the extent feasible, and generating cash sufficient to make required distributions to stockholders of at least 90% of our ordinary taxable income each year. In addition to measurements defined by GAAP, we also focus on Funds From Operations (“FFO”) and Adjusted Funds From Operations (“AFFO”) to measure our performance. FFO and AFFO are generally considered by analysts and investors to be appropriate supplemental non-GAAP measures of the performance of REITs. FFO and AFFO are not in accordance with, or a substitute for, measures prepared in accordance with GAAP. In addition, FFO and AFFO are not based on any comprehensive set of accounting rules or principles. 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. These measures should only be used to evaluate our performance in conjunction with corresponding GAAP measures.

FFO is defined by the National Association of Real Estate Investment Trusts as GAAP net earnings before depreciation and amortization of real estate assets, gains or losses on dispositions of real estate, impairment charges and cumulative effect of accounting changes. Our definition of AFFO is defined as FFO less (i) Revenue Recognition Adjustments (net of allowances), (ii) changes in environmental estimates, (iii) accretion expense, (iv) environmental litigation accruals, (v) insurance reimbursements, (vi) legal settlements and judgments, (vii) acquisition costs expensed and (viii) other unusual items that are not reflective of our core operating performance. Other REITs may use definitions of FFO and/or AFFO that are different from ours and, accordingly, may not be comparable.

Beginning in the fourth quarter of 2017, we revised our definition of AFFO to exclude three additional items – environmental litigation accruals, insurance reimbursements, and legal settlements and judgments – because we believe that these items are not indicative of our core operating performance. While we do not label excluded items as non-recurring, management believes that excluding items from our definition of AFFO that are either non-cash or not reflective of our core operating performance provides analysts and investors the ability to compare our core operating performance between periods.

We believe that FFO and AFFO are helpful to analysts and 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 core operating performance. FFO excludes various items such as depreciation and amortization of real estate assets, gains or losses on dispositions of real estate, and impairment charges. In our case, however, GAAP net earnings and FFO typically include the impact of revenue recognition adjustments comprised of deferred rental revenue (straight-line rental revenue), the net amortization of above-market and below-market leases, adjustments recorded for recognition of rental income recognized from direct financing leases on revenues from rental properties and the amortization of deferred lease incentives, as offset by the impact of related collection reserves. 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 is recognized on a straight-line basis rather than when 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 revenues 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. The amortization of deferred lease incentives represents our funding commitment in certain leases, which deferred expense is recognized on a straight-line basis as a reduction of rental revenue. GAAP net earnings and FFO include non-cash changes in environmental estimates and environmental accretion expense, which do not impact our recurring cash flow. GAAP net earnings and FFO also include environmental litigation accruals, insurance reimbursements, and legal settlements and judgments, which items are not indicative of our core operating performance. GAAP net earnings and FFO from time to time may also include property acquisition costs expensed and other unusual items that are not reflective of our core operating performance. Acquisition costs are expensed, generally in the period when properties are acquired and are not reflective of our core operating performance.

We pay particular attention to AFFO, as we believe it best represents our core operating performance. In our view, AFFO provides a more accurate depiction than FFO of our core operating performance. By providing AFFO, we believe that we are presenting useful information that assists analysts and investors to better assess our core operating performance. Further, we believe that AFFO is useful in comparing the sustainability of our core operating performance with the sustainability of the core operating performance of other real estate companies. For a reconciliation of FFO and AFFO to GAAP net earnings, see “Item 6. Selected Financial Data”.

Results of Operations

Year ended December 31, 2019, compared to year ended December 31, 2018

Revenues from rental properties increased by \$4.7 million to \$137.7 million for the year ended December 31, 2019, as compared to \$133.0 million for the year ended December 31, 2018. The increase in revenues from rental properties was primarily due to \$4.7 million of revenue from the properties acquired in 2019 and the second half of 2018. Rental income contractually due from our tenants included in revenues from rental properties was \$119.3 million for the year ended December 31, 2019, as compared to \$114.1 million for the year ended December 31, 2018. Tenant reimbursements, which are included in revenues from rental properties, and which consist of real estate taxes and other municipal charges paid by us which are reimbursable by our tenants pursuant to the terms of triple-net lease agreements, were \$17.5 million and \$16.7 million for the years ended December 31, 2019 and 2018, respectively. Interest income on notes and mortgages receivable was \$2.9 million for the year ended December 31, 2019, as compared to \$3.1 million for the year ended December 31, 2018.

In accordance with GAAP, we recognize revenues from rental properties in amounts which vary from the amount of rent contractually due during the periods presented. As a result, revenues from rental properties include Revenue Recognition Adjustments comprised of non-cash adjustments recorded for deferred rental revenue due to the recognition of rental income on a straight-line basis over the current lease term, the net amortization of above-market and below-market leases, recognition of rental income under direct financing leases using the effective interest rate method which produces a constant periodic rate of return on the net investments in the leased properties and the amortization of deferred lease incentives. Revenues from rental properties includes Revenue Recognition Adjustments which increased rental revenue by \$1.0 million and \$2.2 million for the years ended December 31, 2019 and 2018, respectively.

Property costs, which are primarily comprised of rent expense, real estate and other state and local taxes, municipal charges, professional fees, maintenance expense and reimbursable tenant expenses, were \$25.0 million for the year ended December 31, 2019, as compared to \$23.6 million for the year ended December 31, 2018. The increase in property costs for the year ended December 31, 2019, was principally due to an increase in reimbursable real estate taxes and an increase in professional fees related to property redevelopments.

Impairment charges were \$4.0 million for the year ended December 31, 2019, as compared to \$6.2 million for the year ended December 31, 2018. Impairment charges are recorded when the carrying value of a property is reduced to fair value. Impairment charges for the years ended December 31, 2019 and 2018, were attributable to the effect of adding asset retirement costs due to changes in estimates associated with our environmental liabilities, which increased the carrying values of certain properties in excess of their fair values, reductions in estimated undiscounted cash flows expected to be received during the assumed holding period for certain of our properties, and reductions in estimated sales prices from third-party offers based on signed contracts, letters of intent or indicative bids for certain of our properties.

Environmental expenses were \$5.4 million for the year ended December 31, 2019, as compared to \$4.2 million for the year ended December 31, 2018. The increase in environmental expenses for the year ended December 31, 2019, was principally due to a \$5.8 million increase in environmental litigation accruals, offset by a \$4.5 million decrease in net environmental remediation costs and estimates, and a \$0.2 million decrease in environmental legal and professional fees. Environmental expenses vary from period to period and, accordingly, undue reliance should not be placed on the magnitude or the direction of change in reported environmental expenses for one period, as compared to prior periods.

General and administrative expense was \$15.2 million for the year ended December 31, 2019, as compared to \$14.7 million for the year ended December 31, 2018. The increase in general and administrative expense for the year ended December 31, 2019, was principally due to a \$0.7 million increase in stock-based compensation, a \$0.2 million increase in employee related expenses, \$0.3 million of non-recurring employee related expenses attributable to retirement costs, partially offset by a \$0.6 million decrease in legal and other professional fees.

Depreciation and amortization expense was \$25.2 million for the year ended December 31, 2019, as compared to \$23.6 million for the year ended December 31, 2018. The increase in depreciation and amortization expense was primarily due to depreciation and amortization of properties acquired offset by a decrease in depreciation charges related to asset retirement costs, the effect of certain assets becoming fully depreciated, lease terminations and dispositions of real estate.

Gains on dispositions of real estate were \$1.1 million for the year ended December 31, 2019, as compared to \$3.9 million for the year ended December 31, 2018. The gains were the result of the sale of nine properties during each of the years ended December 31, 2019 and 2018.

Other income was \$7.6 million for the year ended December 31, 2019, as compared to \$2.7 million for the year ended December 31, 2018. For the year ended December 31, 2019, other income was primarily attributable to \$4.9 million received from environmental insurance reimbursements and \$2.7 million received from legal settlements and judgments. Other income for the year ended December 31, 2018, was primarily attributable to \$2.6 million received from environmental insurance reimbursements.

Interest expense was \$24.6 million for the year ended December 31, 2019, as compared to \$22.3 million for the year ended December 31, 2018. The increase was due to higher average borrowings outstanding for the year ended December 31, 2019, as compared to the year ended December 31, 2018.

For the year ended December 31, 2019, FFO was \$77.8 million, as compared to \$73.6 million for the year ended December 31, 2018. For the year ended December 31, 2019, AFFO was \$71.8 million, as compared to \$69.7 million for the year ended December 31, 2018. FFO for the year ended December 31, 2019, was impacted by changes in net earnings, but excludes a \$2.2 million decrease in impairment charges, a \$1.6 million increase in depreciation and amortization expense and a \$2.8 million decrease in gains on dispositions of real estate. The increase in AFFO for the year ended December 31, 2019, also excludes a \$2.6 million increase in legal settlements and judgments, a \$4.5 million decrease in environmental estimates and accretion expense, a \$2.3 million increase in insurance reimbursements, a \$5.9 million increase in environmental litigation accruals, and a \$1.2 million decrease in Revenue Recognition Adjustments.

Basic and diluted earnings per share was \$1.19 per share for the year ended December 31, 2019, as compared to \$1.17 per share for the year ended December 31, 2018. Basic and diluted FFO per share for the year ended December 31, 2019, was \$1.86 per share as compared to \$1.81 and \$1.80 per share, respectively, for the year ended December 31, 2018. Basic and diluted AFFO per share for the year ended December 31, 2019, was \$1.72 per share, as compared to \$1.71 per share for the year ended December 31, 2018.

Liquidity and Capital Resources

Our principal sources of liquidity are the cash flows from our operations, funds available under our Revolving Facility (which is scheduled to mature in March 2022), proceeds from the sale of shares of our common stock through offerings from time to time under our ATM Program, and available cash and cash equivalents. Our business operations and liquidity are dependent on our ability to generate cash flow from our properties. We believe that our operating cash needs for the next twelve months can be met by cash flows from operations, borrowings under our Revolving Facility, proceeds from the sale of shares of our common stock under our ATM Program and available cash and cash equivalents.

Our cash flow activities for the years ended December 31, 2019, 2018 and 2017, are summarized as follows (in thousands):

	Year ended December 31,		
	2019	2018	2017
Net cash flow provided by operating activities	\$ 76,774	\$ 66,361	\$ 59,253
Net cash flow (used in) investing activities	(82,553)	(78,946)	(208,728)
Net cash flow (used in) provided by financing activities	\$ (19,299)	\$ 40,514	\$ 157,094

Operating Activities

Net cash flow from operating activities increased by \$10.4 million for the year ended December 31, 2019, to \$76.8 million, as compared to \$66.4 million for the year ended December 31, 2018. Net cash provided by operating activities represents cash received primarily from rental and interest income less cash used for property costs, environmental expense, general and administrative expense and interest expense. The change in net cash flow provided by operating activities for the years ended December 31, 2019, 2018 and 2017, is primarily the result of changes in revenues and expenses as discussed in “Results of Operations” above and the other changes in assets and liabilities on our consolidated statements of cash flows.

Investing Activities

Our investing activities are primarily real estate-related transactions. Because we generally lease our properties on a triple-net basis, we have not historically incurred significant capital expenditures other than those related to investments in real estate and our redevelopment activities. Net cash flow used in investing activities increased by \$3.7 million for the year ended December 31, 2019, to a use of \$82.6 million, as compared to a use of \$78.9 million for the year ended December 31, 2018. The increase in net cash flow from investing activities for the year ended December 31, 2019, was primarily due to an increase of \$9.2 million of property acquisitions and a \$1.7 million decrease in proceeds from dispositions of real estate, partially offset by a decrease in capital expenditures of \$3.8 million, a decrease in additions to construction in progress of \$2.3 million and an increase of \$1.3 million in collection of notes and mortgages receivable.

Financing Activities

Net cash flow used in financing activities decreased by \$59.8 million for the year ended December 31, 2019, to a use of \$19.3 million, as compared to net cash flow of \$40.5 million for the year ended December 31, 2018. The decrease in net cash flow from financing activities for the year ended December 31, 2019, was primarily due to a decrease in net proceeds from issuances of common stock of \$15.9 million, an increase in dividends paid of \$6.4 million, offset by a decrease in net borrowings of \$40.0 million and a \$2.8 million decrease in debt issuance costs.

Credit Agreement

On June 2, 2015, we entered into a \$225.0 million senior unsecured credit agreement (the “Credit Agreement”) with a group of banks led by Bank of America, N.A. The Credit Agreement consisted of a \$175.0 million unsecured revolving credit facility (the “Revolving Facility”) and a \$50.0 million unsecured term loan (the “Term Loan”).

On March 23, 2018, we entered in to an amended and restated credit agreement (as amended, the “Restated Credit Agreement”) amending and restating our Credit Agreement. Pursuant to the Restated Credit Agreement, we (a) increased the borrowing capacity under the Revolving Facility from \$175.0 million to \$250.0 million, (b) extended the maturity date of the Revolving Facility from June 2018 to March 2022, (c) extended the maturity date of the Term Loan from June 2020 to March 2023 and (d) amended certain financial covenants and provisions.

Subject to the terms of the Restated Credit Agreement and our continued compliance with its provisions, we have the option to (a) extend the term of the Revolving Facility for one additional year to March 2023 and (b) request that the lenders approve an increase of up to \$300.0 million in the amount of the Revolving Facility and/or Term Loan to \$600.0 million in the aggregate.

The Restated Credit Agreement incurs interest and fees at various rates based on our total indebtedness to total asset value ratio at the end of each quarterly reporting period. The Revolving Facility permits borrowings at an interest rate equal to the sum of a base rate plus a margin of 0.50% to 1.30% or a LIBOR rate plus a margin of 1.50% to 2.30%. The annual commitment fee on the undrawn funds under the Revolving Facility is 0.15% to 0.25%. The Term Loan bears interest at a rate equal to the sum of a base rate plus a margin of 0.45% to 1.25% or a LIBOR rate plus a margin of 1.45% to 2.25%. The Term Loan does not provide for scheduled reductions in the principal balance prior to its maturity.

On September 19, 2018, we entered into an amendment (the “First Amendment”) of our Restated Credit Agreement. The First Amendment modifies the Restated Credit Agreement to, among other things: (i) reflect that we had previously entered into (a) an amended and restated note purchase and guarantee agreement with The Prudential Insurance Company of America (“Prudential”) and certain of its affiliates and (b) a note purchase and guarantee agreement with the Metropolitan Life Insurance Company (“MetLife”) and certain of its affiliates; and (ii) permit borrowings under each of the Revolving Facility and the Term Loan at three different interest rates, including a rate based on the LIBOR Daily Floating Rate (as defined in the First Amendment) plus the Applicable Rate (as defined in the First Amendment) for such facility.

On September 12, 2019, in connection with prepayment of the Term Loan, we entered into a consent and amendment (the “Second Amendment”) of our Restated Credit Agreement. The Second Amendment modifies the Restated Credit Agreement to, among other things, (a) increase our borrowing capacity under the Revolving Facility from \$250.0 million to \$300.0 million and (b) decrease lender commitments under the Term Loan to \$0.0 million.

Senior Unsecured Notes

On September 12, 2019, we entered into a fourth amended and restated note purchase and guarantee agreement (the “Fourth Restated Prudential Note Purchase Agreement”) amending and restating our existing senior note purchase agreement with Prudential and certain of its affiliates. Pursuant to the Fourth Restated Prudential Note Purchase Agreement, we agreed that our (a) 6.0% Series A Guaranteed Senior Notes due February 25, 2021, in the original aggregate principal amount of \$100.0 million (the “Series A Notes”), (b) 5.35% Series B Guaranteed Senior Notes due June 2, 2023, in the original aggregate principal amount of \$75.0 million (the “Series B Notes”), (c) 4.75% Series C Guaranteed Senior Notes due February 25, 2025, in the aggregate principal amount of \$50.0 million (the “Series C Notes”) and (d) 5.47% Series D Guaranteed Senior Notes due June 21, 2028, in the aggregate principal amount of \$50.0 million (the “Series D Notes”) that were outstanding under the existing senior note purchase agreement would continue to remain outstanding under the Fourth Restated Prudential Note Purchase Agreement and we authorized and issued our 3.52% Series F Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$50.0 million (the “Series F Notes” and, together with the Series A Notes, Series B Notes, Series C Notes and Series D Notes, the “Notes”). The Fourth Restated Prudential Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Notes prior to their respective maturities.

On June 21, 2018, we entered into a note purchase and guarantee agreement (the “MetLife Note Purchase Agreement”) with MetLife and certain of its affiliates. Pursuant to the MetLife Note Purchase Agreement, we authorized and issued our 5.47% Series E Guaranteed Senior Notes due June 21, 2028, in the aggregate principal amount of \$50.0 million (the “Series E Notes”). The MetLife Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Series E Notes prior to their maturity.

On September 12, 2019, we entered into a note purchase and guarantee agreement (the “AIG Note Purchase Agreement”) with American General Life Insurance Company. Pursuant to the AIG Note Purchase Agreement, we authorized and issued our 3.52% Series G Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$50.0 million (the “Series G Notes”). The AIG Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Series G Notes prior to their maturity.

On September 12, 2019, we entered into a note purchase and guarantee agreement (the “MassMutual Note Purchase Agreement”) with Massachusetts Mutual Life Insurance Company and certain of its affiliates. Pursuant to the MassMutual Note Purchase Agreement, we authorized and issued our 3.52% Series H Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$25.0 million (the “Series H Notes”). The MassMutual Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Series H Notes prior to their maturity.

The Notes, the Series E Notes, the Series G Notes, and the Series H Notes, respectively issued thereunder, are collectively referred to as the “senior unsecured notes.”

Debt Maturities

The amounts outstanding under our Restated Credit Agreement and our senior unsecured notes, exclusive of extension options, are as follows (in thousands):

	Maturity Date	Interest Rate	December 31, 2019	December 31, 2018
Revolving Facility	March 2022	3.29%	\$ 20,000	\$ 70,000
Term Loan	March 2023	—	—	50,000
Series A Notes	February 2021	6.00%	100,000	100,000
Series B Notes	June 2023	5.35%	75,000	75,000
Series C Notes	February 2025	4.75%	50,000	50,000
Series D Notes	June 2028	5.47%	50,000	50,000
Series E Notes	June 2028	5.47%	50,000	50,000
Series F Notes	September 2029	3.52%	50,000	—
Series G Notes	September 2029	3.52%	50,000	—
Series H Notes	September 2029	3.52%	25,000	—
Total debt			470,000	445,000
Unamortized debt issuance costs, net (a)			(2,949)	(3,364)
Total debt, net			<u>\$ 467,051</u>	<u>\$ 441,636</u>

(a) Unamortized debt issuance costs, related to the Revolving Facility, at December 31, 2019 and 2018, of \$2,014 and \$2,773, respectively, are included in prepaid expenses and other assets on our consolidated balance sheets.

As of December 31, 2019, we are in compliance with all of the material terms of the Restated Credit Agreement and our senior unsecured notes.

Equity Offering

On July 10, 2017, we entered into an underwriting agreement (the “Underwriting Agreement”) with Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and KeyBanc Capital Markets Inc., as representatives of the several underwriters (the “Underwriters”), pursuant to which we sold to the Underwriters 4.1 million shares of common stock (the “Equity Offering”). Pursuant to the terms of the Underwriting Agreement, we granted the Underwriters a 30-day option to purchase up to an additional 0.6 million shares of common stock. We received net proceeds from the Equity Offering, including the full exercise by the Underwriters of their option to purchase additional shares, of \$104.3 million after deducting the underwriting discount and offering expenses. The net proceeds of the Equity Offering were used to repay amounts outstanding under our Revolving Facility and subsequently were used to fund the Empire and Applegreen transactions.

ATM Program

In March 2018, we established an at-the-market equity offering program (the “ATM Program”), pursuant to which we are able to issue and sell shares of our common stock with an aggregate sales price of up to \$125.0 million through a consortium of banks acting as agents. Sales of the shares of common stock may be made, as needed, from time to time in at-the-market offerings as defined in Rule 415 of the Securities Act, including by means of ordinary brokers’ transactions on the New York Stock Exchange or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or as otherwise agreed to with the applicable agent.

During the years ended December 31, 2019 and 2018, we issued 0.4 million and 1.1 million shares of common stock and received net proceeds of \$14.2 million and \$30.1 million, respectively, under the ATM Program. Future sales, if any, will depend on a variety of factors to be determined by us from time to time, including among others, market conditions, the trading price of our common stock, determinations by us of the appropriate sources of funding for us and potential uses of funding available to us.

Property Acquisitions and Capital Expenditures

As part of our overall business strategy, we regularly review opportunities to acquire additional properties and we expect to continue to pursue acquisitions that we believe will benefit our financial performance.

During the year ended December 31, 2019, we acquired fee simple interests in 27 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$87.2 million. During the year ended December 31, 2018, we acquired fee simple interests in 41 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$78.0 million. We accounted for the acquisitions of fee simple interests as asset acquisitions. For additional information regarding our property acquisitions, see Note 13 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

We are reviewing select opportunities for capital expenditures, redevelopment and alternative uses for certain of our properties. We are also seeking to recapture select properties from our net lease portfolio to redevelop such properties either for a new convenience and gasoline use or for alternative single-tenant net lease retail uses. For the year ended December 31, 2019 and 2018, rent commenced on four and six completed redevelopment projects, respectively, that were placed back into service in our net lease portfolio. Since the inception of our redevelopment program in 2015, we have completed 13 redevelopment projects.

For the year ended December 31, 2019, we spent \$0.4 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities. For the year ended December 31, 2018, we spent \$2.7 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities. In addition, during the year ended December 31, 2018, we spent \$4.4 million to reimburse tenants for capital expenditures related to our redevelopment activities.

Because we generally lease our properties on a triple-net basis, we have not historically incurred significant capital expenditures other than those related to acquisitions. However, our tenants frequently make improvements to the properties leased from us at their expense. As of December 31, 2019, we have a remaining commitment to fund up to \$7.1 million in the aggregate in capital improvements in certain properties previously leased to Marketing and now subject to unitary triple-net leases with other tenants.

Dividends

We elected to be treated as a REIT under the federal income tax laws with the year beginning January 1, 2001. To qualify for taxation as a REIT, we must, among other requirements such as those related to the composition of our assets and gross income, distribute annually to our stockholders at least 90% of our taxable income, including taxable income that is accrued by us without a corresponding receipt of cash. We cannot provide any assurance that our cash flows will permit us to continue paying cash dividends.

It is also possible that instead of distributing 100% of our taxable income on an annual basis, we may decide to retain a portion of our taxable income and to pay taxes on such amounts as permitted by the Internal Revenue Service. Payment of dividends is subject to market conditions, our financial condition, including but not limited to, our continued compliance with the provisions of the Restated Credit Agreement, our senior unsecured notes and other factors, and therefore is not assured. In particular, the Restated Credit Agreement and our senior unsecured notes prohibit the payment of dividends during certain events of default.

Regular quarterly dividends paid to our stockholders aggregated \$56.9 million, \$50.5 million and \$39.3 million, for the years ended December 31, 2019, 2018 and 2017, respectively. There can be no assurance that we will continue to pay dividends at historical rates.

Contractual Obligations

Our significant contractual obligations and commitments, excluding extension options and unamortized debt issuance costs, as of December 31, 2019, were comprised of borrowings under the credit agreement, our senior unsecured notes, operating and finance lease payments due to landlords, estimated environmental remediation expenditures and our funding commitments for capital improvements at certain properties which were previously leased to Marketing.

In addition, as a REIT, we are required to pay dividends equal to at least 90% of our taxable income in order to continue to qualify as a REIT. Our contractual obligations and commitments as of December 31, 2019, exclusive of extension options and unamortized debt issuance costs, are summarized below (in thousands):

	Total	Less Than One Year	One to Three Years	Three to Five Years	More Than Five Years
Operating and finance leases	\$ 18,904	\$ 5,515	\$ 7,665	\$ 3,879	\$ 1,845
Credit agreement	20,000	—	20,000	—	—
Senior unsecured notes	450,000	—	100,000	75,000	275,000
Interest on debt (a)	123,411	22,915	34,237	26,184	40,075
Estimated environmental remediation expenditures (b)	50,723	6,347	17,380	7,515	19,481
Capital improvements (c)	7,129	94	—	2,635	4,400
Total	\$ 670,167	\$ 34,871	\$ 179,282	\$ 115,213	\$ 340,801

- (a) For our Restated Credit Agreement, which bears interest at variable rates, future interest expense was calculated using the cost of borrowing as of December 31, 2019.
- (b) Estimated environmental remediation expenditures have been adjusted for inflation and discounted to present value.
- (c) The actual timing of funding of capital improvements is dependent on the timing of such capital improvement projects and the terms of our leases. Our commitments provide us with the option to either reimburse our tenants, or to offset rent when these capital expenditures are made.

Generally, leases with our tenants are triple-net leases with the tenant responsible for the operations conducted at our properties and for the payment of taxes, maintenance, repair, insurance, environmental remediation and other operating expenses.

We have no significant contractual obligations that are not fully recorded on our consolidated balance sheets or fully disclosed in the notes to our consolidated financial statements. We have no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the Exchange Act.

Critical Accounting Policies and Estimates

The consolidated financial statements included in this Form 10-K have been prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in accordance with GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in our consolidated financial statements. Although we have made estimates, judgments and assumptions regarding future uncertainties relating to the information included in our consolidated financial statements, giving due consideration to the accounting policies selected and materiality, actual results could differ from these estimates, judgments and assumptions and such differences could be material.

Estimates, judgments and assumptions underlying the accompanying consolidated financial statements include, but are not limited to, real estate, receivables, deferred rent receivable, direct financing leases, depreciation and amortization, impairment of long-lived assets, environmental remediation obligations, litigation, accrued liabilities, income taxes and the allocation of the purchase price of properties acquired to the assets acquired and liabilities assumed. The information included in our consolidated financial statements that is based on estimates, judgments and assumptions is subject to significant change and is adjusted as circumstances change and as the uncertainties become more clearly defined.

Our accounting policies are described in Note 1 in “Item 8. Financial Statements and Supplementary Data”. The SEC’s Financial Reporting Release (“FRR”) No. 60, *Cautionary Advice Regarding Disclosure About Critical Accounting Policies* (“FRR 60”), suggests that companies provide additional disclosure on those accounting policies considered most critical. FRR 60 considers an accounting policy to be critical if it is important to our financial condition and results of operations and requires significant judgment and estimates on the part of management in its application. We believe that our most critical accounting policies relate to revenue recognition and deferred rent receivable, direct financing leases, impairment of long-lived assets, environmental remediation obligations, litigation, income taxes, and the allocation of the purchase price of properties acquired to the assets acquired and liabilities assumed as described below.

Revenue Recognition

We earn revenue primarily from operating leases with our tenants. We recognize income under leases with our tenants, on the straight-line method, which effectively recognizes contractual lease payments evenly over the current term of the leases. 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. A critical assumption in applying the straight-line accounting method is that the tenant will make all contractual lease payments during the current lease term and that the net deferred rent receivable balance will be collected when the payment is due, in accordance with the annual rent escalations

provided for in the leases. We may be required to reserve, or provide reserves for a portion of, the recorded deferred rent receivable if it becomes apparent that the tenant may not make all of its contractual lease payments when due during the current term of the lease.

Direct Financing Leases

Income under direct financing leases is included in revenues from rental properties and is recognized over the lease terms using the effective interest rate method which produces a constant periodic rate of return on the net investments in the leased properties. The investments in direct financing leases represents the investments in leased assets accounted for as direct financing leases. The investments in direct financing leases are increased for interest income earned and amortized over the life of the leases and reduced by the receipt of lease payments.

Impairment of Long-Lived Assets

Real estate assets represent “long-lived” assets for accounting purposes. We review the recorded value of long-lived assets for impairment in value whenever any events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We may become aware of indicators of potentially impaired assets upon tenant or landlord lease renewals, upon receipt of notices of potential governmental takings and zoning issues, or upon other events that occur in the normal course of business that would cause us to review the operating results of the property. We believe our real estate assets are not carried at amounts in excess of their estimated net realizable fair value amounts.

Environmental Remediation Obligations

We provide for the estimated fair value of future environmental remediation obligations when it is probable that a liability has been incurred and a reasonable estimate of fair value can be made. See “Environmental Matters” below for additional information. Environmental liabilities net of related recoveries are measured based on their expected future cash flows which have been adjusted for inflation and discounted to present value. Since environmental exposures are difficult to assess and estimate and knowledge about these liabilities is not known upon the occurrence of a single event, but rather is gained over a continuum of events, we believe that it is appropriate that our accrual estimates are adjusted as the remediation treatment progresses, as circumstances change and as environmental contingencies become more clearly defined and reasonably estimable. A critical assumption in accruing for these liabilities is that the state environmental laws and regulations will be administered and enforced in the future in a manner that is consistent with past practices. Environmental liabilities are estimated net of recoveries of environmental costs from state UST remediation funds, with respect to past and future spending based on estimated recovery rates developed from our experience with the funds when such recoveries are considered probable. A critical assumption in accruing for these recoveries is that the state UST fund programs will be administered and funded in the future in a manner that is consistent with past practices and that future environmental spending will be eligible for reimbursement at historical rates under these programs. We accrue environmental liabilities based on our share of responsibility as defined in our lease contracts with our tenants and under various other agreements with others or if circumstances indicate that our counterparty may not have the financial resources to pay its share of the costs. It is possible that our assumptions regarding the ultimate allocation method and share of responsibility that we used to allocate environmental liabilities may change, which may result in material adjustments to the amounts recorded for environmental litigation accruals and environmental remediation liabilities. We may ultimately be responsible to pay for environmental liabilities as the property owner if our tenants or other counterparties fail to pay them. In certain environmental matters the effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists both in terms of the probability of loss and the estimate of such loss. The ultimate liabilities resulting from such lawsuits and claims, if any, may be material to our results of operations in the period in which they are recognized.

Litigation

Legal fees related to litigation are expensed as legal services are performed. We provide for litigation accruals, including certain litigation related to environmental matters (see “Environmental Litigation” below for additional information), when it is probable that a liability has been incurred and a reasonable estimate of the liability can be made. If the estimate of the liability can only be identified as a range, and no amount within the range is a better estimate than any other amount, the minimum of the range is accrued for the liability.

Income Taxes

Our financial results generally do not reflect provisions for current or deferred federal income taxes because we elected to be treated as a REIT under the federal income tax laws effective January 1, 2001. Our intention is to operate in a manner that will allow us to continue to be treated as a REIT and, as a result, we do not expect to pay substantial corporate-level federal income taxes. Many of the REIT requirements, however, are highly technical and complex. If we were to fail to meet the requirements, we may be subject to federal income tax, excise taxes, penalties and interest or we may have to pay a deficiency dividend to eliminate any earnings and

profits that were not distributed. Certain states do not follow the federal REIT rules and we have included provisions for these taxes in property costs.

Allocation of the Purchase Price of Properties Acquired

Upon acquisition of real estate and leasehold interests, we estimate the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant” and identified intangible assets and liabilities (consisting of leasehold interests, above-market and below-market leases, in-place leases and tenant relationships) and assumed debt. Based on these estimates, we allocate the purchase price to the applicable assets and liabilities. Assumptions used are property and geographic specific and may include, among other things, capitalization rates, market rental rates and EBITDA to rent coverage ratios.

Environmental Matters

General

We are subject to numerous federal, state and local laws and regulations, including matters relating to the protection of the environment such as the remediation of known contamination and the retirement and decommissioning or removal of long-lived assets including buildings containing hazardous materials, USTs and other equipment. Environmental costs are principally attributable to remediation costs which are incurred for, among other things, removing USTs, excavation of contaminated soil and water, installing, operating, maintaining and decommissioning remediation systems, monitoring contamination and governmental agency compliance reporting required in connection with contaminated properties.

We enter into leases and various other agreements which contractually allocate responsibility between the parties for known and unknown environmental liabilities at or relating to the subject properties. We are contingently liable for these environmental obligations in the event that our tenant does not satisfy them, and we are required to accrue for environmental liabilities that we believe are allocable to others under our leases if we determine that it is probable that our tenant will not meet its environmental obligations. It is possible that our assumptions regarding the ultimate allocation method and share of responsibility that we used to allocate environmental liabilities may change, which may result in material adjustments to the amounts recorded for environmental litigation accruals and environmental remediation liabilities. We assess whether to accrue for environmental liabilities based upon relevant factors including our tenants’ histories of paying for such obligations, our assessment of their financial capability, and their intent to pay for such obligations. However, there can be no assurance that our assessments are correct or that our tenants who have paid their obligations in the past will continue to do so. We may ultimately be responsible to pay for environmental liabilities as the property owner if our tenant fails to pay them.

The estimated future costs for known environmental remediation requirements are accrued when it is probable that a liability has been incurred and a reasonable estimate of fair value can be made. The accrued liability is the aggregate of our estimate of the fair value of cost for each component of the liability, net of estimated recoveries from state UST remediation funds considering estimated recovery rates developed from prior experience with the funds.

For substantially all of our triple-net leases, our tenants are contractually responsible for compliance with environmental laws and regulations, removal of USTs at the end of their lease term (the cost of which in certain cases is partially borne by us) and remediation of any environmental contamination that arises during the term of their tenancy. Under the terms of our leases covering properties previously leased to Marketing (substantially all of which commenced in 2012), we have agreed to be responsible for environmental contamination at the premises that was known at the time the lease commenced, and for environmental contamination which existed prior to commencement of the lease and is discovered (other than as a result of a voluntary site investigation) during the first 10 years of the lease term (or a shorter period for a minority of such leases). After expiration of such 10-year (or, in certain cases, shorter) period, responsibility for all newly discovered contamination, even if it relates to periods prior to commencement of the lease, is contractually allocated to our tenant. Our tenants at properties previously leased to Marketing are in all cases responsible for the cost of any remediation of contamination that results from their use and occupancy of our properties. Under substantially all of our other triple-net leases, responsibility for remediation of all environmental contamination discovered during the term of the lease (including known and unknown contamination that existed prior to commencement of the lease) is the responsibility of our tenant.

We anticipate that a majority of the USTs at properties previously leased to Marketing will be replaced over the next several years because these USTs are either at or near the end of their useful lives. For long-term, triple-net leases covering sites previously leased to Marketing, our tenants are responsible for the cost of removal and replacement of USTs and for remediation of contamination found during such UST removal and replacement, unless such contamination was found during the first 10 years of the lease term and also existed prior to commencement of the lease. In those cases, we are responsible for costs associated with the remediation of such preexisting contamination. We have also agreed to be responsible for environmental contamination that existed prior to the sale of certain properties assuming the contamination is discovered (other than as a result of a voluntary site investigation) during the first five years after the sale of the properties.

In the course of certain UST removals and replacements at properties previously leased to Marketing where we retained continuing responsibility for preexisting environmental obligations, previously unknown environmental contamination was and

continues to be discovered. As a result, we have developed an estimate of fair value for the prospective future environmental liability resulting from preexisting unknown environmental contamination and have accrued for these estimated costs. These estimates are based primarily upon quantifiable trends which we believe allow us to make reasonable estimates of fair value for the future costs of environmental remediation resulting from the removal and replacement of USTs. Our accrual of the additional liability represents our estimate of the fair value of cost for each component of the liability, net of estimated recoveries from state UST remediation funds considering estimated recovery rates developed from prior experience with the funds. In arriving at our accrual, we analyzed the ages of USTs at properties where we would be responsible for preexisting contamination found within 10 years after commencement of a lease (for properties subject to long-term triple-net leases) or five years from a sale (for divested properties), and projected a cost to closure for preexisting unknown environmental contamination.

We measure our environmental remediation liabilities at fair value based on expected future net cash flows, adjusted for inflation (using a range of 2.0% to 2.75%), and then discount them to present value (using a range of 4.0% to 7.0%). We adjust our environmental remediation liabilities quarterly to reflect changes in projected expenditures, changes in present value due to the passage of time and reductions in estimated liabilities as a result of actual expenditures incurred during each quarter. As of December 31, 2019, we had accrued a total of \$50.7 million for our prospective environmental remediation obligations. This accrual consisted of (a) \$12.4 million, which was our estimate of reasonably estimable environmental remediation liability, including obligations to remove USTs for which we are responsible, net of estimated recoveries and (b) \$38.3 million for future environmental liabilities related to preexisting unknown contamination. As of December 31, 2018, we had accrued a total of \$59.8 million for our prospective environmental remediation obligations. This accrual consisted of (a) \$14.5 million, which was our estimate of reasonably estimable environmental remediation liability, including obligations to remove USTs for which we are responsible, net of estimated recoveries and (b) \$45.3 million for future environmental liabilities related to preexisting unknown contamination.

Environmental liabilities are accreted for the change in present value due to the passage of time and, accordingly, \$2.0 million, \$2.4 million and \$3.4 million of net accretion expense was recorded for the years ended December 31, 2019, 2018 and 2017, respectively, which is included in environmental expenses. In addition, during the years ended December 31, 2019, 2018 and 2017, we recorded credits to environmental expenses aggregating \$5.4 million, \$1.3 million and \$6.9 million, respectively, where decreases in estimated remediation costs exceeded the depreciated carrying value of previously capitalized asset retirement costs. Environmental expenses also include project management fees, legal fees and environmental litigation accruals.

During the years ended December 31, 2019 and 2018, we increased the carrying values of certain of our properties by \$1.9 million and \$5.1 million, respectively, due to changes in estimated environmental remediation costs. The recognition and subsequent changes in estimates in environmental liabilities and the increase or decrease in carrying values of the properties are non-cash transactions which do not appear on our consolidated statements of cash flows.

Capitalized asset retirement costs are being depreciated over the estimated remaining life of the UST, a 10-year period if the increase in carrying value is related to environmental remediation obligations or such shorter period if circumstances warrant, such as the remaining lease term for properties we lease from others. Depreciation and amortization expense related to capitalized asset retirement costs in our consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017, were \$4.1 million, \$4.3 million and \$4.3 million, respectively. Capitalized asset retirement costs were \$39.7 million (consisting of \$22.2 million of known environmental liabilities and \$17.5 million of reserves for future environmental liabilities) as of December 31, 2019, and \$45.7 million (consisting of \$20.4 million of known environmental liabilities and \$25.3 million of reserves for future environmental liabilities) as of December 31, 2018. We recorded impairment charges aggregating \$3.7 million and \$3.9 million for the years ended December 31, 2019 and 2018, respectively, for capitalized asset retirement costs.

Environmental exposures are difficult to assess and estimate for numerous reasons, including the amount of data available upon initial assessment of contamination, alternative treatment methods that may be applied, location of the property which subjects it to differing local laws and regulations and their interpretations, changes in costs associated with environmental remediation services and equipment, the availability of state UST remediation funds and the possibility of existing legal claims giving rise to allocation of responsibilities to others, as well as the time it takes to remediate contamination and receive regulatory approval. In developing our liability for estimated environmental remediation obligations on a property by property basis, we consider, among other things, laws and regulations, assessments of contamination and surrounding geology, quality of information available, currently available technologies for treatment, alternative methods of remediation and prior experience. Environmental accruals are based on estimates derived upon facts known to us at this time, which are subject to significant change as circumstances change, and as environmental contingencies become more clearly defined and reasonably estimable.

Any changes to our estimates or our assumptions that form the basis of our estimates may result in our providing an accrual, or adjustments to the amounts recorded, for environmental remediation liabilities.

In July 2012, we purchased a 10-year pollution legal liability insurance policy covering substantially all of our properties at that time for preexisting unknown environmental liabilities and new environmental events. The policy has a \$50.0 million aggregate limit and is subject to various self-insured retentions and other conditions and limitations. Our intention in purchasing this policy was to obtain protection predominantly for significant events. In addition to the environmental insurance policy purchased by the Company,

we also took assignment of certain environmental insurance policies, and rights to reimbursement for claims made thereunder, from Marketing, by order of the U.S. Bankruptcy Court during Marketing's bankruptcy proceedings. Under these assigned policies, we have received and expect to continue to receive reimbursement of certain remediation expenses for covered claims.

In light of the uncertainties associated with environmental expenditure contingencies, we are unable to estimate ranges in excess of the amount accrued with any certainty; however, we believe that it is possible that the fair value of future actual net expenditures could be substantially higher than amounts currently recorded by us. Adjustments to accrued liabilities for environmental remediation obligations will be reflected in our consolidated financial statements as they become probable and a reasonable estimate of fair value can be made.

Environmental Litigation

We are subject to various legal proceedings and claims which arise in the ordinary course of our business. As of December 31, 2019 and 2018, we had accrued \$17.8 million and \$12.2 million, respectively, for certain of these matters which we believe were appropriate based on information then currently available. It is possible that our assumptions regarding the ultimate allocation method and share of responsibility that we used to allocate environmental liabilities may change, which may result in our providing an accrual, or adjustments to the amounts recorded, for environmental litigation accruals. Matters related to our former Newark, New Jersey Terminal and the Lower Passaic River, our MTBE litigations in the states of New Jersey, Pennsylvania and Maryland, and our lawsuit with the State of New York pertaining to a property formerly owned by us in Uniondale, New York, in particular, could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price. For additional information with respect to these and other pending environmental lawsuits and claims, see "Item 3. Legal Proceedings" and Note 3 in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate risk, primarily as a result of our \$300.0 million senior unsecured credit agreement entered into on March 23, 2018, and amended on September 19, 2018 and September 12, 2019 (as amended, the "Restated Credit Agreement"), with a group of commercial banks led by Bank of America, N.A. The Restated Credit Agreement currently consists of a \$300.0 million unsecured revolving facility (the "Revolving Facility"), which is scheduled to mature in March 2022. Subject to the terms of the Restated Credit Agreement and our continued compliance with its provisions, we have the option to (a) extend the term of the Revolving Facility for one additional year to March 2023 and (b) request that the lenders approve an increase of up to \$300.0 million in the amount of the Revolving Facility to \$600.0 million in the aggregate. The Restated Credit Agreement incurs interest and fees at various rates based on our total indebtedness to total asset value ratio at the end of each quarterly reporting period. The Revolving Facility permits borrowings at an interest rate equal to the sum of a base rate plus a margin of 0.50% to 1.30% or a LIBOR rate plus a margin of 1.50% to 2.30%. The annual commitment fee on the undrawn funds under the Revolving Facility is 0.15% to 0.25%. We use borrowings under the Restated Credit Agreement to finance acquisitions and for general corporate purposes. Borrowings outstanding at variable interest rates under the Restated Credit Agreement as of December 31, 2019, were \$20.0 million.

Based on our outstanding borrowings under the Restated Credit Agreement of \$20.0 million for the year ended December 31, 2019, an increase in market interest rates of 1.0% for 2020 would decrease our 2020 net income and cash flows by approximately \$0.2 million. This amount was determined by calculating the effect of a hypothetical interest rate change on our borrowings floating at market rates, and assumes that the \$20.0 million outstanding borrowings under the Restated Credit Agreement is indicative of our future average floating interest rate borrowings for 2020 before considering additional borrowings required for future acquisitions or repayment of outstanding borrowings from proceeds of future equity offerings. The calculation also assumes that there are no other changes in our financial structure or the terms of our borrowings. Our exposure to fluctuations in interest rates will increase or decrease in the future with increases or decreases in the outstanding amount under our Restated Credit Agreement and with increases or decreases in amounts outstanding under borrowing agreements entered into with interest rates floating at market rates.

In order to minimize our exposure to credit risk associated with financial instruments, we place our temporary cash investments, if any, with high credit quality institutions. Temporary cash investments, if any, are currently held in an overnight bank time deposit with JPMorgan Chase Bank, N.A. and these balances, at times, may exceed federally insurable limits.

Item 8. Financial Statements and Supplementary Data

**GETTY REALTY CORP. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA**

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GETTY REALTY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31,	
	2019	2018
ASSETS:		
Real Estate:		
Land	\$ 669,351	\$ 631,185
Buildings and improvements	442,220	409,753
Construction in progress	2,080	2,168
	<u>1,113,651</u>	<u>1,043,106</u>
Less accumulated depreciation and amortization	(165,892)	(150,691)
Real estate, net	947,759	892,415
Investment in direct financing leases, net	82,366	85,892
Notes and mortgages receivable	30,855	33,519
Cash and cash equivalents	21,781	46,892
Restricted cash	1,883	1,850
Deferred rent receivable	41,252	37,722
Accounts receivable, net of allowance of \$0 and \$2,094, respectively	3,063	3,008
Right-of-use assets - operating	21,191	—
Right-of-use assets - finance	987	—
Prepaid expenses and other assets	60,640	60,650
Total assets	<u>\$ 1,211,777</u>	<u>\$ 1,161,948</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Borrowings under credit agreement	\$ 20,000	\$ 120,000
Senior unsecured notes, net	449,065	324,409
Environmental remediation obligations	50,723	59,821
Dividends payable	15,557	14,495
Lease liability - operating	21,844	—
Lease liability - finance	4,191	—
Accounts payable and accrued liabilities	60,958	62,059
Total liabilities	<u>622,338</u>	<u>580,784</u>
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; 20,000,000 authorized; unissued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 41,367,846 and 40,854,491 shares issued and outstanding, respectively	414	409
Additional paid-in capital	656,127	638,178
Dividends paid in excess of earnings	(67,102)	(57,423)
Total stockholders' equity	<u>589,439</u>	<u>581,164</u>
Total liabilities and stockholders' equity	<u>\$ 1,211,777</u>	<u>\$ 1,161,948</u>

The accompanying notes are an integral part of these consolidated financial statements.

GETTY REALTY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year ended December 31,		
	2019	2018	2017
Revenues:			
Revenues from rental properties	\$ 137,736	\$ 133,019	\$ 117,161
Interest on notes and mortgages receivable	2,919	3,087	2,992
Total revenues	<u>140,655</u>	<u>136,106</u>	<u>120,153</u>
Operating expenses:			
Property costs	24,978	23,645	22,340
Impairments	4,012	6,170	9,321
Environmental	5,428	4,151	(71)
General and administrative	15,183	14,661	13,879
Allowance for doubtful accounts	194	470	205
Depreciation and amortization	25,161	23,636	19,089
Total operating expenses	<u>74,956</u>	<u>72,733</u>	<u>64,763</u>
Gains on dispositions of real estate	1,063	3,948	1,041
Operating income	66,762	67,321	56,431
Other income, net	7,593	2,730	8,524
Interest expense	(24,632)	(22,345)	(17,769)
Net earnings	<u>\$ 49,723</u>	<u>\$ 47,706</u>	<u>\$ 47,186</u>
Basic earnings per common share:			
Net Earnings	<u>\$ 1.19</u>	<u>\$ 1.17</u>	<u>\$ 1.26</u>
Diluted earnings per common share:			
Net Earnings	<u>\$ 1.19</u>	<u>\$ 1.17</u>	<u>\$ 1.26</u>
Weighted average common shares outstanding:			
Basic	41,072	40,171	36,897
Diluted	41,110	40,191	36,897

The accompanying notes are an integral part of these consolidated financial statements.

GETTY REALTY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	\$ 49,723	\$ 47,706	\$ 47,186
Adjustments to reconcile net earnings to net cash flow provided by operating activities:			
Depreciation and amortization expense	25,161	23,636	19,089
Impairment charges	4,012	6,170	9,321
(Gains) loss on dispositions of real estate	(1,063)	(3,948)	(1,041)
Deferred rent receivable	(3,530)	(4,112)	(3,644)
Allowance for uncollectible accounts	194	470	205
Amortization of above-market and below-market leases	(623)	(808)	(522)
Amortization of investment in direct financing leases	3,526	3,015	2,511
Amortization of debt issuance costs	971	871	771
Accretion expense	2,006	2,409	3,448
Stock-based compensation expense	2,468	1,777	1,350
Changes in assets and liabilities:			
Accounts receivable	(740)	(814)	(1,295)
Prepaid expenses and other assets	(503)	(708)	489
Environmental remediation obligations	(12,931)	(11,210)	(19,798)
Accounts payable and accrued liabilities	8,103	1,907	1,183
Net cash flow provided by operating activities	<u>76,774</u>	<u>66,361</u>	<u>59,253</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property acquisitions	(87,157)	(77,972)	(214,000)
Capital expenditures	(14)	(3,794)	(434)
Addition to construction in progress	(365)	(2,657)	(1,255)
Proceeds from dispositions of real estate	1,558	3,303	2,739
Deposits for property acquisitions	(510)	(430)	2,346
(Issuance) of notes and mortgages receivable	(464)	(530)	—
Collection of notes and mortgages receivable	4,399	3,134	1,876
Net cash flow (used in) investing activities	<u>(82,553)</u>	<u>(78,946)</u>	<u>(208,728)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under credit agreements	75,000	95,000	135,000
Repayments under credit agreements	(175,000)	(130,000)	(105,000)
Proceeds from senior unsecured notes	125,000	100,000	50,000
Payments of finance lease liability	(542)	(468)	(342)
Payments of cash dividends	(56,889)	(50,503)	(39,299)
Payments of debt issuance costs	(556)	(3,393)	(157)
Security deposits received (refunded)	(347)	(260)	247
Payments in settlement of restricted stock units	(115)	—	(1,195)
Proceeds from issuance of common stock, net - equity offering	—	—	104,312
Proceeds from issuance of common stock, net - ATM	14,150	30,138	13,528
Net cash flow (used in) provided by financing activities	<u>(19,299)</u>	<u>40,514</u>	<u>157,094</u>
Change in cash, cash equivalents and restricted cash	(25,078)	27,929	7,619
Cash, cash equivalents and restricted cash at beginning of year	48,742	20,813	13,194
Cash, cash equivalents and restricted cash at end of year	<u>\$ 23,664</u>	<u>\$ 48,742</u>	<u>\$ 20,813</u>

	Year ended December 31,		
	2019	2018	2017
Supplemental disclosures of cash flow information			
<i>Cash paid (refunded) during the period for:</i>			
Interest	\$ 23,030	\$ 20,790	\$ 16,435
Income taxes	304	244	(195)
Environmental remediation obligations	7,544	9,891	12,944
<i>Non-cash transactions</i>			
Dividends declared but not yet paid	15,557	14,495	12,846
Issuance of notes and mortgages receivable related to property dispositions	\$ 1,206	\$ 3,743	\$ 1,505

The accompanying notes are an integral part of these consolidated financial statements.

GETTY REALTY CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Getty Realty Corp. and its wholly-owned subsidiaries. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). We do not distinguish our principal business or our operations on a geographical basis for purposes of measuring performance. We manage and evaluate our operations as a single segment. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates, Judgments and Assumptions

The consolidated financial statements have been prepared in conformity with GAAP, which requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the period reported. Estimates, judgments and assumptions underlying the accompanying consolidated financial statements include, but are not limited to, real estate, receivables, deferred rent receivable, direct financing leases, depreciation and amortization, impairment of long-lived assets, environmental remediation costs, environmental remediation obligations, litigation, accrued liabilities, income taxes and the allocation of the purchase price of properties acquired to the assets acquired and liabilities assumed. Application of these estimates and assumptions requires exercise of judgment as to future uncertainties and, as a result, actual results could differ materially from these estimates.

Reclassifications

Changes in environmental estimates and impairments, which were recorded in prior periods, that were related to properties previously classified as discontinued operations are now included in operating expenses in environmental and impairments, respectively. These amounts have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on our previously reported net earnings. Further, these amounts are now included with amounts related to properties that were sold subsequent to the change in the definition of discontinued operations, and therefore all impacts from previously disposed properties are within the same financial statement line items.

In connection with our adoption of Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842), as described below, we adopted the practical expedient that alleviates the requirement to separately present lease and non-lease rental income. As a result, tenant reimbursements are now included within revenues from rental properties in our consolidated statements of operations. To facilitate comparability, we have reclassified prior period amounts related to tenant reimbursements to conform to the presentation of the current period financial statements.

Debt issuance costs of \$2,773,000 that were previously included within borrowings under credit agreement as of December 31, 2018, are now presented in prepaid expenses and other assets. The change in classification for debt issuance costs is due to the fluctuating nature of the outstanding balance related to the Revolving Facility. As of December 31, 2019, debt issuance costs of \$2,014,000 are presented in prepaid expenses and other assets.

Real Estate

Real estate assets are stated at cost less accumulated depreciation and amortization. For acquisitions of real estate we estimate the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant” and identified intangible assets and liabilities (consisting of leasehold interests, above-market and below-market leases, in-place leases and tenant relationships) and assumed debt. Based on these estimates, we allocate the estimated fair value to the applicable assets and liabilities. Fair value is determined based on an exit price approach, which contemplates the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assumptions used are property and geographic specific and may include, among other things, capitalization rates, market rental rates and EBITDA to rent coverage ratios.

We expense transaction costs associated with business combinations in the period incurred. Acquisitions of real estate which do not meet the definition of a business are accounted for as asset acquisitions. The accounting model for asset acquisitions is similar to the accounting model for business combinations except that the acquisition costs are capitalized and allocated to the individual assets acquired and liabilities assumed on a relative fair value basis. For additional information regarding property acquisitions, see Note 13 – Property Acquisitions.

We capitalize direct costs, including costs such as construction costs and professional services, and indirect costs associated with the development and construction of real estate assets while substantive activities are ongoing to prepare the assets for their

intended use. The capitalization period begins when development activities are underway and ends when it is determined that the asset is substantially complete and ready for its intended use.

We evaluate the held for sale classification of our real estate as of the end of each quarter. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value less costs to sell.

When real estate assets are sold or retired, the cost and related accumulated depreciation and amortization is eliminated from the respective accounts and any gain or loss is credited or charged to income. We evaluate real estate sale transactions where we provide seller financing to determine sale and gain recognition in accordance with GAAP. Expenditures for maintenance and repairs are charged to income when incurred.

Depreciation and Amortization

Depreciation of real estate is computed on the straight-line method based upon the estimated useful lives of the assets, which generally range from 16 to 25 years for buildings and improvements, or the term of the lease if shorter. Asset retirement costs are depreciated over the shorter of the remaining useful lives of USTs or 10 years for asset retirement costs related to environmental remediation obligations, which costs are attributable to the group of assets identified at a property. Leasehold interests and in-place leases are amortized over the remaining term of the underlying lease.

Direct Financing Leases

Income under direct financing leases is included in revenues from rental properties and is recognized over the lease terms using the effective interest rate method which produces a constant periodic rate of return on the net investments in the leased properties. The investments in direct financing leases are increased for interest income earned and amortized over the life of the leases and reduced by the receipt of lease payments. We consider direct financing leases to be past-due or delinquent when a contractually required payment is not remitted in accordance with the provisions of the underlying agreement. We evaluate each account individually and set up an allowance when, based upon current information and events, it is probable that we will be unable to collect all amounts due according to the existing contractual terms, and the amount can be reasonably estimated.

We periodically assess whether there are any indicators that the value of our net investments in direct financing leases may be impaired. When determining a possible impairment, we take into consideration the collectability of direct financing lease receivables for which a reserve would be required if any losses are both probable and reasonably estimable. In addition, we determine whether there has been a permanent decline in the current estimate of the residual value of the property. If this review indicates a permanent decline in the fair value of the asset below its carrying value, we recognize an impairment charge. There were no impairments of any of our direct financing leases during the years ended December 31, 2019 and 2018.

When we enter into a contract to sell properties that are recorded as direct financing leases, we evaluate whether we believe that it is probable that the disposition will occur. If we determine that the disposition is probable and therefore the property's holding period is reduced, we record an allowance for credit losses to reflect the change in the estimate of the undiscounted future rents. Accordingly, the net investment balance is written down to fair value.

Notes and Mortgages Receivable

Notes and mortgages receivable consists of loans originated by us in conjunction with property dispositions and funding provided to tenants in conjunction with property acquisitions and capital improvements. Notes and mortgages receivable are recorded at stated principal amounts. We evaluate the collectability of both interest and principal on each loan to determine whether it is impaired. A loan is considered to be impaired when, based upon current information and events, it is probable that we will be unable to collect all amounts due under the existing contractual terms. When a loan is considered to be impaired, the amount of the loss is calculated by comparing the recorded investment to the fair value determined by discounting the expected future cash flows at the loan's effective interest rate or to the fair value of the underlying collateral, if the loan is collateralized. Interest income on performing loans is accrued as earned. Interest income on impaired loans is recognized on a cash basis. We do not provide for an additional allowance for loan losses based on the grouping of loans, as we believe that the characteristics of the loans are not sufficiently similar to allow an evaluation of these loans as a group for a possible loan loss allowance. As such, all of our loans are evaluated individually for impairment purposes. There were no impairments related to our notes and mortgages receivable during the years ended December 31, 2019 and 2018.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Our cash and cash equivalents are held in the custody of financial institutions, and these balances, at times, may exceed federally insurable limits.

Restricted Cash

Restricted cash consists of cash that is contractually restricted or held in escrow pursuant to various agreements with counterparties. At December 31, 2019 and 2018, restricted cash of \$1,883,000 and \$1,850,000, respectively, consisted of security deposits received from our tenants.

Revenue Recognition and Deferred Rent Receivable

On January 1, 2018, we adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), (“Topic 606”) using the modified retrospective method applying it to any open contracts as of January 1, 2018. The new guidance provides a unified model to determine how revenue is recognized. To determine the proper amount of revenue to be recognized, we perform the following steps: (i) identify the contract with the customer, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when (or as) a performance obligation is satisfied. Our primary source of revenue consists of revenue from rental properties and tenant reimbursements that is derived from leasing arrangements, which is specifically excluded from the standard, and thus had no material impact on our consolidated financial statements or notes to our consolidated financial statements as of December 31, 2019 and 2018.

Lease payments from operating leases are recognized on a straight-line basis over the term of the leases. The cumulative difference between lease revenue recognized under this method and the contractual lease payment terms is recorded as deferred rent receivable on our consolidated balance sheets. We review our accounts receivable, including its deferred rent receivable, related to base rents, straight-line rents, tenant reimbursements and other revenues for collectability. Our evaluation of collectability primarily consists of reviewing past due account balances and considers such factors as the credit quality of our tenant, historical trends of the tenant, changes in tenant payment terms and current economic trends. In addition, with respect to tenants in bankruptcy, we estimate the probable recovery through bankruptcy claims. If a tenant’s accounts receivable balance is considered uncollectable, we will write off the related receivable balances and cease to recognize lease income, including straight-line rent unless cash is received. If the collectability assessment subsequently changes to probable, any difference between the lease income that would have been recognized if collectability had always been assessed as probable and the lease income recognized to date, is recognized as a current-period adjustment to revenues from rental properties. Our reported net earnings are directly affected by our estimate of the collectability of our accounts receivable.

The present value of the difference between the fair market rent and the contractual rent for above-market and below-market leases at the time properties are acquired is amortized into revenues from rental properties over the remaining terms of the in-place leases. Lease termination fees are recognized as other income when earned upon the termination of a tenant’s lease and relinquishment of space in which we have no further obligation to the tenant.

The sales of nonfinancial assets, such as real estate, are to be recognized when control of the asset transfers to the buyer, which will occur when the buyer has the ability to direct the use of or obtain substantially all of the remaining benefits from the asset. This generally occurs when the transaction closes and consideration is exchanged for control of the property.

Impairment of Long-Lived Assets

Assets are written down to fair value when events and circumstances indicate that the assets might be impaired and the projected undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Assets held for disposal are written down to fair value less estimated disposition costs.

We recorded impairment charges aggregating \$4,012,000, \$6,170,000 and \$9,321,000 for the years ended December 31, 2019, 2018 and 2017, respectively. Our estimated fair values, as they relate to property carrying values, were primarily based upon (i) estimated sales prices from third-party offers based on signed contracts, letters of intent or indicative bids, for which we do not have access to the unobservable inputs used to determine these estimated fair values, and/or consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence (this method was used to determine \$296,000 of the \$4,012,000 in impairments recognized during the year ended December 31, 2019) and (ii) discounted cash flow models (this method was used to determine \$0 of the \$4,012,000 in impairments recognized during the year ended December 31, 2019). During the year ended December 31, 2019, we recorded \$3,716,000 of the \$4,012,000 in impairments recognized due to the accumulation of asset retirement costs as a result of changes in estimates associated with our estimated environmental liabilities which increased the carrying values of certain properties in excess of their fair values. For the years ended December 31, 2019, 2018 and 2017, impairment charges aggregating \$1,202,000, \$1,268,000 and \$1,042,000, respectively, were related to properties that were previously disposed of by us.

The estimated fair value of real estate is based on the price that would be received from the sale of the property in an orderly transaction between market participants at the measurement date. In general, we consider multiple internal valuation techniques when measuring the fair value of a property, all of which are based on unobservable inputs and assumptions that are classified within Level 3 of the Fair Value Hierarchy. These unobservable inputs include assumed holding periods ranging up to 15 years, assumed average rent increases of 2.0% annually, income capitalized at a rate of 8.0% and cash flows discounted at a rate of 7.0%. These assessments have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment

to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future rental rates and operating expenses that could differ materially from actual results in future periods. Where properties held for use have been identified as having a potential for sale, additional judgments are required related to the determination as to the appropriate period over which the projected undiscounted cash flows should include the operating cash flows and the amount included as the estimated residual value. This requires significant judgment. In some cases, the results of whether impairment is indicated are sensitive to changes in assumptions input into the estimates, including the holding period until expected sale.

Fair Value of Financial Instruments

All of our financial instruments are reflected in the accompanying consolidated balance sheets at amounts which, in our estimation based upon an interpretation of available market information and valuation methodologies, reasonably approximate their fair values, except those separately disclosed in the notes below.

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates of fair value that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the period reported using a hierarchy (the “Fair Value Hierarchy”) that prioritizes the inputs to valuation techniques used to measure the fair value. The Fair Value Hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the Fair Value Hierarchy are as follows: “Level 1” – inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date; “Level 2” – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and “Level 3” – inputs that are unobservable. Certain types of assets and liabilities are recorded at fair value either on a recurring or non-recurring basis. Assets required or elected to be marked-to-market and reported at fair value every reporting period are valued on a recurring basis. Other assets not required to be recorded at fair value every period may be recorded at fair value if a specific provision or other impairment is recorded within the period to mark the carrying value of the asset to market as of the reporting date. Such assets are valued on a non-recurring basis.

Environmental Remediation Obligations

We record the fair value of a liability for an environmental remediation obligation as an asset and liability when there is a legal obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated. Environmental remediation obligations are estimated based on the level and impact of contamination at each property. The accrued liability is the aggregate of our estimate of the fair value of cost for each component of the liability. The accrued liability is net of estimated recoveries from state UST remediation funds considering estimated recovery rates developed from prior experience with the funds. Net environmental liabilities are currently measured based on their expected future cash flows which have been adjusted for inflation and discounted to present value. We accrue for environmental liabilities that we believe are allocable to other potentially responsible parties if it becomes probable that the other parties will not pay their environmental remediation obligations.

Litigation

Legal fees related to litigation are expensed as legal services are performed. We provide for litigation accruals, including certain litigation related to environmental matters, when it is probable that a liability has been incurred and a reasonable estimate of the liability can be made. If the estimate of the liability can only be identified as a range, and no amount within the range is a better estimate than any other amount, the minimum of the range is accrued for the liability. We accrue our share of environmental litigation liabilities based on our assumptions of the ultimate allocation method and share that will be used when determining our share of responsibility.

Income Taxes

We and our subsidiaries file a consolidated federal income tax return. Effective January 1, 2001, we elected to qualify, and believe that we are operating so as to qualify, as a REIT for federal income tax purposes. Accordingly, we generally will not be subject to federal income tax on qualifying REIT income, provided that distributions to our stockholders equal at least the amount of our taxable income as defined under the Internal Revenue Code. We accrue for uncertain tax matters when appropriate. The accrual for uncertain tax positions is adjusted as circumstances change and as the uncertainties become more clearly defined, such as when audits are settled or exposures expire. Tax returns for the years 2016, 2017 and 2018, and tax returns which will be filed for the year ended 2019, remain open to examination by federal and state tax jurisdictions under the respective statutes of limitations.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets. Under ASU 2016-02 lessor accounting will remain similar to lessor accounting under previous GAAP,

while aligning with the FASB's new revenue recognition guidance. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, to clarify how to apply certain aspects of the new standard. In July 2018, the FASB also issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to give entities another option for transition and to provide lessors with a practical expedient to reduce the cost and complexity of implementing the new standard. The transition option allows entities to not apply the new leases standard in the comparative periods in their financial statements in the year of adoption. In December 2018, the FASB issued ASU 2018-20, which clarifies lessor treatment of sales taxes and other similar taxes collected from lessees, lessor costs paid directly by lessees and recognition of variable payments for contracts with lease and non-lease components. We elected the package of practical expedients and the lease and non-lease component practical expedient. We elected to apply the transition requirements at the January 1, 2019, effective date rather than at the beginning of the earliest comparative period presented. Our consolidated financial statements for the year ending December 31, 2019, are presented under the new standard, while the comparative periods presented were not adjusted and continue to be reported in accordance with our historical accounting policy. For additional information regarding new lease accounting standard, see Note 2 – Leases.

On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments* (“ASU 2016-13”) to amend the accounting for credit losses for certain financial instruments. Under the new guidance, an entity recognizes its estimate of expected credit losses as an allowance, which the FASB believes will result in more timely recognition of such losses. ASU 2016-13 applies to financial assets measured at amortized cost and certain other instruments, including notes and mortgages receivable and net investments in direct financing leases. This standard does not apply to receivables arising from operating leases, which are within the scope of Topic 842. ASU 2016-13 became effective for us and was adopted on January 1, 2020 and requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings. We do not expect ASU 2016-13 will have a material effect on our consolidated financial statements.

NOTE 2. — LEASES

As of December 31, 2019, we owned 877 properties and leased 68 properties from third-party landlords. These 945 properties are located in 33 states across the United States and Washington, D.C. Substantially all of our properties are leased on a triple-net basis primarily to petroleum distributors, convenience store retailers and, to a lesser extent, automotive service and other retail operators. Generally, our tenants supply fuel and either operate our properties directly or sublet our properties to operators who operate their convenience stores, gasoline stations, automotive service or other retail businesses at our properties. Our triple-net lease tenants are responsible for the payment of all taxes, maintenance, repairs, insurance and other operating expenses relating to our properties, and are also responsible for environmental contamination occurring during the terms of their leases and in certain cases also for environmental contamination that existed before their leases commenced. For additional information regarding environmental obligations, see Note 5 – Environmental Obligations.

Substantially all of our tenants' financial results depend on the sale of refined petroleum products, convenience store sales or rental income from their subtenants. As a result, our tenants' financial results are highly dependent on the performance of the petroleum marketing industry, which is highly competitive and subject to volatility. During the terms of our leases, we monitor the credit quality of our triple-net lease tenants by reviewing their published credit rating, if available, reviewing publicly available financial statements, or reviewing financial or other operating statements which are delivered to us pursuant to applicable lease agreements, monitoring news reports regarding our tenants and their respective businesses, and monitoring the timeliness of lease payments and the performance of other financial covenants under their leases.

We adopted ASU 2016-02 as of January 1, 2019. ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets. Under ASU 2016-02, lessor accounting will remain similar to lessor accounting under previous GAAP, while aligning with the FASB's new revenue recognition guidance.

For leases in which we are the lessor, we are (i) retaining classification of our historical leases as we are not required to reassess classification upon adoption of the new standard, (ii) expensing indirect leasing costs in connection with new or extended tenant leases, the recognition of which would have been deferred under prior accounting guidance and (iii) aggregating revenue from our lease components and non-lease components (comprised of tenant reimbursements) into revenue from rental properties.

Revenues from rental properties for the years ended December 31, 2019, 2018 and 2017, were \$137,736,000, \$133,019,000 and \$117,161,000, respectively. Rental income contractually due from our tenants included in revenues from rental properties was \$119,293,000, \$114,105,000 and \$99,355,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

In accordance with GAAP, we recognize rental revenue in amounts which vary from the amount of rent contractually due during the periods presented. As a result, revenues from rental properties include non-cash adjustments recorded for deferred rental revenue due to the recognition of rental income on a straight-line basis over the current lease term, the net amortization of above-market and below-market leases, rental income recorded under direct financing leases using the effective interest method which produces a constant periodic rate of return on the net investments in the leased properties and the amortization of deferred lease incentives (the “Revenue Recognition Adjustments”). Revenue Recognition Adjustments included in revenues from rental properties were \$960,000, \$2,223,000 and \$1,976,000 for the years ended December 2019, 2018 and 2017, respectively.

Tenant reimbursements, which are included in revenues from rental properties and which consist of real estate taxes and other municipal charges paid by us which were reimbursable by our tenants pursuant to the terms of triple-net lease agreements, were \$17,483,000, \$16,691,000 and \$15,829,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

We incurred \$373,000, \$579,000 and \$126,000 of lease origination costs for the years ended December 31, 2019, 2018 and 2017, respectively. This deferred expense is recognized on a straight-line basis as amortization expense in our consolidated statements of operations over the terms of the various leases.

The components of the \$82,366,000 investment in direct financing leases as of December 31, 2019, are lease payments receivable of \$126,412,000 plus unguaranteed estimated residual value of \$13,928,000 less unearned income of \$57,974,000. The components of the \$85,892,000 investment in direct financing leases as of December 31, 2018, are lease payments receivable of \$139,276,000 plus unguaranteed estimated residual value of \$13,928,000 less unearned income of \$67,312,000.

Future contractual annual rentals receivable from our tenants, which have terms in excess of one year as of December 31, 2019, are as follows (in thousands):

	Operating Leases	Direct Financing Leases
2020	\$ 109,923	\$ 13,156
2021	110,666	13,339
2022	110,369	13,420
2023	110,508	13,467
2024	108,480	13,611
Thereafter	666,010	59,419
Total	\$ 1,215,956	\$ 126,412

As previously disclosed in our 2018 Annual Report on Form 10-K and under the previous lease accounting standard, future contractual minimum annual rentals receivable from our tenants, which have terms in excess of one year as of December 31, 2018, would have been as follows (in thousands):

	Operating Leases	Direct Financing Leases
2019	\$ 102,928	\$ 12,864
2020	102,693	13,156
2021	99,593	13,339
2022	99,184	13,420
2023	99,223	13,467
Thereafter	678,106	73,030
Total	\$ 1,181,727	\$ 139,276

For leases in which we are the lessee, ASU 2016-02 requires leases with durations greater than twelve months to be recognized on our consolidated balance sheets. We elected the package of transition provisions available for expired or existing contracts, which allowed us to carryforward our historical assessments of (i) whether contracts are or contain leases, (ii) lease classification and (iii) initial direct costs.

As of January 1, 2019, we recognized operating lease right-of-use assets of \$25,561,000 (net of deferred rent expense) and operating lease liabilities of \$26,087,000, which were presented on our consolidated financial statements. The right-of-use assets and lease liabilities are carried at the present value of the remaining expected future lease payments. When available, we use the rate implicit in the lease to discount lease payments to present value; however, our current leases did not provide a readily determinable implicit rate. Therefore, we estimated our incremental borrowing rate to discount the lease payments based on information available and considered factors such as interest rates available to us on a fully collateralized basis and terms of the leases. ASU 2016-02 did not have a material impact on our consolidated balance sheets or on our consolidated statements of operations. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged.

The following presents the lease-related assets and liabilities (in thousands):

	December 31, 2019
Assets	
Right-of-use assets - operating	\$ 21,191
Right-of-use assets - finance	987
Total lease assets	<u>\$ 22,178</u>
Liabilities	
Lease liability - operating	\$ 21,844
Lease liability - finance	4,191
Total lease liabilities	<u>\$ 26,035</u>

The following presents the weighted average lease terms and discount rates of our leases:

Weighted-average remaining lease term (years)	
Operating leases	9.3
Finance leases	11.5
Weighted-average discount rate	
Operating leases (a)	5.31%
Finance leases	17.18%

(a) Upon adoption of the new lease standard, discount rates used for existing leases were established at January 1, 2019.

The following presents our total lease costs (in thousands):

	December 31, 2019
Operating lease cost	\$ 4,496
Finance lease cost	
Amortization of leased assets	542
Interest on lease liabilities	812
Short-term lease cost	181
Total lease cost	<u>\$ 6,031</u>

The following presents supplemental cash flow information related to our leases (in thousands):

	December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for operating leases	\$ 4,369
Operating cash flows for finance leases	812
Financing cash flows for finance leases	\$ 542

As of December 31, 2019, scheduled lease liabilities mature as follows (in thousands):

	Operating Leases	Direct Financing Leases
2020	\$ 4,057	\$ 1,369
2021	3,558	1,273
2022	2,894	1,093
2023	2,774	856
2024	2,910	785
Thereafter	12,168	2,022
Total lease payments	28,361	7,398
Less: amount representing interest	(6,517)	(3,207)
Present value of lease payments	<u>\$ 21,844</u>	<u>\$ 4,191</u>

As previously disclosed in our 2018 Annual Report on Form 10-K and under the previous lease accounting standard, future minimum annual rentals payable under such leases, excluding renewal options, as of December 31, 2018, would have been as follows: 2019 – \$6,016,000, 2020 – \$5,284,000, 2021 – \$4,371,000, 2022 – \$2,766,000, 2023 – \$2,021,000 and \$2,754,000 thereafter.

We have obligations to lessors under non-cancelable operating leases which have terms in excess of one year, principally for convenience store and gasoline station properties. The leased properties have a remaining lease term averaging approximately eight years, including renewal options. Future minimum annual rentals payable under such leases, excluding renewal options, are as follows: 2020 – \$5,515,000, 2021 – \$4,625,000, 2022 – \$3,040,000, 2023 – \$2,319,000, 2024 – \$1,560,000 and \$1,845,000 thereafter.

Rent expense, substantially all of which consists of minimum rentals on non-cancelable operating leases, amounted to \$4,664,000, \$4,660,000 and \$5,091,000 for the years ended December 31, 2019, 2018 and 2017, respectively, and is included in property costs. Rent received under subleases for the years ended December 31, 2019, 2018 and 2017, was \$8,699,000, \$9,023,000 and \$9,296,000, respectively, and is included in rental revenue discussed above.

Major Tenants

As of December 31, 2019, we had three significant tenants by revenue:

- We leased 153 convenience store and gasoline station properties in three separate unitary leases and three stand-alone leases to subsidiaries of Global Partners LP (NYSE: GLP) (“Global”). In the aggregate, our leases with subsidiaries of Global represented 18% and 17% of our total revenues for the years ended December 31, 2019 and 2018, respectively. All of our unitary leases with subsidiaries of Global are guaranteed by the parent company.
- We leased 77 convenience store and gasoline station properties pursuant to three separate unitary leases to Apro, LLC (d/b/a “United Oil”). In the aggregate, our leases with United Oil represented 13% of our total revenues for each of the years ended December 31, 2019 and 2018.
- We leased 75 convenience store and gasoline station properties pursuant to two separate unitary leases to subsidiaries of Chestnut Petroleum Dist., Inc. (“Chestnut”). In the aggregate, our leases with subsidiaries of Chestnut represented 11% of our total revenues for each of the years ended December 31, 2019 and 2018. The largest of these unitary leases, covering 57 of our properties, is guaranteed by the parent company, its principals and numerous Chestnut affiliates.

Getty Petroleum Marketing Inc.

Getty Petroleum Marketing Inc. (“Marketing”) was our largest tenant from 1997 until 2012 under a unitary triple-net master lease that was terminated in April 2012, as a consequence of Marketing’s bankruptcy, at which time we either sold or released these properties. As of December 31, 2019, 365 of the properties we own or lease were previously leased to Marketing, of which 324 properties are subject to long-term triple-net leases with petroleum distributors in 14 separate property portfolios and 30 properties are leased as single unit triple-net leases. The leases covering properties previously leased to Marketing are unitary triple-net lease agreements generally with an initial term of 15 years and options for successive renewal terms of up to 20 years. Rent is scheduled to increase at varying intervals during both the initial and renewal terms of the leases. Several of the leases provide for additional rent based on the aggregate volume of fuel sold. In addition, the majority of the leases require the tenants to invest capital in our properties, substantially all of which are related to the replacement of USTs that are owned by our tenants. As of December 31, 2019, we have a remaining commitment to fund up to \$7,129,000 in the aggregate with our tenants for our portion of such capital improvements. Our commitment provides us with the option to either reimburse our tenants or to offset rent when these capital expenditures are made. This deferred expense is recognized on a straight-line basis as a reduction of rental revenue in our consolidated statements of operations over the life of the various leases.

As part of the triple-net leases for properties previously leased to Marketing, we transferred title of the USTs to our tenants, and the obligation to pay for the retirement and decommissioning or removal of USTs at the end of their useful lives, or earlier if circumstances warranted, was fully or partially transferred to our new tenants. We remain contingently liable for this obligation in the event that our tenants do not satisfy their responsibilities. Accordingly, through December 31, 2019, we removed \$13,813,000 of asset retirement obligations and \$10,808,000 of net asset retirement costs related to USTs from our balance sheet. The cumulative change of \$1,532,000 (net of accumulated amortization of \$1,473,000) is recorded as deferred rental revenue and will be recognized on a straight-line basis as additional revenues from rental properties over the terms of the various leases.

NOTE 3. — COMMITMENTS AND CONTINGENCIES

Credit Risk

In order to minimize our exposure to credit risk associated with financial instruments, we place our temporary cash investments, if any, with high credit quality institutions. Temporary cash investments, if any, are currently held in an overnight bank time deposit with JPMorgan Chase Bank, N.A. and these balances, at times, may exceed federally insurable limits.

Legal Proceedings

We are subject to various legal proceedings and claims which arise in the ordinary course of our business. As of December 31, 2019 and 2018, we had accrued \$17,820,000 and \$12,231,000, respectively, for certain of these matters which we believe were appropriate based on information then currently available. We recorded provisions aggregating \$5,896,000 for the year ended December 31, 2019, and credits aggregating \$45,000, for environmental litigation accruals for the year ended December 31, 2018, for certain of these matters. We are unable to estimate ranges in excess of the amount accrued with any certainty for these matters. It is possible that our assumptions regarding the ultimate allocation method and share of responsibility that we used to allocate environmental liabilities may change, which may result in our providing an accrual, or adjustments to the amounts recorded, for environmental litigation accruals. Matters related to our former Newark, New Jersey Terminal and the Lower Passaic River, our methyl tertiary butyl ether (a fuel derived from methanol, commonly referred to as “MTBE”) litigations in the states of New Jersey, Pennsylvania and Maryland, and our lawsuit with the State of New York pertaining to a property formerly owned by us in Uniondale, New York, in particular, could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price. During the years ended December 31, 2019 and 2018, we received \$2,707,000 and \$147,000, respectively, for former legal litigation settlements.

Matters related to our former Newark, New Jersey Terminal and the Lower Passaic River

In September 2003, we received a directive (the “Directive”) issued by the New Jersey Department of Environmental Protection (“NJDEP”) under the New Jersey Spill Compensation and Control Act. The Directive indicated that we are one of approximately 66 potentially responsible parties (“PRPs”) for alleged natural resource damages resulting from the discharges of hazardous substances along the Lower Passaic River (the “Lower Passaic River”).

The Directive provides, among other things, that the named recipients must conduct an assessment of the natural resources that have been injured by discharges into the Lower Passaic River and must implement interim compensatory restoration for the injured natural resources. The NJDEP alleges that our liability arises from alleged discharges originating from our former Newark, New Jersey Terminal site (which we sold in October 2013). We responded to the Directive by asserting that we are not liable. In 2005, the NJDEP initiated litigation in the Superior Court of Essex County against Occidental Chemical Corporation (“Occidental”), Tierra Solutions, Inc. (“Tierra”), Maxus Energy Corporation (“Maxus”), Repsol YPF, S.A., YPF, S.A., YPF Holdings, Inc. and CLH Holdings, Inc. as former owners, operators and/or affiliates of the Diamond Shamrock Corporation facility located at 80 Lister Avenue in Newark, New Jersey in the matter of the NJDEP et al. v. Occidental Chemical Corp. et al., alleging these entities are responsible for the discharge of 2,3,8,8-TCDD (“dioxin”) and other hazardous substances from the Lister facility. The Defendants asserted third-party claims against over 300 third-party defendants, including us, seeking contribution or cost recovery for the claims asserted by the NJDEP. On December 12, 2013, the NJDEP entered into a Consent Judgment resolving the NJDEP’s claims against all third-party defendants, and releasing third-party defendants for any obligation to comply with the terms of the Directive and for future Natural Resource Damage claims that may be brought by the State of New Jersey to the extent such claims do not exceed 20% of the aggregate funds paid by the third-party defendants in settlement of the state court litigation. Subject to this reservation of rights by the NJDEP, the demands made by the NJDEP pursuant to the Directive, as they apply to us, are resolved.

In 2004, the United States Environmental Protection Agency (“EPA”) issued General Notice Letters (“GNL”) to over 100 entities, including us, alleging that they are PRPs at the Diamond Alkali Superfund Site, which includes a 17-mile stretch of the Lower Passaic River. In May 2007, over 70 GNL recipients, including us, entered into an Administrative Settlement Agreement and Order on Consent (“AOC”) with the EPA to perform a Remedial Investigation and Feasibility Study (“RI/FS”) for the 17-mile stretch of the Lower Passaic River, which is intended to address the investigation and evaluation of alternative remedial actions with respect to alleged damages to the Lower Passaic River. Most of the parties to the AOC, including us, are also members of a Cooperating Parties Group (“CPG”). The CPG agreed to an interim allocation formula for purposes of allocating the costs to complete the RI/FS among its members, with the understanding that this interim allocation formula is not binding on the parties in terms of any potential liability for the costs to remediate the Lower Passaic River. The CPG submitted to the EPA its draft RI/FS in 2015, which sets forth various alternatives for remediating the 17-mile stretch of the Lower Passaic River. In October 2018, the EPA issued a letter directing the CPG to prepare a streamlined feasibility study for the upper 9-miles of the Lower Passaic River based on an iterative approach using adaptive management strategies. On August 12, 2019, the CPG submitted a draft Interim Remedy Feasibility Study to the EPA which identifies various targeted dredge and cap alternatives, which the EPA is still evaluating.

In addition to the RI/FS activities, other actions relating to the investigation and/or remediation of the Lower Passaic River have proceeded as follows. First, in June 2012, certain members of the CPG entered into an Administrative Settlement Agreement and Order on Consent (“10.9 AOC”) with the EPA to perform certain remediation activities, including removal and capping of sediments at the river mile 10.9 area and certain testing. The EPA also issued a Unilateral Order to Occidental directing Occidental to participate and contribute to the cost of the river mile 10.9 work. Concurrent with the CPG’s work on the RI/FS, on April 11, 2014, the EPA issued a draft Focused Feasibility Study (“FFS”) with proposed remedial alternatives to remediate the lower 8-miles of the 17-mile stretch of the Lower Passaic River. The FFS was subject to public comments and objections, and on March 4, 2016, the EPA issued its Record of Decision (“ROD”) for the lower 8-miles selecting a remedy that involves bank-to-bank dredging and installing an

engineered cap with an estimated cost of \$1,380,000,000. On March 31, 2016, we and more than 100 other PRPs received from the EPA a “Notice of Potential Liability and Commencement of Negotiations for Remedial Design” (“Notice”), which informed the recipients that the EPA intends to seek an Administrative Order on Consent and Settlement Agreement with Occidental (who the EPA considers the primary contributor of dioxin and other pesticides in the Lower Passaic River generated from the production of Agent Orange at its Diamond Alkali Company plant and a discharger of other contaminants of concern (“COCs”) to the Lower Passaic River), for remedial design of the remedy selected in the ROD, after which the EPA plans to begin negotiations with “major” PRPs for implementation and/or payment of the selected remedy. The Notice also stated that the EPA believes that some of the PRPs and other parties not yet identified will be eligible for a cash out settlement with the EPA. On September 30, 2016, Occidental entered into an agreement with the EPA to perform the remedial design for the remedy selected for the lower 8-miles of the Lower Passaic River. In December 2019, Occidental submitted a report to the EPA on the progress of the remedial design work, which is still ongoing.

Occidental has asserted that it is entitled to indemnification by Maxus and Tierra for its liability in connection with the Diamond Alkali Superfund Site. Occidental has also asserted that Maxus and Tierra’s parent company, YPF, S.A. (“YPF”) and certain of its affiliates must indemnify Occidental. On June 16, 2016, Maxus and Tierra filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In the Chapter 11 proceedings, YPF sought bankruptcy approval of a settlement under which YPF would pay \$130,000,000 to the bankruptcy estate in exchange for a release in favor of Maxus, Tierra, YPF and YPF’s affiliates of Maxus and Tierra’s contractual environmental liability to Occidental. We and the CPG filed proofs of claims in the Maxus/Tierra bankruptcy proceedings for costs incurred by the CPG relating to the Lower Passaic River. In July 2017, an amended Chapter 11 plan of liquidation became effective and, in connection therewith, Maxus/Tierra and certain other parties, including us, entered into a mutual contribution release agreement pertaining to certain past costs, but not future remedy costs.

By letter dated March 30, 2017, the EPA advised the recipients of the Notice that it would be entering into cash out settlements with 20 PRPs to resolve their alleged liability for the lower 8-mile remedial action that is the subject of the ROD, who the EPA stated did not discharge any of the eight hazardous substances identified as a COC in the ROD. The letter also stated that other parties who did not discharge dioxins, furans or polychlorinated biphenyls (which are considered the COCs posing the greatest risk to the river) may also be eligible for cash out settlements, and that the EPA would begin a process for identifying other PRPs for negotiation of similar cash out settlements. We were not included in the initial group of 20 parties identified by the EPA for cash out settlements. In January 2018, the EPA published a notice of its intent to enter into a final settlement agreement with 15 of the identified 20 parties to resolve their respective alleged liability for the ROD work, each for a payment to the EPA in the amount of \$280,600. In August 2017, the EPA appointed an independent third party allocation expert to conduct allocation proceedings with most of the remaining recipients of the Notice, which is anticipated to lead to additional offers of cash out settlements to certain additional parties and/or a consent decree in which parties that are not offered a cash-out settlement will agree to perform the lower 8-mile remedial action. The allocation proceedings, which we are participating in, were scheduled to conclude by mid-2019, but have been extended and are still ongoing.

On June 30, 2018, Occidental filed a complaint in the United States District Court for the District of New Jersey seeking cost recovery and contribution under the Comprehensive Environmental Response, Compensation, and Liability Act for its alleged expenses with respect to the investigation, design, and anticipated implementation of the remedy for the lower 8-miles of the Passaic River. The complaint lists over 120 defendants, including us, many of whom were also named in the NJDEP’s 2003 Directive and the EPA’s 2016 Notice. Factual discovery is ongoing, and we are defending the claims consistent with our defenses in the related proceedings.

Many uncertainties remain regarding how the EPA intends to implement the ROD. We anticipate that performance of the EPA’s selected remedy will be subject to future negotiation, potential enforcement proceedings and/or possible litigation. The RI/FS, AOC, 10.9 AOC and Notice do not obligate us to fund or perform any remedial action contemplated by either the ROD or RI/FS and do not resolve liability issues for remedial work or the restoration of or compensation for alleged natural resource damages to the Lower Passaic River, which are not known at this time.

Based on currently known facts and circumstances, we do not believe that this matter is reasonably likely to have a material impact on our results of operations, including, among other factors, because we do not believe that there was any use or discharge of dioxins, furans or polychlorinated biphenyls in connection with its former petroleum storage operations at our former Newark, New Jersey Terminal, and because there are numerous other parties who will likely bear any costs of remediation and/or damages. However, our ultimate liability, if any, in the pending and possible future proceedings pertaining to the Lower Passaic River, and/or one or more adverse determinations related to this matter, are uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known. Therefore, it is possible that the ultimate liability resulting from this matter and the impact on our results of operations could be material.

MTBE Litigation – State of New Jersey

We are defending against a lawsuit brought by various governmental agencies of the State of New Jersey, including the NJDEP alleging various theories of liability due to contamination of groundwater with MTBE involving multiple locations throughout the State of New Jersey (the “New Jersey MDL Proceedings”). The complaint names as defendants approximately 50 petroleum refiners,

manufacturers, distributors and retailers of MTBE or gasoline containing MTBE. The State of New Jersey is seeking reimbursement of significant clean-up and remediation costs arising out of the alleged release of MTBE containing gasoline in the State of New Jersey and is asserting various natural resource damage claims as well as liability against the owners and operators of gasoline station properties from which the releases occurred. The majority of the named defendants have already settled their cases with the State of New Jersey. A portion of the case (“bellwether” trials) has been transferred to the United States District Court for the District of New Jersey for pre-trial proceedings and trial, although a trial date has not yet been set. We continue to engage in settlement negotiations and a dialogue with the plaintiffs’ counsel to educate them on the unique role of the Company and our business as compared to other defendants in the litigation. Although the ultimate outcome of the New Jersey MDL Proceedings cannot be ascertained at this time, we believe that it is probable that this litigation will be resolved in a manner that is unfavorable to us. We are unable to estimate the possible loss or range of loss in excess of the amount accrued for the New Jersey MDL Proceedings as we do not believe that plaintiffs’ settlement proposal is realistic and there remains uncertainty as to the allegations in this case as they relate to us, our defenses to the claims, our rights to indemnification or contribution from other parties and the aggregate possible amount of damages for which we may be held liable. It is possible that losses related to the New Jersey MDL Proceedings could exceed the amounts accrued as of December 31, 2019, which could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

MTBE Litigation – State of Pennsylvania

On July 7, 2014, our subsidiary, Getty Properties Corp., was served with a complaint filed by the Commonwealth of Pennsylvania (the “State”) in the Court of Common Pleas, Philadelphia County relating to alleged statewide MTBE contamination in Pennsylvania. The complaint names us and more than 50 other defendants, including petroleum refiners, manufacturers, distributors and retailers of MTBE or gasoline containing MTBE. The complaint seeks compensation for natural resource damages and for injuries sustained as a result of “defendants’ unfair and deceptive trade practices and acts in the marketing of MTBE and gasoline containing MTBE.” The plaintiffs also seek to recover costs paid or incurred by the State to detect, treat and remediate MTBE from public and private water wells and groundwater. The plaintiffs assert causes of action against all defendants based on multiple theories, including strict liability – defective design; strict liability – failure to warn; public nuisance; negligence; trespass; and violation of consumer protection law.

The case was filed in the Court of Common Pleas, Philadelphia County, but was removed by defendants to the United States District Court for the Eastern District of Pennsylvania and then transferred to the United States District Court for the Southern District of New York so that it may be managed as part of the ongoing MTBE MDL proceedings. In November 2015, plaintiffs filed a second amended complaint naming additional defendants and adding factual allegations intended to bolster their claims against the defendants. We have joined with other defendants in the filing of a motion to dismiss the claims against us. This motion is pending with the Court. We intend to defend vigorously the claims made against us. Our ultimate liability, if any, in this proceeding is uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known.

MTBE Litigation – State of Maryland

On December 17, 2017, the State of Maryland, by and through the Attorney General on behalf of the Maryland Department of Environment and the Maryland Department of Health (the “State of Maryland”), filed a complaint in the Circuit Court for Baltimore City related to alleged statewide MTBE contamination in Maryland. The complaint was served upon us on January 19, 2018. The complaint names us and more than 60 other defendants, including petroleum refiners, manufacturers, distributors and retailers of MTBE or gasoline containing MTBE. The complaint seeks compensation for natural resource damages and for injuries sustained as a result of the defendants’ unfair and deceptive trade practices in the marketing of MTBE and gasoline containing MTBE. The plaintiffs also seek to recover costs paid or incurred by the State of Maryland to detect, investigate, treat and remediate MTBE from public and private water wells and groundwater, punitive damages and the award of attorneys’ fees and litigation costs. The plaintiffs assert causes of action against all defendants based on multiple theories, including strict liability – defective design; strict liability – failure to warn; strict liability for abnormally dangerous activity; public nuisance; negligence; trespass; and violations of Titles 4, 7 and 9 of the Maryland Environmental Code.

On February 14, 2018, defendants removed the case to the United States District Court for the District of Maryland. It is unclear whether the matter will ultimately be removed to the MTBE MDL proceedings or remain in federal court in Maryland. We intend to defend vigorously the claims made against us. Our ultimate liability, if any, in this proceeding is uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known.

Uniondale, New York Litigation

In September 2004, the State of New York commenced an action against us, United Gas Corp., Costa Gas Station, Inc., Vincent Costa, Sharon Irni, The Ingraham Bedell Corporation, Richard Berger and Exxon Mobil Corporation in New York Supreme Court in Albany County seeking recovery for reimbursement of investigation and remediation costs claimed to have been incurred by the New York Environmental Protection and Spill Compensation Fund relating to contamination it alleges emanated from various gasoline

station properties located in the same vicinity in Uniondale, New York, including a site formerly owned by us and at which a petroleum release and cleanup occurred. The complaint also seeks future costs for remediation, as well as interest and penalties. We have served an answer to the complaint denying responsibility. In 2007, the State of New York commenced action against Shell Oil Company, Shell Oil Products Company, Motiva Enterprises, LLC, and related parties, in the New York Supreme Court, Albany County seeking basically the same relief sought in the action involving us. We have also filed a third-party complaint against Hess Corporation, Sprague Operating Resources LLC (successor to RAD Energy Corp.), Service Station Installation of NY, Inc., and certain individual defendants based on alleged contribution to the contamination that is the subject of the State's claims arising from a petroleum discharge at a gasoline station up-gradient from the site formerly owned by us. In 2016, the various actions filed by the State of New York and our third-party actions were consolidated for discovery proceedings and trial. Discovery in this case is in later stages and, as it nears completion, a schedule for trial will be established. We are unable to estimate the possible loss or range of loss in excess of the amount we have accrued for this lawsuit. It is possible that losses related to this case could exceed the amounts accrued, as of December 31, 2019, which could cause a material adverse effect on our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price.

NOTE 4. — DEBT

The amounts outstanding under our Restated Credit Agreement and our senior unsecured notes are as follows (in thousands):

	Maturity Date	Interest Rate	December 31, 2019	December 31, 2018
Revolving Facility	March 2022	3.29%	\$ 20,000	\$ 70,000
Term Loan	March 2023	—	—	50,000
Series A Notes	February 2021	6.00%	100,000	100,000
Series B Notes	June 2023	5.35%	75,000	75,000
Series C Notes	February 2025	4.75%	50,000	50,000
Series D Notes	June 2028	5.47%	50,000	50,000
Series E Notes	June 2028	5.47%	50,000	50,000
Series F Notes	September 2029	3.52%	50,000	—
Series G Notes	September 2029	3.52%	50,000	—
Series H Notes	September 2029	3.52%	25,000	—
Total debt			470,000	445,000
Unamortized debt issuance costs, net (a)			(2,949)	(3,364)
Total debt, net			<u>\$ 467,051</u>	<u>\$ 441,636</u>

(a) Unamortized debt issuance costs, related to the Revolving Facility, at December 31, 2019 and 2018, of \$2,014 and \$2,773, respectively, are included in prepaid expenses and other assets on our consolidated balance sheets.

Credit Agreement

On June 2, 2015, we entered into a \$225,000,000 senior unsecured credit agreement (the "Credit Agreement") with a group of banks led by Bank of America, N.A. The Credit Agreement consisted of a \$175,000,000 unsecured revolving credit facility (the "Revolving Facility") and a \$50,000,000 unsecured term loan (the "Term Loan").

On March 23, 2018, we entered into an amended and restated credit agreement (as amended, the "Restated Credit Agreement") amending and restating our Credit Agreement. Pursuant to the Restated Credit Agreement, we (a) increased the borrowing capacity under the Revolving Facility from \$175,000,000 to \$250,000,000, (b) extended the maturity date of the Revolving Facility from June 2018 to March 2022, (c) extended the maturity date of the Term Loan from June 2020 to March 2023 and (d) amended certain financial covenants and provisions.

Subject to the terms of the Restated Credit Agreement and our continued compliance with its provisions, we have the option to (a) extend the term of the Revolving Facility for one additional year to March 2023 and (b) request that the lenders approve an increase of up to \$300,000,000 in the amount of the Revolving Facility and/or the Term Loan to \$600,000,000 in the aggregate.

The Restated Credit Agreement incurs interest and fees at various rates based on our total indebtedness to total asset value ratio at the end of each quarterly reporting period. The Revolving Facility permits borrowings at an interest rate equal to the sum of a base rate plus a margin of 0.50% to 1.30% or a LIBOR rate plus a margin of 1.50% to 2.30%. The annual commitment fee on the undrawn funds under the Revolving Facility is 0.15% to 0.25%. The Term Loan bears interest at a rate equal to the sum of a base rate plus a margin of 0.45% to 1.25% or a LIBOR rate plus a margin of 1.45% to 2.25%. The Term Loan does not provide for scheduled reductions in the principal balance prior to its maturity.

On September 19, 2018, we entered into an amendment (the "First Amendment") of our Restated Credit Agreement. The First Amendment modifies the Restated Credit Agreement to, among other things: (i) reflect that we had previously entered into (a) an

amended and restated note purchase and guarantee agreement with The Prudential Insurance Company of America (“Prudential”) and certain of its affiliates and (b) a note purchase and guarantee agreement with the Metropolitan Life Insurance Company (“MetLife”) and certain of its affiliates; and (ii) permit borrowings under each of the Revolving Facility and the Term Loan at three different interest rates, including a rate based on the LIBOR Daily Floating Rate (as defined in the First Amendment) plus the Applicable Rate (as defined in the First Amendment) for such facility.

On September 12, 2019, in connection with prepayment of the Term Loan, we entered into a consent and amendment (the “Second Amendment”) of our Restated Credit Agreement. The Second Amendment modifies the Restated Credit Agreement to, among other things, (a) increase our borrowing capacity under the Revolving Facility from \$250,000,000 to \$300,000,000 and (b) decrease lender commitments under the Term Loan to \$0.

Senior Unsecured Notes

On September 12, 2019, we entered into a fourth amended and restated note purchase and guarantee agreement (the “Fourth Restated Prudential Note Purchase Agreement”) amending and restating our existing senior note purchase agreement with Prudential and certain of its affiliates. Pursuant to the Fourth Restated Prudential Note Purchase Agreement, we agreed that our (a) 6.0% Series A Guaranteed Senior Notes due February 25, 2021, in the original aggregate principal amount of \$100,000,000 (the “Series A Notes”), (b) 5.35% Series B Guaranteed Senior Notes due June 2, 2023, in the original aggregate principal amount of \$75,000,000 (the “Series B Notes”), (c) 4.75% Series C Guaranteed Senior Notes due February 25, 2025, in the aggregate principal amount of \$50,000,000 (the “Series C Notes”) and (d) 5.47% Series D Guaranteed Senior Notes due June 21, 2028, in the aggregate principal amount of \$50,000,000 (the “Series D Notes”) that were outstanding under the existing senior note purchase agreement would continue to remain outstanding under the Fourth Restated Prudential Note Purchase Agreement and we authorized and issued our 3.52% Series F Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$50,000,000 (the “Series F Notes” and, together with the Series A Notes, Series B Notes, Series C Notes and Series D Notes, the “Notes”). The Fourth Restated Prudential Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Notes prior to their respective maturities.

On June 21, 2018, we entered into a note purchase and guarantee agreement (the “MetLife Note Purchase Agreement”) with MetLife and certain of its affiliates. Pursuant to the MetLife Note Purchase Agreement, we authorized and issued our 5.47% Series E Guaranteed Senior Notes due June 21, 2028, in the aggregate principal amount of \$50,000,000 (the “Series E Notes”). The MetLife Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Series E Notes prior to their maturity.

On September 12, 2019, we entered into a note purchase and guarantee agreement (the “AIG Note Purchase Agreement”) with American General Life Insurance Company. Pursuant to the AIG Note Purchase Agreement, we authorized and issued our 3.52% Series G Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$50,000,000 (the “Series G Notes”). The AIG Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Series G Notes prior to their maturity.

On September 12, 2019, we entered into a note purchase and guarantee agreement (the “MassMutual Note Purchase Agreement”) with Massachusetts Mutual Life Insurance Company and certain of its affiliates. Pursuant to the MassMutual Note Purchase Agreement, we authorized and issued our 3.52% Series H Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$25,000,000 (the “Series H Notes”). The MassMutual Note Purchase Agreement does not provide for scheduled reductions in the principal balance of the Series H Notes prior to their maturity.

Covenants

The Restated Credit Agreement and our senior unsecured notes contain customary financial covenants such as leverage, coverage ratios and minimum tangible net worth, as well as limitations on restricted payments, which may limit our ability to incur additional debt or pay dividends. The Restated Credit Agreement and our senior unsecured notes also contain customary events of default, including cross defaults to each other, change of control and failure to maintain REIT status (provided that the senior unsecured notes require a mandatory offer to prepay the notes upon a change in control in lieu of a change of control event of default). Any event of default, if not cured or waived in a timely manner, would increase by 200 basis points (2.00%) the interest rate we pay under the Restated Credit Agreement and our senior unsecured notes, and could result in the acceleration of our indebtedness under the Restated Credit Agreement and our senior unsecured notes. We may be prohibited from drawing funds under the Revolving Facility if there is any event or condition that constitutes an event of default under the Restated Credit Agreement or that, with the giving of any notice, the passage of time, or both, would be an event of default under the Restated Credit Agreement.

As of December 31, 2019, we are in compliance with all of the material terms of the Restated Credit Agreement and our senior unsecured notes, including the various financial covenants described herein.

Debt Maturities

As of December 31, 2019, scheduled debt maturities, including balloon payments, are as follows (in thousands):

	Revolving Facility	Senior Unsecured Notes	Total
2020	\$ —	\$ —	\$ —
2021	—	100,000	100,000
2022 (a)	20,000	—	20,000
2023	—	75,000	75,000
2024	—	—	—
Thereafter	—	275,000	275,000
Total	<u>\$ 20,000</u>	<u>\$ 450,000</u>	<u>\$ 470,000</u>

- (a) The Revolving Facility matures in March 2022. Subject to the terms of the Restated Credit Agreement and our continued compliance with its provisions, we have the option to extend the term of the Revolving Facility for one additional year to March 2023.

NOTE 5. — ENVIRONMENTAL OBLIGATIONS

We are subject to numerous federal, state and local laws and regulations, including matters relating to the protection of the environment such as the remediation of known contamination and the retirement and decommissioning or removal of long-lived assets including buildings containing hazardous materials, USTs and other equipment. Environmental costs are principally attributable to remediation costs which are incurred for, among other things, removing USTs, excavation of contaminated soil and water, installing, operating, maintaining and decommissioning remediation systems, monitoring contamination and governmental agency compliance reporting required in connection with contaminated properties.

We enter into leases and various other agreements which contractually allocate responsibility between the parties for known and unknown environmental liabilities at or relating to the subject properties. We are contingently liable for these environmental obligations in the event that our tenant does not satisfy them, and we are required to accrue for environmental liabilities that we believe are allocable to others under our leases if we determine that it is probable that our tenant will not meet its environmental obligations. It is possible that our assumptions regarding the ultimate allocation method and share of responsibility that we used to allocate environmental liabilities may change, which may result in material adjustments to the amounts recorded for environmental litigation accruals and environmental remediation liabilities. We assess whether to accrue for environmental liabilities based upon relevant factors including our tenants' histories of paying for such obligations, our assessment of their financial capability, and their intent to pay for such obligations. However, there can be no assurance that our assessments are correct or that our tenants who have paid their obligations in the past will continue to do so. We may ultimately be responsible to pay for environmental liabilities as the property owner if our tenant fails to pay them.

The estimated future costs for known environmental remediation requirements are accrued when it is probable that a liability has been incurred and a reasonable estimate of fair value can be made. The accrued liability is the aggregate of our estimate of the fair value of cost for each component of the liability, net of estimated recoveries from state UST remediation funds considering estimated recovery rates developed from prior experience with the funds.

For substantially all of our triple-net leases, our tenants are contractually responsible for compliance with environmental laws and regulations, removal of USTs at the end of their lease term (the cost of which in certain cases is partially borne by us) and remediation of any environmental contamination that arises during the term of their tenancy. Under the terms of our leases covering properties previously leased to Marketing (substantially all of which commenced in 2012), we have agreed to be responsible for environmental contamination at the premises that was known at the time the lease commenced, and for environmental contamination which existed prior to commencement of the lease and is discovered (other than as a result of a voluntary site investigation) during the first 10 years of the lease term (or a shorter period for a minority of such leases). After expiration of such 10-year (or, in certain cases, shorter) period, responsibility for all newly discovered contamination, even if it relates to periods prior to commencement of the lease, is contractually allocated to our tenant. Our tenants at properties previously leased to Marketing are in all cases responsible for the cost of any remediation of contamination that results from their use and occupancy of our properties. Under substantially all of our other triple-net leases, responsibility for remediation of all environmental contamination discovered during the term of the lease (including known and unknown contamination that existed prior to commencement of the lease) is the responsibility of our tenant.

We anticipate that a majority of the USTs at properties previously leased to Marketing will be replaced over the next several years because these USTs are either at or near the end of their useful lives. For long-term, triple-net leases covering sites previously leased to Marketing, our tenants are responsible for the cost of removal and replacement of USTs and for remediation of contamination found during such UST removal and replacement, unless such contamination was found during the first 10 years of the lease term and also existed prior to commencement of the lease. In those cases, we are responsible for costs associated with the

remediation of such preexisting contamination. We have also agreed to be responsible for environmental contamination that existed prior to the sale of certain properties assuming the contamination is discovered (other than as a result of a voluntary site investigation) during the first five years after the sale of the properties.

In the course of certain UST removals and replacements at properties previously leased to Marketing where we retained continuing responsibility for preexisting environmental obligations, previously unknown environmental contamination was and continues to be discovered. As a result, we have developed an estimate of fair value for the prospective future environmental liability resulting from preexisting unknown environmental contamination and have accrued for these estimated costs. These estimates are based primarily upon quantifiable trends which we believe allow us to make reasonable estimates of fair value for the future costs of environmental remediation resulting from the removal and replacement of USTs. Our accrual of the additional liability represents our estimate of the fair value of cost for each component of the liability, net of estimated recoveries from state UST remediation funds considering estimated recovery rates developed from prior experience with the funds. In arriving at our accrual, we analyzed the ages of USTs at properties where we would be responsible for preexisting contamination found within 10 years after commencement of a lease (for properties subject to long-term triple-net leases) or five years from a sale (for divested properties), and projected a cost to closure for preexisting unknown environmental contamination.

We measure our environmental remediation liabilities at fair value based on expected future net cash flows, adjusted for inflation (using a range of 2.0% to 2.75%), and then discount them to present value (using a range of 4.0% to 7.0%). We adjust our environmental remediation liabilities quarterly to reflect changes in projected expenditures, changes in present value due to the passage of time and reductions in estimated liabilities as a result of actual expenditures incurred during each quarter. As of December 31, 2019, we had accrued a total of \$50,723,000 for our prospective environmental remediation obligations. This accrual consisted of (a) \$12,470,000, which was our estimate of reasonably estimable environmental remediation liability, including obligations to remove USTs for which we are responsible, net of estimated recoveries and (b) \$38,253,000 for future environmental liabilities related to preexisting unknown contamination. As of December 31, 2018, we had accrued a total of \$59,821,000 for our prospective environmental remediation obligations. This accrual consisted of (a) \$14,477,000, which was our estimate of reasonably estimable environmental remediation liability, including obligations to remove USTs for which we are responsible, net of estimated recoveries and (b) \$45,344,000 for future environmental liabilities related to preexisting unknown contamination.

Environmental liabilities are accreted for the change in present value due to the passage of time and, accordingly, \$2,006,000, \$2,409,000 and \$3,448,000 of net accretion expense was recorded for the years ended December 31, 2019, 2018 and 2017, respectively, which is included in environmental expenses. In addition, during the years ended December 31, 2019, 2018 and 2017, we recorded credits to environmental expenses aggregating \$5,386,000, \$1,319,000 and \$6,854,000, respectively, where decreases in estimated remediation costs exceeded the depreciated carrying value of previously capitalized asset retirement costs. Environmental expenses also include project management fees, legal fees and environmental litigation accruals. For the years ended December 31, 2019, 2018 and 2017, changes in environmental estimates aggregating, \$324,000, \$560,000 and \$3,169,000, respectively, were related to properties that were previously disposed of by us.

During the years ended December 31, 2019 and 2018, we increased the carrying values of certain of our properties by \$1,875,000 and \$5,111,000, respectively, due to changes in estimated environmental remediation costs. The recognition and subsequent changes in estimates in environmental liabilities and the increase or decrease in carrying values of the properties are non-cash transactions which do not appear on our consolidated statements of cash flows.

Capitalized asset retirement costs are being depreciated over the estimated remaining life of the UST, a 10-year period if the increase in carrying value is related to environmental remediation obligations or such shorter period if circumstances warrant, such as the remaining lease term for properties we lease from others. Depreciation and amortization expense related to capitalized asset retirement costs in our consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017, were \$4,132,000, \$4,255,000 and \$4,347,000, respectively. Capitalized asset retirement costs were \$39,684,000 (consisting of \$22,150,000 of known environmental liabilities and \$17,534,000 of reserves for future environmental liabilities) as of December 31, 2019, and \$45,659,000 (consisting of \$20,348,000 of known environmental liabilities and \$25,311,000 of reserves for future environmental liabilities) as of December 31, 2018. We recorded impairment charges aggregating \$3,730,000 and \$3,850,000 for the years ended December 31, 2019 and 2018, respectively, for capitalized asset retirement costs.

Environmental exposures are difficult to assess and estimate for numerous reasons, including the amount of data available upon initial assessment of contamination, alternative treatment methods that may be applied, location of the property which subjects it to differing local laws and regulations and their interpretations, changes in costs associated with environmental remediation services and equipment, the availability of state UST remediation funds and the possibility of existing legal claims giving rise to allocation of responsibilities to others, as well as the time it takes to remediate contamination and receive regulatory approval. In developing our liability for estimated environmental remediation obligations on a property by property basis, we consider, among other things, laws and regulations, assessments of contamination and surrounding geology, quality of information available, currently available technologies for treatment, alternative methods of remediation and prior experience. Environmental accruals are based on estimates derived upon facts known to us at this time, which are subject to significant change as circumstances change, and as environmental contingencies become more clearly defined and reasonably estimable.

Any changes to our estimates or our assumptions that form the basis of our estimates may result in our providing an accrual, or adjustments to the amounts recorded, for environmental remediation liabilities.

In July 2012, we purchased a 10-year pollution legal liability insurance policy covering substantially all of our properties at that time for preexisting unknown environmental liabilities and new environmental events. The policy has a \$50,000,000 aggregate limit and is subject to various self-insured retentions and other conditions and limitations. Our intention in purchasing this policy was to obtain protection predominantly for significant events. In addition to the environmental insurance policy purchased by the Company, we also took assignment of certain environmental insurance policies, and rights to reimbursement for claims made thereunder, from Marketing, by order of the U.S. Bankruptcy Court during Marketing's bankruptcy proceedings. Under these assigned policies, we have received and expect to continue to receive reimbursement of certain remediation expenses for covered claims.

In light of the uncertainties associated with environmental expenditure contingencies, we are unable to estimate ranges in excess of the amount accrued with any certainty; however, we believe that it is possible that the fair value of future actual net expenditures could be substantially higher than amounts currently recorded by us. Adjustments to accrued liabilities for environmental remediation obligations will be reflected in our consolidated financial statements as they become probable and a reasonable estimate of fair value can be made.

NOTE 6. — INCOME TAXES

Net cash paid (refunded) for income taxes for the years ended December 31, 2019, 2018 and 2017, of \$304,000, \$244,000 and \$(195,000), respectively, includes amounts related to state and local income taxes for jurisdictions that do not follow the federal tax rules, which are provided for in property costs in our consolidated statements of operations.

Earnings and profits (as defined in the Internal Revenue Code) are used to determine the tax attributes of dividends paid to stockholders and will differ from income reported for consolidated financial statements purposes due to the effect of items which are reported for income tax purposes in years different from that in which they are recorded for consolidated financial statements purposes. The federal tax attributes of the common dividends for the years ended December 31, 2019, 2018 and 2017, were: ordinary income of 96.6%, 89.2% and 100.0%, capital gain distributions of 3.4%, 10.8% and 0.0% and non-taxable distributions of 0.0%, 0.0% and 0.0%, respectively.

To qualify for taxation as a REIT, we, among other requirements such as those related to the composition of our assets and gross income, must distribute annually to our stockholders at least 90% of our taxable income, including taxable income that is accrued by us without a corresponding receipt of cash. We cannot provide any assurance that our cash flows will permit us to continue paying cash dividends. Should the Internal Revenue Service successfully assert that our earnings and profits were greater than the amount distributed, we may fail to qualify as a REIT; however, we may avoid losing our REIT status by paying a deficiency dividend to eliminate any remaining earnings and profits. We may have to borrow money or sell assets to pay such a deficiency dividend. Although tax returns for the years 2016, 2017 and 2018, and tax returns which will be filed for the year ended 2019, remain open to examination by federal and state tax jurisdictions under the respective statute of limitations, we have not currently identified any uncertain tax positions related to those years and, accordingly, have not accrued for uncertain tax positions as of December 31, 2019 or 2018. However, uncertain tax matters may have a significant impact on the results of operations for any single fiscal year or interim period.

NOTE 7. — STOCKHOLDERS' EQUITY

A summary of the changes in stockholders' equity for the years ended December 31, 2019, 2018 and 2017, is as follows (in thousands except per share amounts):

	Common Stock		Additional Paid-in Capital	Dividends Paid in Excess of Earnings	Total
	Shares	Amount			
BALANCE, DECEMBER 31, 2016	34,393	\$ 344	\$ 485,659	\$ (55,085)	\$ 430,918
Net earnings				47,186	47,186
Dividends declared — \$1.16 per share				(43,675)	(43,675)
Shares issued pursuant to Equity Offering, net	4,715	47	104,265	—	104,312
Shares issued pursuant to ATM Program, net	513	5	13,523	—	13,528
Shares issued pursuant to dividend reinvestment	48	1	1,270	—	1,271
Stock-based compensation and settlements	27	—	155	—	155
BALANCE, DECEMBER 31, 2017	<u>39,696</u>	<u>\$ 397</u>	<u>\$ 604,872</u>	<u>\$ (51,574)</u>	<u>\$ 553,695</u>
Net earnings				47,706	47,706
Dividends declared — \$1.31 per share				(53,555)	(53,555)
Shares issued pursuant to ATM Program, net	1,106	11	30,127	—	30,138
Shares issued pursuant to dividend reinvestment	52	1	1,402	—	1,403
Stock-based compensation and settlements	1	—	1,777	—	1,777
BALANCE, DECEMBER 31, 2018	<u>40,855</u>	<u>\$ 409</u>	<u>\$ 638,178</u>	<u>\$ (57,423)</u>	<u>\$ 581,164</u>
Net earnings				49,723	49,723
Dividends declared — \$1.42 per share				(59,402)	(59,402)
Shares issued pursuant to ATM Program, net	449	4	14,146	—	14,150
Shares issued pursuant to dividend reinvestment	47	1	1,450	—	1,451
Stock-based compensation and settlements	17	—	2,353	—	2,353
BALANCE, DECEMBER 31, 2019	<u>41,368</u>	<u>\$ 414</u>	<u>\$ 656,127</u>	<u>\$ (67,102)</u>	<u>\$ 589,439</u>

On March 1, 2019, our Board of Directors granted 156,750 restricted stock units (“RSU” or “RSUs”) under our Amended and Restated 2004 Omnibus Incentive Compensation Plan. On March 1, 2018, and October 23, 2018, our Board of Directors granted 121,650 and 3,000 of RSUs, respectively, under our Amended and Restated 2004 Omnibus Incentive Compensation Plan.

On October 24, 2017, our Board of Directors approved Articles Supplementary to our Articles of Incorporation, as amended, to reclassify 10,000,000 authorized shares of preferred stock, par value \$.01 per share, into the same number of authorized but unissued shares of common stock, par value \$.01 per share, subject to further classification or reclassification and issuance by our Board of Directors. The Articles Supplementary were filed with the Maryland State Department of Assessments and Taxation on October 25, 2017, and became effective on that date.

On May 8, 2018, our stockholders approved an amendment to our Articles of Incorporation to increase the aggregate number of shares of stock of all classes which we have the authority to issue from 70,000,000 shares to 120,000,000 shares, by increasing (i) the aggregate number of shares of common stock which we have the authority to issue from 60,000,000 to 100,000,000 shares, and (ii) the aggregate number of shares of preferred stock which we have the authority to issue from 10,000,000 to 20,000,000 shares.

Equity Offering

On July 10, 2017, we entered into an underwriting agreement (the “Underwriting Agreement”) with Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and KeyBanc Capital Markets Inc., as representatives of the several underwriters (the “Underwriters”), pursuant to which we sold to the Underwriters 4,100,000 shares of common stock (the “Equity Offering”). Pursuant to the terms of the Underwriting Agreement, we granted the Underwriters a 30-day option to purchase up to an additional 615,000 shares of common stock. We received net proceeds from the Equity Offering, including the full exercise by the Underwriters of their option to purchase additional shares, of \$104,312,000 after deducting the underwriting discount and offering expenses. The net proceeds of the Equity Offering were used to repay amounts outstanding under our Revolving Facility and subsequently were used to fund the Empire and Applegreen transactions.

ATM Program

In March 2018, we established an at-the-market equity offering program (the “ATM Program”), pursuant to which we are able to issue and sell shares of our common stock with an aggregate sales price of up to \$125,000,000 through a consortium of banks acting as agents. Sales of the shares of common stock may be made, as needed, from time to time in at-the-market offerings as defined in

Rule 415 of the Securities Act, including by means of ordinary brokers' transactions on the New York Stock Exchange or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or as otherwise agreed to with the applicable agent.

During the years ended December 31, 2019 and 2018, we issued 449,000 and 1,106,000 shares of common stock and received net proceeds of \$14,150,000 and \$30,138,000, respectively, under the ATM Program. Future sales, if any, will depend on a variety of factors to be determined by us from time to time, including among others, market conditions, the trading price of our common stock, determinations by us of the appropriate sources of funding for us and potential uses of funding available to us.

Dividends

For the year ended December 31, 2019, we paid regular quarterly dividends of \$56,889,000 or \$1.40 per share. For the year ended December 31, 2018, we paid regular quarterly dividends of \$50,503,000 or \$1.28 per share.

Dividend Reinvestment Plan

Our dividend reinvestment plan provides our common stockholders with a convenient and economical method of acquiring additional shares of common stock by reinvesting all or a portion of their dividend distributions. During the years ended December 31, 2019 and 2018, we issued 46,896 and 51,920 shares of common stock, respectively, under the dividend reinvestment plan and received proceeds of \$1,451,000 and \$1,403,000, respectively.

Stock-Based Compensation

Compensation cost for our stock-based compensation plans using the fair value method was \$2,468,000, \$1,777,000 and \$1,350,000 for the years ended December 31, 2019, 2018 and 2017, respectively, and is included in general and administrative expense in our consolidated statements of operations.

NOTE 8. — EMPLOYEE BENEFIT PLANS

The Getty Realty Corp. 2004 Omnibus Incentive Compensation Plan (the "2004 Plan") provided for the grant of restricted stock, restricted stock units ("RSUs"), performance awards, dividend equivalents, stock payments and stock awards to all employees and members of the Board of Directors. In May 2014, an Amended and Restated 2004 Omnibus Incentive Compensation Plan (the "Restated Plan") was approved at our annual meeting of stockholders. The Restated Plan maintained the 2004 Plan's authorization to grant awards with respect to an aggregate of 1,000,000 shares of common stock, extended the term to May 2019 and increased the aggregate maximum number of shares of common stock that may be subject to awards granted during any calendar year to 100,000. In May 2017, the Second Amended and Restated 2004 Omnibus Incentive Compensation Plan (the "Second Restated Plan") was approved at our annual meeting of stockholders, in order to, among other things, (i) increase by 500,000 to a total of 1,500,000 the aggregate number of shares that the Company may issue under awards granted pursuant to the Second Restated Plan; (ii) increase from 100,000 to 200,000 the maximum number of shares that may be subject to awards made in a calendar year to all participants under the Second Restated Plan; and (iii) extended the term of the Second Restated Plan to May 2022. RSUs awarded under the Second Restated Plan vest on a cumulative basis ratably over a five-year period with the first 20% vesting occurring on the first anniversary of the date of the grant.

In April 2012, the Compensation Committee of the Board of Directors adopted, for 2012 only, a performance-based incentive compensation feature to our compensation program for named executive officers ("NEOs") and other executives. Under the 2012 performance-based incentive compensation program, the RSUs that were granted, were granted on terms substantially consistent with the 2004 Plan, except for the relative vesting schedules. RSUs granted under the 2012 performance-based incentive compensation program vest on a cumulative basis, with the first 20% vesting occurring on May 1, 2013, and an additional 20% vesting on each May 1 thereafter, through May 1, 2017. In February 2013, the Compensation Committee granted a total of 35,000 RSUs to NEOs and other executives under the 2012 performance-based incentive compensation program. All such RSU grants include related dividend equivalents.

We awarded to employees and directors 156,750, 124,650 and 94,250 RSUs and dividend equivalents in 2019, 2018 and 2017, respectively. RSUs granted before 2009 provide for settlement upon termination of employment with the Company or termination of service from the Board of Directors. RSUs granted in 2009 and thereafter provide for settlement upon the earlier of 10 years after grant or termination of employment with the Company. On the settlement date each vested RSU will have a value equal to one share of common stock and may be settled, at the sole discretion of the Compensation Committee, in cash or by the issuance of one share of common stock. The RSUs do not provide voting or other stockholder rights unless and until the RSU is settled for a share of common stock. The RSUs vest starting one year from the date of grant, on a cumulative basis at the annual rate of 20% of the total number of RSUs covered by the award. The dividend equivalents represent the value of the dividends paid per common share multiplied by the number of RSUs covered by the award. For the years ended December 31, 2019, 2018 and 2017, dividend equivalents aggregating

approximately \$997,000, \$749,000 and \$542,000, respectively, were charged against retained earnings when common stock dividends were declared.

The following is a schedule of the activity relating to RSUs outstanding:

	Number of RSUs Outstanding	Fair Value	
		Amount	Average Per RSU
RSUs OUTSTANDING AT DECEMBER 31, 2016	429,775		
Granted	94,250	\$ 2,484,400	\$ 26.36
Settled	(51,770)	1,306,300	25.23
Cancelled	(23,330)	\$ 587,100	\$ 25.17
RSUs OUTSTANDING AT DECEMBER 31, 2017	448,925		
Granted	124,650	\$ 3,106,400	\$ 24.92
Settled	—	\$ —	\$ —
Cancelled	—	\$ —	\$ —
RSUs OUTSTANDING AT DECEMBER 31, 2018	573,575		
Granted	156,750	\$ 5,203,000	33.19
Settled	(28,300)	943,800	33.35
Cancelled	—	\$ —	\$ —
RSUs OUTSTANDING AT DECEMBER 31, 2019	702,025		

The fair values of the RSUs were determined based on the closing market price of our stock on the date of grant. The fair value of the grants is recognized as compensation expense ratably over the five-year vesting period of the RSUs. Compensation expense related to RSUs for the years ended December 31, 2019, 2018 and 2017, was \$2,447,000, \$1,752,000 and \$1,328,000, respectively, and is included in general and administrative expense in our consolidated statements of operations. As of December 31, 2019, there was \$7,694,000 of unrecognized compensation cost related to RSUs granted under the 2004 Plan, which cost is expected to be recognized over a weighted average period of approximately three years. The aggregate intrinsic value of the 702,025 outstanding RSUs and the 349,135 vested RSUs as of December 31, 2019, was \$23,076,000 and \$11,476,000, respectively.

The following is a schedule of the vesting activity relating to RSUs outstanding:

	Number of RSUs Vested	Fair Value	
		Amount	Fair Value
RSUs VESTED AT DECEMBER 31, 2016	221,819		
Vested	55,336	\$ 1,502,900	
Settled	(51,770)	\$ 1,306,300	
RSUs VESTED AT DECEMBER 31, 2017	225,385		
Vested	63,635	\$ 1,871,500	
Settled	—	\$ —	
RSUs VESTED AT DECEMBER 31, 2018	289,020		
Vested	88,415	\$ 2,906,200	
Settled	(28,300)	\$ 943,800	
RSUs VESTED AT DECEMBER 31, 2019	<u>349,135</u>		

We have a retirement and profit sharing plan with deferred 401(k) savings plan provisions (the “Retirement Plan”) for employees meeting certain service requirements and a supplemental plan for executives (the “Supplemental Plan”). Under the terms of these plans, the annual discretionary contributions to the plans are determined by the Compensation Committee of the Board of Directors.

Also, under the Retirement Plan, employees may make voluntary contributions and we have elected to match an amount equal to fifty percent of such contributions but in no event more than three percent of the employee’s eligible compensation. Under the Supplemental Plan, a participating executive may receive an amount equal to 10 percent of eligible compensation, reduced by the amount of any contributions allocated to such executive under the Retirement Plan. Contributions, net of forfeitures, under the retirement plans approximated \$327,000, \$295,000 and \$282,000 for the years ended December 31, 2019, 2018 and 2017, respectively. These amounts are included in general and administrative expense in our consolidated statements of operations. During the year ended December 31, 2019 and 2017, we distributed \$30,000 and \$278,000, respectively from the Supplemental Plan to former officers of the Company. There were no distributions from the Supplemental Plan for the year ended December 31, 2018.

NOTE 9. — EARNINGS PER COMMON SHARE

Basic and diluted earnings per common share gives effect, utilizing the two-class method, to the potential dilution from the issuance of shares of our common stock in settlement of RSUs which provide for non-forfeitable dividend equivalents equal to the dividends declared per common share. Basic and diluted earnings per common share is computed by dividing net earnings less dividend equivalents attributable to RSUs by the weighted average number of common shares outstanding during the year.

Diluted earnings per common share, also gives effect to the potential dilution from the exercise of stock options utilizing the treasury stock method. There were no options outstanding as of December 31, 2019, 2018 and 2017.

The following table is a reconciliation of the numerator and denominator used in the computation of basic and diluted earnings per common share using the two-class method (in thousands except per share data):

(in thousands):	Year ended December 31,		
	2019	2018	2017
Net earnings	\$ 49,723	\$ 47,706	\$ 47,186
Less dividend equivalents attributable to RSUs outstanding	(997)	(751)	(567)
Net earnings attributable to common stockholders used in basic and diluted earnings per share calculation	48,726	46,955	46,619
Weighted average common shares outstanding:			
Basic	41,072	40,171	36,897
Incremental shares from stock-based compensation	38	20	—
Diluted	41,110	40,191	36,897
Basic earnings per common share	\$ 1.19	\$ 1.17	\$ 1.26
Diluted earnings per common share	\$ 1.19	\$ 1.17	\$ 1.26

NOTE 10. — FAIR VALUE MEASUREMENTS

Debt Instruments

As of December 31, 2019 and 2018, the carrying value of the borrowings under the Restated Credit Agreement approximated fair value. As of December 31, 2019 and 2018, the fair value of the borrowings under senior unsecured notes was \$470,600,000 and \$335,600,000, respectively. The fair value of the borrowings outstanding as of December 31, 2019 and 2018, was determined using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, risk profile and borrowings outstanding, which are based on unobservable inputs within Level 3 of the Fair Value Hierarchy.

Supplemental Retirement Plan

We have mutual fund assets that are measured at fair value on a recurring basis using Level 1 inputs. We have a Supplemental Retirement Plan for executives. The amounts held in trust under the Supplemental Retirement Plan using Level 2 inputs may be used to satisfy claims of general creditors in the event of our or any of our subsidiaries' bankruptcy. We have liability to the executives participating in the Supplemental Retirement Plan for the participant account balances equal to the aggregate of the amount invested at the executives' direction and the income earned in such mutual funds.

The following summarizes as of December 31, 2019, our assets and liabilities measured at fair value on a recurring basis by level within the Fair Value Hierarchy (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	\$ 737	\$ —	\$ —	\$ 737
Liabilities:				
Deferred compensation	\$ —	\$ 737	\$ —	\$ 737

The following summarizes as of December 31, 2018, our assets and liabilities measured at fair value on a recurring basis by level within the Fair Value Hierarchy (in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	\$ 534	\$ —	\$ —	\$ 534
Liabilities:				
Deferred compensation	\$ —	\$ 534	\$ —	\$ 534

Real Estate Assets

We have certain real estate assets that are measured at fair value on a non-recurring basis using Level 3 inputs as of December 31, 2019 and 2018, of \$785,000 and \$3,096,000, respectively, where impairment charges have been recorded. Due to the subjectivity inherent in the internal valuation techniques used in estimating fair value, the amounts realized from the sale of such assets may vary significantly from these estimates.

NOTE 11. —ASSETS HELD FOR SALE

We evaluate the held for sale classification of our real estate as of the end of each quarter. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value less costs to sell. As of December 31, 2019 and 2018, there were no properties that met criteria to be classified as held for sale.

During the year ended December 31, 2019, we sold nine properties, in separate transactions, which resulted in an aggregate gain of \$1,114,000, included in gain on dispositions of real estate, on our consolidated statements of operations. We also received funds from property condemnations resulting in a loss of \$51,000, included in gain on dispositions of real estate, on our consolidated statements of operations.

During the year ended December 31, 2018, we sold nine properties, in separate transactions, which resulted in an aggregate gain of \$3,888,000, included in gain on dispositions of real estate, on our consolidated statements of operations. We also received funds from property condemnations resulting in a gain of \$60,000, included in gain on dispositions of real estate, on our consolidated statements of operations.

NOTE 12. — QUARTERLY FINANCIAL DATA

The following is a summary of the quarterly results of operations for the years ended December 31, 2019 and 2018 (unaudited as to quarterly information) (in thousands, except per share amounts):

Year Ended December 31, 2019	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
Revenues from rental properties	\$ 33,287	\$ 33,560	\$ 35,692	\$ 35,197
Net earnings	\$ 10,927	\$ 13,198	\$ 11,890	\$ 13,708
Diluted earnings per common share:				
Net earnings	\$ 0.26	\$ 0.32	\$ 0.28	\$ 0.33
Year Ended December 31, 2018	March 31,	June 30,	September 30,	December 31,
Revenues from rental properties	\$ 31,352	\$ 33,483	\$ 33,902	\$ 34,282
Net earnings	\$ 10,032	\$ 13,540	\$ 10,944	\$ 13,190
Diluted earnings per common share:				
Net earnings	\$ 0.25	\$ 0.33	\$ 0.27	\$ 0.32

NOTE 13. — PROPERTY ACQUISITIONS

2019

During the year ended December 31, 2019, we acquired fee simple interests in 27 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$87,157,000.

On June 17, 2019, we acquired fee simple interests in six convenience store and gasoline station properties for \$24,724,000 and entered into a unitary lease with 1234M Division Street Inc. (“1234 M”) at the closing of the transaction. We funded the 1234 M transaction through funds available under our Revolving Facility. The unitary lease provides for an initial term of 15 years, with two ten-year renewal options. The unitary lease requires 1234 M to pay a fixed annual rent plus all amounts pertaining to the properties, including environmental expenses, real estate taxes, assessments, license and permit fees, charges for public utilities and all other governmental charges. Rent is scheduled to increase annually during the initial and renewal terms of the lease. The properties are located primarily in the metro Los Angeles, CA area. We accounted for the acquisition of the properties as an asset acquisition. We estimated the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant.” Based on these estimates, we allocated \$18,086,000 of the purchase price to land, \$4,789,000 to buildings and improvements, \$1,849,000 to in-place leases.

On November 22, 2019, we acquired fee simple interests in four car wash properties for \$14,144,000 and entered into a unitary lease with a QNC OpCo Inc. (“QNC”) at the closing of the transaction. We funded the QNC transaction through funds available under our Revolving Facility. The unitary lease provides for an initial term of 15 years, with five five-year renewal options. The unitary lease requires QNC to pay a fixed annual rent plus all amounts pertaining to the properties, including environmental expenses, real

estate taxes, assessments, license and permit fees, charges for public utilities and all other governmental charges. Rent is scheduled to increase annually during the initial and renewal terms of the lease. The properties are all located in Las Vegas, NV. We accounted for the acquisition of the properties as an asset acquisition. We estimated the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant.” Based on these estimates, we allocated \$2,663,000 of the purchase price to land, \$10,469,000 to buildings and improvements and \$1,012,000 to in-place leases.

In addition, during the year ended December 31, 2019, we also acquired fee simple interests in 17 convenience store and gasoline station, and other automotive related properties, in separate transactions, for an aggregate purchase price of \$48,290,000. We accounted for these acquisitions as asset acquisitions. We estimated the fair value of acquired tangible assets for each of these acquisitions (consisting of land, buildings and improvements) “as if vacant.” Based on these estimates, we allocated \$18,820,000 of the purchase price to land, \$26,790,000 to buildings and improvements and \$2,744,000 to in-place leases, \$277,000 to above-market leases and \$341,000 to below-market leases, which is accounted for as a deferred liability.

2018

During the year ended December 31, 2018, we acquired fee simple interests in 41 convenience store and gasoline station, and other automotive related properties for an aggregate purchase price of \$77,972,000.

On April 17, 2018, we acquired fee simple interests in 30 convenience store and gasoline station properties for \$52,592,000 and entered into a unitary lease with GPM Investments, LLC (“GPM”) at the closing of the transaction. We funded the GPM transaction through funds available under our Revolving Facility. The unitary lease provides for an initial term of 15 years, with four five-year renewal options. The unitary lease requires GPM to pay a fixed annual rent plus all amounts pertaining to the properties, including environmental expenses, real estate taxes, assessments, license and permit fees, charges for public utilities and all other governmental charges. Rent is scheduled to increase annually during the initial and renewal terms of the lease. The properties are located primarily within metropolitan markets in the states of Arkansas, Louisiana, Oklahoma and Texas. We accounted for the acquisition of the properties as an asset acquisition. We estimated the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant.” Based on these estimates, we allocated \$31,633,000 of the purchase price to land, \$17,489,000 to buildings and improvements, \$4,047,000 to in-place leases, and \$577,000 to below-market leases, which is accounted for as a deferred liability.

On August 1, 2018, we acquired fee simple interests in six convenience store and gasoline station properties for \$17,412,000 and entered into a unitary lease with a U.S. subsidiary of Applegreen PLC (“Applegreen”) at the closing of the transaction. We funded the Applegreen transaction through funds available under our Revolving Facility. The unitary lease provides for an initial term of 15 years, with four five-year renewal options. The unitary lease requires Applegreen to pay a fixed annual rent plus all amounts pertaining to the properties, including environmental expenses, real estate taxes, assessments, license and permit fees, charges for public utilities and all other governmental charges. Rent is scheduled to increase annually during the initial and renewal terms of the lease. The properties are all located within the metropolitan market of Columbia, SC. We accounted for the acquisition of the properties as an asset acquisition. We estimated the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant.” Based on these estimates, we allocated \$8,930,000 of the purchase price to land, \$6,773,000 to buildings and improvements, \$1,371,000 to in-place leases, \$773,000 to above-market leases and \$435,000 to below-market leases, which is accounted for as a deferred liability.

In addition, during the year ended December 31, 2018, we also acquired fee simple interests in five convenience store and gasoline station, and other automotive related properties, in separate transactions, for an aggregate purchase price of \$7,968,000. We accounted for these acquisitions as asset acquisitions. We estimated the fair value of acquired tangible assets for each of these acquisitions (consisting of land, buildings and improvements) “as if vacant.” Based on these estimates, we allocated \$4,929,000 of the purchase price to land, \$2,753,000 to buildings and improvements and \$286,000 to in-place leases.

NOTE 14. — ACQUIRED INTANGIBLE ASSETS

Acquired above-market (when we are a lessor) and below-market leases (when we are a lessee) are included in prepaid expenses and other assets and had a balance of \$2,298,000 and \$3,500,000 (net of accumulated amortization of \$5,653,000 and \$5,160,000, respectively) at December 31, 2019 and 2018, respectively. Acquired above-market (when we are lessee) and below-market (when we are lessor) leases are included in accounts payable and accrued liabilities and had a balance of \$18,754,000 and \$21,514,000 (net of accumulated amortization of \$19,905,000 and \$17,790,000, respectively) at December 31, 2019 and 2018, respectively. When we are a lessor, above-market and below-market leases are amortized and recorded as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental revenue over the remaining term of the associated lease in place at the time of purchase. When we are a lessee, above-market and below-market leases are amortized and recorded as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental expense over the remaining term of the associated lease in place at the time of purchase. Rental income included amortization from acquired leases of \$1,955,000, \$2,067,000 and \$1,791,000 for the years ended December 31, 2019, 2018 and 2017, respectively. Rent expense included amortization from acquired leases of \$333,000, \$317,000 and \$320,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

In-place leases are included in prepaid expenses and other assets and had a balance of \$41,013,000 and \$38,542,000 (net of accumulated amortization of \$13,042,000 and \$9,908,000, respectively) at December 31, 2019 and 2018, respectively. The value associated with in-place leases and lease origination costs are amortized into depreciation and amortization expense over the remaining life of the lease. Depreciation and amortization expense included amortization from in-place leases of \$3,134,000, \$2,866,000 and \$1,855,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

The amortization for acquired intangible assets during the next five years and thereafter, assuming no early lease terminations, is as follows:

<u>As Lessor:</u>	<u>Above-Market Leases</u>	<u>Below-Market Leases</u>	<u>In-Place Leases</u>
Year ending December 31,			
2020	\$ 178,000	\$ 1,645,000	\$ 2,683,000
2021	170,000	1,488,000	2,663,000
2022	161,000	1,410,000	2,651,000
2023	161,000	1,319,000	2,648,000
2024	161,000	1,319,000	2,608,000
Thereafter	<u>1,339,000</u>	<u>11,573,000</u>	<u>27,760,000</u>
	<u>\$ 2,170,000</u>	<u>\$ 18,754,000</u>	<u>\$ 41,013,000</u>

<u>As Lessee:</u>	<u>Below-Market Leases</u>
Year ending December 31,	
2020	\$ 97,000
2021	31,000
2022	—
2023	—
2024	—
Thereafter	<u>—</u>
	<u>\$ 128,000</u>

NOTE 15. — SUBSEQUENT EVENTS

In preparing our consolidated financial statements, we have evaluated events and transactions occurring after December 31, 2019, for recognition or disclosure purposes. Based on this evaluation, there were no significant subsequent events from December 31, 2019, through the date the financial statements were issued.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Getty Realty Corp.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the consolidated financial statements, including the related notes, as listed in the index appearing under Item 8, and the financial statement schedules listed in the index appearing under Item 15(a)(2), of Getty Realty Corp. and its subsidiaries (the “Company”) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or

complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Purchase Price Allocation for Asset Acquisitions

As described in Notes 1 and 13 to the consolidated financial statements, during the year ended December 31, 2019, the Company acquired fee simple interests in 27 properties which were accounted for as asset acquisitions for an aggregate purchase price of \$87,157,000. For acquired properties accounted for as asset acquisitions management estimates the fair value of acquired tangible assets (consisting of land, buildings and improvements) “as if vacant” and identified intangible assets and liabilities (consisting of leasehold interests, above-market and below-market leases, in-place leases and tenant relationships) and assumed debt. Based on these estimates, management allocates the estimated fair value to the applicable assets and liabilities. Fair value is determined based on an exit price approach, which contemplates the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation of the applicable assets and liabilities involves the use of significant estimates and assumptions related to capitalization rates, market rental rates, and EBITDA to rent coverage ratios.

The principal considerations for our determination that performing procedures relating to the purchase price allocation for asset acquisitions is a critical audit matter are (i) there was significant judgment by management when developing the fair value measurements for purchase price allocations, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures related to these fair value measurements, (ii) significant auditor judgment was necessary to evaluate the audit evidence for the relevant significant assumptions relating to the tangible and intangible assets, such as the capitalization rates, market rental rates, and EBITDA to rent coverage ratios, and (iii) the audit effort included the involvement of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to purchase price accounting, including controls over the development of significant inputs and assumptions used in the estimated fair values of tangible and intangible assets. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in testing the process used by management to develop fair value estimates of acquired tangible and intangible assets, which involved evaluating the appropriateness of the valuation methods used and the reasonableness of the significant assumptions including capitalization rates, market rental rates, and EBITDA to rent coverage ratios. Evaluating the reasonableness of the significant assumptions included considering whether these assumptions were consistent with external market data, comparable transactions, and evidence obtained in other areas of the audit. Testing the process used by management involved testing the completeness and accuracy of data provided by management.

Environmental Remediation Obligations

As described in Notes 1 and 5 to the consolidated financial statements, as of December 31, 2019 management has accrued a total of \$50,723,000 for their prospective environmental remediation obligations. Management records the fair value for an environmental remediation obligation as an asset and liability when there is a legal obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated. Environmental remediation obligations are estimated based on the level and impact of contaminations at each property. Management measures their environmental remediation liabilities at fair value based on expected future net cash flows, adjusted for inflation and discounted to present value.

The principal considerations for our determination that performing procedures relating to environmental remediation obligations is a critical audit matter are (i) there was significant judgment by management when developing the fair value measurements for the environmental remediation obligations, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures related to these fair value measurements, (ii) significant auditor judgment was necessary to evaluate the significant assumption and audit evidence relating to the projections of future net cash flows, including estimated remediation costs and (iii) the audit effort included the involvement of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the environmental remediation obligation, including controls over the development of the significant inputs and assumptions including estimated remediation costs. These procedures also included, among others, testing the process used by management to develop fair value estimates of environmental remediation obligations, which involved evaluating the appropriateness of the methods and testing the completeness and accuracy of the data provided by management. Evaluating the reasonableness of the estimated remediation costs assumption included considering whether the assumption was consistent with external market data and evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the significant assumptions including estimated remediation costs.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 27, 2020

We have served as the Company's auditor since at least 1975. We have not been able to determine the specific year we began serving as auditor of the Company.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures**Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or furnished pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rules 13a-15(b) and 13d-15(b) of the Exchange Act, we have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of December 31, 2019, at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under the framework in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in "Item 8. Financial Statements and Supplementary Data".

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to information under the heading “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement. Information with respect to directors, the audit committee and the audit committee financial expert, and procedures by which stockholders may recommend nominees to the board of directors in response to this item is incorporated herein by reference to information under the headings “Election of Directors” and “Directors’ Meetings, Committees and Executive Officers” in the Proxy Statement. The following table lists our executive officers, their respective ages and the offices and positions held.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Officer Since</u>
Christopher J. Constant	41	President, Chief Executive Officer and Director	2012
Joshua Dicker	59	Executive Vice President, General Counsel and Secretary	2008
Danion Fielding	48	Vice President, Chief Financial Officer and Treasurer	2016
Mark J. Olear	55	Executive Vice President and Chief Operating Officer	2014

Mr. Constant has served as President, Chief Executive Officer and Director since January 2016. Mr. Constant joined the Company in November 2010 as Director of Planning and Corporate Development and was later promoted to Treasurer in May 2012, Vice President in May 2013 and Chief Financial Officer in December 2013. Prior to joining the Company, Mr. Constant was a Vice President in the corporate finance department at Morgan Joseph & Co. Inc. and began his career in the corporate finance department at ING Barings. Mr. Constant earned an A.B. from Princeton University.

Mr. Dicker has served as Executive Vice President, General Counsel and Secretary since May 2017. He was Senior Vice President, General Counsel and Secretary since 2012. He was Vice President, General Counsel and Secretary since February 2009. Prior to joining the Company in 2008, he was a partner at the law firm Arent Fox, LLP, resident in its New York City office, specializing in corporate and transactional matters. Mr. Dicker received his B.A. from the State University of New York at Albany, his JD magna cum laude from New York Law School and his LL.M. from New York University.

Mr. Fielding joined the Company in February 2016 as Vice President, Chief Financial Officer and Treasurer. Prior to joining the Company, Mr. Fielding held various positions in real estate and investment banking with Wilbraham Capital, Moinian Group, Nationwide Health Properties, J.P. Morgan, PricewaterhouseCoopers and Daiwa Securities. Mr. Fielding earned an MBA from The University of North Carolina, Kenan-Flagler Business School, a M.Sc. from University College London and a M.Eng. from the University of Manchester.

Mr. Olear has served as Executive Vice President since May 2014 and Chief Operating Officer since May 2015 (Chief Investment Officer since May 2014). Prior to joining the Company, Mr. Olear held various positions in real estate with TD Bank, Home Depot, Toys “R” Us and A&P. Mr. Olear earned a B.A. from Upsala College. Mr. Olear is also a board member of the Board of Trustees for Springpoint Senior Living.

There are no family relationships between any of the Company’s directors or executive officers.

The Getty Realty Corp. Business Conduct Guidelines (“Code of Ethics”), which applies to all employees, including our Chief Executive Officer and Chief Financial Officer, is available on our website at www.gettyrealty.com.

Item 11. Executive Compensation

Information in response to this item is incorporated herein by reference to information under the heading “Executive Compensation” in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information in response to this item is incorporated herein by reference to information under the heading “Beneficial Ownership of Capital Stock” and “Executive Compensation – Compensation Discussion and Analysis – Equity Compensation – Equity Compensation Plan Information” in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

There were no such relationships or transactions to report for the year ended December 31, 2019.

Information with respect to director independence is incorporated herein by reference to information under the heading “Directors’ Meetings, Committees and Executive Officers – Independence of Directors” in the Proxy Statement.

Item 14. Principal Accountant Fees and Services

Information in response to this item is incorporated herein by reference to information under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm” in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements

Information in response to this Item is included in “Item 8. Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

(a) (2) Financial Statement Schedules

The following Financial Statement Schedules are included beginning on page 77 of this Annual Report on Form 10-K.

Schedule II — Valuation and Qualifying Accounts and Reserves for the years ended December 31, 2019, 2018 and 2017

Schedule III — Real Estate and Accumulated Depreciation and Amortization as of December 31, 2019

Schedule IV — Mortgage Loans on Real Estate as of December 31, 2019

(a) (3) Exhibits

Information in response to this Item is incorporated herein by reference to the Exhibit Index on page 96 of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

GETTY REALTY CORP. and SUBSIDIARIES
SCHEDULE II — VALUATION and QUALIFYING ACCOUNTS and RESERVES
for the years ended December 31, 2019, 2018 and 2017
(in thousands)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
December 31, 2019:				
Allowance for accounts receivable	\$ 2,094	\$ 480	\$ 2,574	\$ —
December 31, 2018:				
Allowance for accounts receivable	\$ 1,840	\$ 480	\$ 226	\$ 2,094
December 31, 2017				
Allowance for accounts receivable	\$ 2,006	\$ 420	\$ 586	\$ 1,840

GETTY REALTY CORP. and SUBSIDIARIES
SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION AND AMORTIZATION
As of December 31, 2019
(in thousands)

The summarized changes in real estate assets and accumulated depreciation are as follows:

	2019	2018	2017
Investment in real estate:			
Balance at beginning of year	\$ 1,043,106	\$ 970,964	\$ 782,166
Acquisitions and capital expenditures	80,518	84,069	205,598
Impairments	(4,252)	(7,950)	(10,623)
Sales and condemnations	(2,246)	(3,091)	(4,520)
Lease expirations/settlements	(3,475)	(886)	(1,657)
Balance at end of year	<u>\$ 1,113,651</u>	<u>\$ 1,043,106</u>	<u>\$ 970,964</u>
Accumulated depreciation and amortization:			
Balance at beginning of year	\$ 150,691	\$ 133,353	\$ 120,576
Depreciation and amortization	21,573	20,549	17,018
Impairments	(240)	(1,780)	(1,301)
Sales and condemnations	(546)	(530)	(1,229)
Lease expirations/settlements	(5,586)	(901)	(1,711)
Balance at end of year	<u>\$ 165,892</u>	<u>\$ 150,691</u>	<u>\$ 133,353</u>

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period		Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements			
Phenix City, AL	\$ 1,670	\$ -	\$ 942	\$ 728	\$ 1,670	\$ 25	2019
Brookland, AR	1,468	-	149	1,319	1,468	665	2007
Fayetteville, AR	2,867	-	1,971	896	2,867	77	2018
Fayetteville, AR	2,266	-	1,637	629	2,266	54	2018
Hope, AR	1,472	-	999	473	1,472	41	2018
Jonesboro, AR	2,985	-	330	2,655	2,985	1,389	2007
Jonesboro, AR	868	-	173	695	868	364	2007
Lake Charles, AR	1,468	-	1,002	466	1,468	40	2018
Lake Charles, AR	1,069	-	620	449	1,069	41	2018
Little Rock, AR	978	-	535	443	978	44	2018
Little Rock, AR	2,763	-	497	2,266	2,763	31	2019
Pine Bluff, AR	2,985	-	2,166	819	2,985	69	2018
Rogers, AR	927	-	533	394	927	39	2018
Sulphur, AR	777	-	375	402	777	41	2018
Texarkana, AR	1,592	-	1,058	534	1,592	49	2018
Buckeye, AZ	3,928	-	2,334	1,594	3,928	203	2017
Chandler, AZ	1,838	-	1,261	577	1,838	88	2017
Gilbert, AZ	1,602	-	796	806	1,602	118	2017
Gilbert, AZ	3,204	-	1,839	1,365	3,204	186	2017
Gilbert, AZ	3,112	-	1,593	1,519	3,112	207	2017
Gilbert, AZ	1,448	-	983	465	1,448	69	2017
Glendale, AZ	1,722	-	1,178	544	1,722	79	2017
Mesa, AZ	2,185	-	1,612	573	2,185	83	2017
Mesa, AZ	1,503	-	839	664	1,503	95	2017
Mesa, AZ	3,169	-	2,005	1,164	3,169	153	2017
Peoria, AZ	1,331	-	992	339	1,331	53	2017
Phoenix, AZ	2,415	-	433	1,982	2,415	229	2017
Phoenix, AZ	1,943	-	1,311	632	1,943	53	2018
Phoenix, AZ	2,177	-	1,532	645	2,177	93	2017
Queen Creek, AZ	2,868	-	1,255	1,613	2,868	224	2017
San Tan Valley, AZ	4,022	-	2,549	1,473	4,022	208	2017
Sierra Vista, AZ	1,765	-	269	1,496	1,765	202	2017
Sierra Vista, AZ	4,440	-	1,849	2,591	4,440	318	2017
Tucson, AZ	2,085	-	1,487	598	2,085	91	2017
Tucson, AZ	1,261	-	664	597	1,261	85	2017
Tucson, AZ	1,303	-	590	713	1,303	102	2017
Tucson, AZ	1,301	-	557	744	1,301	105	2017
Tucson, AZ	3,652	-	2,924	728	3,652	104	2017
Alhambra, CA	6,591	-	6,078	513	6,591	18	2019
Bellflower, CA	1,369	-	910	459	1,369	286	2007
Benicia, CA	2,224	-	1,058	1,166	2,224	748	2007
Chula Vista, CA	2,385	-	889	1,496	2,385	372	2014
Coachella, CA	2,235	-	1,217	1,018	2,235	622	2007
Cotati, CA	6,072	-	4,008	2,064	6,072	521	2015
Fillmore, CA	1,354	-	950	404	1,354	251	2007
Grass Valley, CA	1,485	-	853	632	1,485	164	2015
Harbor City, CA	4,442	-	3,597	845	4,442	33	2019
Hesperia, CA	1,643	-	849	794	1,643	467	2007

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period			Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements				
Hesperia, CA	\$ 2,055	\$ -	\$ 492	\$ 1,563	\$ 2,055	\$ 479	2015	
Indio, CA	2,727	-	1,486	1,241	2,727	353	2015	
Indio, CA	1,250	-	302	948	1,250	257	2015	
La Palma, CA	1,971	-	1,389	582	1,971	357	2007	
La Puente, CA	7,615	-	6,405	1,210	7,615	361	2015	
Lakeside, CA	3,715	-	2,695	1,020	3,715	289	2015	
Lakewood, CA	2,612	-	1,804	808	2,612	28	2019	
Los Angeles, CA	6,612	-	5,006	1,606	6,612	474	2015	
Oakland, CA	5,434	-	4,123	1,311	5,434	382	2015	
Ontario, CA	6,613	-	4,523	2,090	6,613	617	2015	
Phelan, CA	4,611	-	3,276	1,335	4,611	403	2015	
Pomona, CA	1,497	-	674	823	1,497	28	2019	
Pomona, CA	2,347	-	1,916	431	2,347	16	2019	
Riverside, CA	2,737	-	1,216	1,521	2,737	410	2014	
Riverside, CA	2,130	-	1,619	511	2,130	183	2015	
Sacramento, CA	3,193	-	2,207	986	3,193	297	2015	
Sacramento, CA	4,247	-	2,604	1,643	4,247	438	2015	
Sacramento, CA	5,942	-	4,233	1,709	5,942	487	2015	
San Dimas, CA	1,941	-	749	1,192	1,941	661	2007	
San Jose, CA	5,412	-	4,219	1,193	5,412	380	2015	
San Leandro, CA	5,978	-	5,078	900	5,978	281	2015	
Shingle Springs, CA	4,751	-	3,489	1,262	4,751	371	2015	
Stockton, CA	3,001	-	1,460	1,541	3,001	418	2015	
Stockton, CA	1,187	-	627	560	1,187	169	2015	
Torrance, CA	5,386	-	4,017	1,369	5,386	42	2019	
Aurora, CO	2,874	-	2,284	590	2,874	86	2017	
Boulder, CO	3,900	-	2,875	1,025	3,900	274	2015	
Broomfield, CO	2,380	-	1,496	884	2,380	116	2017	
Broomfield, CO	1,785	-	1,388	397	1,785	64	2017	
Castle Rock, CO	5,269	(128)	3,141	2,000	5,141	570	2015	
Colorado Springs, CO	1,382	-	756	626	1,382	86	2017	
Colorado Springs, CO	3,274	-	2,865	409	3,274	63	2017	
Denver, CO	2,157	-	1,579	578	2,157	88	2017	
Englewood, CO	2,495	-	2,207	288	2,495	51	2017	
Golden, CO	4,641	-	3,247	1,394	4,641	386	2015	
Golden, CO	6,151	-	4,201	1,950	6,151	569	2015	
Greenwood Village, CO	4,077	-	2,889	1,188	4,077	315	2015	
Highlands Ranch, CO	4,356	-	2,921	1,435	4,356	407	2015	
Lakewood, CO	2,349	-	1,541	808	2,349	218	2015	
Littleton, CO	4,139	-	2,272	1,867	4,139	528	2015	
Lone Tree, CO	6,612	-	5,125	1,487	6,612	439	2015	
Longmont, CO	3,619	-	2,315	1,304	3,619	386	2015	
Louisville, CO	6,605	-	5,228	1,377	6,605	400	2015	
Monument, CO	3,828	-	2,798	1,030	3,828	164	2017	
Morrison, CO	5,081	-	3,018	2,063	5,081	604	2015	
Superior, CO	3,748	-	2,477	1,271	3,748	359	2015	
Thornton, CO	5,003	-	2,722	2,281	5,003	646	2015	
Westminster, CO	1,457	-	752	705	1,457	194	2015	

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			Land	Building and Improvements			
Avon, CT	\$ 731	\$ 50	\$ 403	\$ 378	\$ 781	\$ 291	2002
Bridgeport, CT	59	380	24	415	439	278	1982
Bridgeport, CT	350	330	228	452	680	300	1985
Bridgeport, CT	313	298	204	407	611	257	1985
Bridgeport, CT	377	391	246	522	768	362	1985
Bristol, CT	1,594	-	1,036	558	1,594	338	2004
Brookfield, CT	58	489	20	527	547	346	1985
Darien, CT	667	280	434	513	947	458	1985
Durham, CT	994	-	-	994	994	994	2004
Ellington, CT	1,295	-	842	453	1,295	275	2004
Farmington, CT	466	-	303	163	466	99	2004
Franklin, CT	51	447	20	478	498	340	1982
Hamden, CT	645	-	527	118	645	6	2018
Hartford, CT	665	-	432	233	665	141	2004
Manchester, CT	110	323	50	383	433	235	1987
Meriden, CT	1,532	-	989	543	1,532	333	2004
Middletown, CT	133	445	131	447	578	271	1987
New Haven, CT	1,413	(327)	569	517	1,086	261	1985
New Haven, CT	539	209	351	397	748	345	1985
New Haven, CT	217	297	141	373	514	227	1985
Newington, CT	954	-	620	334	954	202	2004
North Haven, CT	90	617	365	342	707	184	1982
Norwalk, CT	511	39	332	218	550	196	1985
Norwalk, CT	-	671	402	269	671	162	1988
Norwich, CT	107	323	44	386	430	252	1982
Old Greenwich, CT	-	1,219	620	599	1,219	319	1969
Plymouth, CT	931	-	605	326	931	198	2004
Ridgefield, CT	402	304	167	539	706	405	1985
South Windham, CT	644	1,398	598	1,444	2,042	722	2004
South Windsor, CT	545	-	337	208	545	137	2004
Stamford, CT	507	16	330	193	523	171	1985
Stamford, CT	604	98	393	309	702	247	1985
Stamford, CT	507	466	330	643	973	406	1985
Suffield, CT	237	603	201	639	840	517	2004
Vernon, CT	1,434	-	-	1,434	1,434	1,434	2004
Wallingford, CT	551	-	335	216	551	145	2004
Waterbury, CT	804	-	516	288	804	178	2004
Waterbury, CT	515	-	335	180	515	109	2004
Waterbury, CT	469	-	305	164	469	99	2004
Watertown, CT	925	-	567	358	925	238	2004
West Haven, CT	185	322	74	433	507	297	1982
West Haven, CT	1,215	-	790	425	1,215	258	2004
Westport, CT	604	12	393	223	616	197	1985
Wethersfield, CT	447	-	-	447	447	447	2004
Willimantic, CT	717	-	466	251	717	152	2004
Wilton, CT	520	212	338	394	732	316	1985
Windsor Locks, CT	1,434	1,400	1,055	1,779	2,834	1,499	2004
Windsor Locks, CT	1,031	-	670	361	1,031	219	2004

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			Land	Building and Improvements				
Washington, DC	\$ 941	\$ -	\$ 664	\$ 277	\$ 941	\$ 106	2013	
Washington, DC	848	-	418	430	848	143	2013	
Callahan, FL	2,894	-	2,056	838	2,894	124	2017	
Fernandina Beach, FL	2,137	-	382	1,755	2,137	226	2017	
Largo, FL	2,064	-	1,143	921	2,064	5	2019	
Orlando, FL	867	34	401	500	901	400	2000	
Yulee, FL	1,963	-	570	1,393	1,963	179	2017	
Augusta, GA	3,150	-	286	2,864	3,150	371	2017	
Augusta, GA	1,843	-	1,077	766	1,843	19	2019	
Columbus, GA	1,617	-	984	633	1,617	22	2019	
Hinesville, GA	995	-	245	750	995	11	2019	
Perry, GA	1,724	-	1,312	412	1,724	64	2017	
Haleiwa, HI	1,522	-	1,058	464	1,522	335	2007	
Honolulu, HI	1,539	-	1,219	320	1,539	194	2007	
Honolulu, HI	1,769	-	1,192	577	1,769	331	2007	
Honolulu, HI	1,071	30	981	120	1,101	87	2007	
Honolulu, HI	9,211	-	8,194	1,017	9,211	596	2007	
Kaneohe, HI	1,977	176	1,473	680	2,153	392	2007	
Kaneohe, HI	1,364	-	822	542	1,364	346	2007	
Waianae, HI	1,997	-	871	1,126	1,997	648	2007	
Waianae, HI	1,520	-	648	872	1,520	500	2007	
Waipahu, HI	2,458	-	945	1,513	2,458	844	2007	
Prospect Heights, IL	1,547	-	698	849	1,547	65	2018	
Roselle, IL	2,851	-	1,741	1,110	2,851	6	2019	
Louisville, KY	3,356	-	818	2,538	3,356	36	2019	
Owensboro, KY	3,810	-	1,011	2,799	3,810	105	2019	
Bossier City, LA	2,181	-	1,333	848	2,181	124	2017	
Arlington, MA	519	27	338	208	546	186	1985	
Auburn, MA	600	-	600	-	600	-	2011	
Auburn, MA	625	-	625	-	625	-	2011	
Auburn, MA	725	-	725	-	725	-	2011	
Auburn, MA	175	244	125	294	419	179	1986	
Auburn, MA	369	249	240	378	618	277	1991	
Barre, MA	536	12	348	200	548	136	1991	
Bedford, MA	1,350	-	1,350	-	1,350	-	2011	
Bellingham, MA	734	73	476	331	807	299	1985	
Bellingham, MA	3,961	-	2,042	1,919	3,961	9	2019	
Belmont, MA	390	29	254	165	419	148	1985	
Bradford, MA	650	-	650	-	650	-	2011	
Burlington, MA	600	-	600	-	600	-	2011	
Burlington, MA	1,250	-	1,250	-	1,250	-	2011	
Dracut, MA	450	-	450	-	450	-	2011	
Falmouth, MA	414	2,371	458	2,327	2,785	204	1988	
Fitchburg, MA	390	33	254	169	423	124	1992	
Foxborough, MA	427	98	325	200	525	159	1990	
Framingham, MA	400	23	260	163	423	116	1991	
Gardner, MA	550	-	550	-	550	-	2011	
Gardner, MA	787	-	638	149	787	51	2014	

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			Land	Building and Improvements			
Gardner, MA	\$ 1,009	\$ 364	\$ 657	\$ 716	\$ 1,373	\$ 536	1985
Hingham, MA	353	111	243	221	464	178	1989
Hyde Park, MA	500	174	322	352	674	257	1985
Leominster, MA	571	-	199	372	571	152	2012
Littleton, MA	1,357	-	759	598	1,357	78	2017
Lowell, MA	361	90	201	250	451	247	1985
Lowell, MA	-	633	429	204	633	85	1996
Lynn, MA	850	-	850	-	850	-	2011
Marlborough, MA	550	-	550	-	550	-	2011
Maynard, MA	736	98	479	355	834	277	1985
Melrose, MA	600	-	600	-	600	-	2011
Methuen, MA	650	-	650	-	650	-	2011
Methuen, MA	380	64	246	198	444	182	1985
Methuen, MA	490	98	319	269	588	207	1985
Methuen, MA	300	134	150	284	434	242	1986
Newton, MA	691	101	450	342	792	312	1985
North Andover, MA	393	33	256	170	426	153	1985
Peabody, MA	650	-	650	-	650	-	2011
Peabody, MA	550	-	550	-	550	-	2011
Randolph, MA	573	257	430	400	830	290	1985
Revere, MA	1,300	-	1,300	-	1,300	-	2011
Rockland, MA	579	45	377	247	624	222	1985
Salem, MA	600	-	600	-	600	-	2011
Seekonk, MA	1,073	(373)	576	124	700	73	1985
Shrewsbury, MA	450	-	450	-	450	-	2011
Sterling, MA	476	2	309	169	478	114	1991
Sutton, MA	714	57	464	307	771	224	1993
Tewksbury, MA	1,200	-	1,200	-	1,200	-	2011
Tewksbury, MA	125	598	75	648	723	321	1986
Upton, MA	429	114	279	264	543	169	1991
Wakefield, MA	900	-	900	-	900	-	2011
Walpole, MA	450	92	293	249	542	189	1985
Watertown, MA	358	209	321	246	567	185	1985
Webster, MA	1,012	832	659	1,185	1,844	711	1985
West Roxbury, MA	490	110	319	281	600	228	1985
Westborough, MA	450	-	450	-	450	-	2011
Wilmington, MA	1,300	-	1,300	-	1,300	-	2011
Wilmington, MA	600	-	600	-	600	-	2011
Woburn, MA	508	394	508	394	902	313	1985
Worcester, MA	550	-	550	-	550	-	2011
Worcester, MA	500	-	500	-	500	-	2011
Worcester, MA	498	465	322	641	963	373	1985
Worcester, MA	548	10	356	202	558	138	1991
Worcester, MA	978	8	636	350	986	236	1991
Worcester, MA	196	788	-	984	984	89	2017
Accokeek, MD	692	-	692	-	692	-	2010
Baltimore, MD	2,259	-	722	1,537	2,259	869	2007
Baltimore, MD	802	-	-	802	802	513	2007

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			Land	Building and Improvements				
Beltsville, MD	\$ 1,130	\$ -	\$ 1,130	\$ 0	\$ 1,130	\$ 0	2009	
Beltsville, MD	731	-	731	-	731	-	2009	
Beltsville, MD	525	-	525	-	525	-	2009	
Beltsville, MD	1,050	-	1,050	-	1,050	-	2009	
Bladensburg, MD	571	-	571	-	571	-	2009	
Bowie, MD	1,084	-	1,084	-	1,084	-	2009	
Capitol Heights, MD	628	-	628	-	628	-	2009	
Capitol Heights, MD	468	-	468	-	468	-	2009	
Clinton, MD	651	-	651	-	651	-	2009	
College Park, MD	536	-	536	-	536	-	2009	
College Park, MD	445	-	445	-	445	-	2009	
District Heights, MD	479	-	479	-	479	-	2009	
District Heights, MD	1,039	-	1,039	-	1,039	-	2009	
Ellicott City, MD	895	-	-	895	895	602	2007	
Fort Washington, MD	422	-	422	-	422	-	2009	
Greater Landover, MD	753	-	753	-	753	-	2009	
Greenbelt, MD	1,153	-	1,153	-	1,153	-	2009	
Hyattsville, MD	491	-	491	-	491	-	2009	
Hyattsville, MD	594	-	594	-	594	-	2009	
Landover, MD	662	-	662	-	662	-	2009	
Landover Hills, MD	1,358	-	1,358	-	1,358	-	2009	
Landover Hills, MD	457	-	457	-	457	-	2009	
Lanham, MD	822	-	822	-	822	-	2009	
Laurel, MD	2,523	-	2,523	-	2,523	-	2009	
Laurel, MD	1,415	-	1,415	-	1,415	-	2009	
Laurel, MD	1,530	-	1,530	-	1,530	-	2009	
Laurel, MD	1,267	-	1,267	-	1,267	-	2009	
Laurel, MD	1,210	-	1,210	-	1,210	-	2009	
Laurel, MD	696	-	696	-	696	-	2009	
Oxon Hill, MD	1,256	-	1,256	-	1,256	-	2009	
Riverdale, MD	582	-	582	-	582	-	2009	
Suitland, MD	673	-	673	-	673	-	2009	
Upper Marlboro, MD	845	-	845	-	845	-	2009	
Biddeford, ME	618	8	235	391	626	391	1985	
Lewiston, ME	342	188	222	308	530	244	1985	
Maple Grove, MN	4,233	-	955	3,278	4,233	73	2019	
Fayetteville, NC	986	-	509	477	986	44	2018	
Kannapolis, NC	3,791	-	616	3,175	3,791	16	2019	
Kernersville, NC	449	-	338	111	449	105	2007	
Lexington, NC	1,776	-	301	1,475	1,776	141	2017	
New Bern, NC	350	83	190	243	433	179	2007	
Raleigh, NC	1,601	-	1,149	452	1,601	16	2019	
Rockingham, NC	3,035	-	233	2,802	3,035	39	2019	
Belfield, ND	1,232	-	382	850	1,232	760	2007	
Allenstown, NH	1,787	-	467	1,320	1,787	802	2007	
Concord, NH	675	-	675	-	675	-	2011	
Concord, NH	900	-	900	-	900	-	2011	
Derry, NH	418	16	158	276	434	276	1987	

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			Land	Building and Improvements				
Derry, NH	\$ 950	\$ -	\$ 950	\$ 0	\$ 950	\$ 0	2011	
Dover, NH	650	-	650	-	650	-	2011	
Dover, NH	1,200	-	1,200	-	1,200	-	2011	
Goffstown, NH	1,737	-	697	1,040	1,737	522	2012	
Hooksett, NH	1,562	-	824	738	1,562	676	2007	
Kingston, NH	1,500	-	1,500	-	1,500	-	2011	
Londonderry, NH	703	30	458	275	733	245	1985	
Londonderry, NH	1,100	-	1,100	-	1,100	-	2011	
Manchester, NH	550	-	550	-	550	-	2011	
Nashua, NH	825	-	825	-	825	-	2011	
Nashua, NH	750	-	750	-	750	-	2011	
Nashua, NH	1,750	-	1,750	-	1,750	-	2011	
Nashua, NH	500	-	500	-	500	-	2011	
Nashua, NH	550	-	550	-	550	-	2011	
Nashua, NH	1,132	-	780	352	1,132	56	2017	
Northwood, NH	500	-	500	-	500	-	2011	
Pelham, NH	-	730	317	413	730	146	1996	
Portsmouth, NH	525	-	525	-	525	-	2011	
Raymond, NH	550	-	550	-	550	-	2011	
Rochester, NH	939	12	600	351	951	310	1985	
Rochester, NH	1,400	-	1,400	-	1,400	-	2011	
Rochester, NH	1,600	-	1,600	-	1,600	-	2011	
Rochester, NH	700	-	700	-	700	-	2011	
Salem, NH	743	20	484	279	763	247	1985	
Salem, NH	450	871	350	971	1,321	161	1986	
Basking Ridge, NJ	363	284	200	447	647	306	1986	
Bergenfield, NJ	382	322	300	404	704	255	1990	
Brick, NJ	1,507	246	1,000	753	1,753	548	2000	
Colonia, NJ	719	(284)	72	363	435	292	1985	
Elizabeth, NJ	406	29	227	208	435	195	1985	
Flemington, NJ	547	17	346	218	564	193	1985	
Flemington, NJ	709	(252)	168	289	457	150	1985	
Fort Lee, NJ	1,246	383	811	818	1,629	588	1985	
Freehold, NJ	494	683	95	1,082	1,177	265	1978	
Hasbrouck Heights, NJ	640	538	416	762	1,178	509	1985	
Hillsborough, NJ	238	182	100	320	420	268	1985	
Lake Hopatcong, NJ	1,305	-	800	505	1,305	449	2000	
Lawrence Township, NJ	1,303	-	1,146	157	1,303	68	2012	
Livingston, NJ	872	54	568	358	926	306	1985	
Long Branch, NJ	515	494	335	674	1,009	374	1985	
Midland Park, NJ	201	309	150	360	510	233	1989	
Mountainside, NJ	664	(189)	134	341	475	186	1985	
North Bergen, NJ	630	147	410	367	777	312	1985	
North Plainfield, NJ	227	543	175	595	770	478	1978	
Paramus, NJ	382	86	249	219	468	162	1985	
Parlin, NJ	418	161	203	376	579	196	1985	
Paterson, NJ	619	17	403	233	636	207	1985	
Ridgewood, NJ	704	423	458	669	1,127	443	1985	

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			Land	Building and Improvements			
Somerset, NJ	\$ 683	\$ 231	\$ 445	\$ 469	\$ 914	\$ 381	1985
Union, NJ	437	212	239	410	649	234	1985
Vernon, NJ	671	444	437	678	1,115	395	1985
Washington Township, NJ	913	365	594	684	1,278	439	1985
Watchung, NJ	450	118	226	342	568	174	1985
West Orange, NJ	800	423	521	702	1,223	524	1985
Albuquerque, NM	2,308	-	1,830	478	2,308	74	2017
Albuquerque, NM	3,682	-	3,141	541	3,682	84	2017
Albuquerque, NM	1,829	-	1,382	447	1,829	65	2017
Albuquerque, NM	2,322	-	1,796	526	2,322	80	2017
Las Cruces, NM	1,842	-	1,374	468	1,842	69	2017
Fernley, NV	1,665	-	221	1,444	1,665	468	2015
Las Vegas, NV	3,472	-	655	2,817	3,472	20	2019
Las Vegas, NV	2,814	-	563	2,251	2,814	16	2019
Las Vegas, NV	3,752	-	615	3,137	3,752	23	2019
Las Vegas, NV	3,094	-	830	2,264	3,094	17	2019
Alfred Station, NY	714	-	414	300	714	166	2006
Amherst, NY	223	246	173	296	469	167	2000
Astoria, NY	1,684	-	1,105	579	1,684	221	2013
Avoca, NY	936	(1)	635	300	935	166	2006
Batavia, NY	684	-	364	320	684	177	2006
Bay Shore, NY	157	355	86	426	512	310	1981
Bayside, NY	470	254	306	418	724	255	1985
Brewster, NY	789	-	789	-	789	-	2011
Briarcliff Manor, NY	652	552	502	702	1,204	563	1976
Bronx, NY	390	54	251	193	444	176	1985
Bronx, NY	423	-	423	-	423	-	2013
Bronx, NY	1,049	-	485	564	1,049	217	2013
Bronx, NY	1,910	-	1,349	561	1,910	225	2013
Bronx, NY	953	-	953	-	953	-	2013
Bronx, NY	884	-	884	-	884	-	2013
Bronx, NY	2,408	-	1,712	696	2,408	252	2013
Bronx, NY	877	-	877	-	877	-	2013
Bronxville, NY	1,232	-	1,232	-	1,232	-	2011
Brooklyn, NY	282	222	176	328	504	315	1967
Brooklyn, NY	75	382	31	426	457	290	1967
Brooklyn, NY	627	313	408	532	940	377	1985
Brooklyn, NY	476	320	306	490	796	347	1985
Brooklyn, NY	422	3	275	150	425	9	1985
Brooklyn, NY	236	372	154	454	608	271	1985
Buffalo, NY	313	241	151	403	554	258	2000
Byron, NY	969	-	669	300	969	166	2006
Chester, NY	1,158	-	1,158	-	1,158	-	2011
Churchville, NY	1,012	-	602	410	1,012	227	2006
Corona, NY	2,543	-	1,903	640	2,543	235	2013
Cortlandt Manor, NY	1,872	-	1,872	-	1,872	-	2011
Dobbs Ferry, NY	670	34	434	270	704	242	1985
Dobbs Ferry, NY	1,345	-	1,345	-	1,345	-	2011

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period		Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements			
East Hampton, NY	\$ 660	\$ 39	\$ 428	\$ 271	\$ 699	\$ 242	1985
East Meadow, NY	-	1,903	1,670	233	1,903	52	1988
East Pembroke, NY	787	-	537	250	787	138	2006
Eastchester, NY	1,724	993	2,302	415	2,717	68	2011
Elmont, NY	389	319	231	477	708	357	1978
Elmsford, NY	-	948	581	367	948	268	1971
Elmsford, NY	1,453	-	1,453	-	1,453	-	2011
Fishkill, NY	1,793	-	1,793	-	1,793	-	2011
Floral Park, NY	616	170	356	430	786	302	1998
Flushing, NY	516	241	320	437	757	290	1998
Flushing, NY	1,947	-	1,405	542	1,947	191	2013
Flushing, NY	2,478	-	1,801	677	2,478	239	2013
Flushing, NY	1,936	-	1,413	523	1,936	200	2013
Forest Hills, NY	1,273	-	1,273	-	1,273	-	2013
Franklin Square, NY	153	331	137	347	484	220	1978
Garden City, NY	362	242	236	368	604	238	1985
Garnerville, NY	1,508	-	1,508	-	1,508	-	2011
Glen Head, NY	235	216	103	348	451	348	1982
Glen Head, NY	463	282	301	444	745	305	1985
Great Neck, NY	500	252	450	302	752	188	1985
Hartsdale, NY	1,626	-	1,626	-	1,626	-	2011
Hawthorne, NY	2,084	-	2,084	-	2,084	-	2011
Hopewell Junction, NY	1,163	-	1,163	-	1,163	-	2011
Huntington Station, NY	141	284	84	341	425	225	1978
Hyde Park, NY	990	-	990	-	990	-	2011
Katonah, NY	1,084	-	1,084	-	1,084	-	2011
Lakeville, NY	1,028	-	203	825	1,028	557	2008
Levittown, NY	503	42	327	218	545	196	1985
Levittown, NY	547	86	356	277	633	242	1985
Long Island City, NY	2,717	-	1,183	1,534	2,717	490	2013
Mamaroneck, NY	1,429	-	1,429	-	1,429	-	2011
Massapequa, NY	333	285	217	401	618	259	1985
Mastic, NY	313	110	204	219	423	206	1985
Middletown, NY	751	274	489	536	1,025	383	1985
Middletown, NY	1,281	-	1,281	-	1,281	-	2011
Middletown, NY	719	-	719	-	719	-	2011
Millwood, NY	1,448	-	1,448	-	1,448	-	2011
Mount Kisco, NY	1,907	-	1,907	-	1,907	-	2011
Mount Vernon, NY	985	-	985	-	985	-	2011
Nanuet, NY	2,316	-	2,316	-	2,316	-	2011
Naples, NY	1,257	-	827	430	1,257	238	2006
New Paltz, NY	971	-	971	-	971	-	2011
New Rochelle, NY	189	380	104	465	569	273	1982
New Rochelle, NY	1,887	-	1,887	-	1,887	-	2011
New Windsor, NY	1,084	-	1,084	-	1,084	-	2011
New York, NY	126	399	78	447	525	332	1972
Newburgh, NY	527	-	527	-	527	-	2011
Newburgh, NY	1,192	-	1,192	-	1,192	-	2011

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period		Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements			
Niskayuna, NY	\$ 425	\$ 35	\$ 275	\$ 185	\$ 460	\$ 185	1986
Ossining, NY	231	197	117	311	428	202	1985
Peekskill, NY	2,207	-	2,207	-	2,207	-	2011
Pelham, NY	137	307	75	369	444	253	1985
Pelham, NY	1,035	-	1,035	-	1,035	-	2011
Perry, NY	1,444	-	1,044	400	1,444	221	2006
Pleasant Valley, NY	398	183	240	341	581	217	1986
Port Chester, NY	1,015	-	1,015	-	1,015	-	2011
Port Jefferson, NY	185	3,084	246	3,023	3,269	189	1985
Poughkeepsie, NY	591	-	591	-	591	-	2011
Poughkeepsie, NY	1,020	-	1,020	-	1,020	-	2011
Poughkeepsie, NY	1,340	(60)	1,280	-	1,280	-	2011
Poughkeepsie, NY	1,306	-	1,306	-	1,306	-	2011
Poughkeepsie, NY	1,355	-	1,355	-	1,355	-	2011
Poughkeepsie, NY	1,232	(32)	1,200	-	1,200	-	2011
Prattsburgh, NY	553	-	303	250	553	138	2006
Rego Park, NY	2,783	-	2,104	679	2,783	250	2013
Riverhead, NY	724	-	432	292	724	253	1998
Rockaway Park, NY	1,605	-	1,605	-	1,605	-	2013
Rye, NY	872	-	872	-	872	-	2011
Sag Harbor, NY	704	35	458	281	739	251	1985
Saint Albans, NY	330	106	215	221	436	191	1985
Sayville, NY	344	246	300	290	590	161	1998
Scarsdale, NY	1,301	-	1,301	-	1,301	-	2011
Shrub Oak, NY	1,061	398	691	768	1,459	558	1985
Sleepy Hollow, NY	282	316	130	468	598	414	1969
Spring Valley, NY	749	-	749	-	749	-	2011
Staten Island, NY	301	323	196	428	624	292	1985
Staten Island, NY	350	290	228	412	640	274	1985
Staten Island, NY	390	89	254	225	479	208	1985
Stony Brook, NY	176	281	105	352	457	234	1978
Tarrytown, NY	956	-	956	-	956	-	2011
Tuckahoe, NY	1,650	-	1,650	-	1,650	-	2011
Wantagh, NY	640	-	370	270	640	230	1998
Wappingers Falls, NY	1,488	-	1,488	-	1,488	-	2011
Warsaw, NY	990	-	690	300	990	166	2006
Warwick, NY	1,049	-	1,049	-	1,049	-	2011
West Nyack, NY	936	-	936	-	936	-	2011
White Plains, NY	-	569	303	266	569	213	1972
White Plains, NY	1,458	-	1,458	-	1,458	-	2011
Yaphank, NY	-	798	375	423	798	221	1993
Yonkers, NY	-	543	-	543	543	388	1970
Yonkers, NY	291	1,050	216	1,125	1,341	631	1972
Yonkers, NY	-	944	684	260	944	131	1990
Yonkers, NY	1,021	63	665	419	1,084	375	1985
Yonkers, NY	1,907	-	1,907	-	1,907	-	2011
Yorktown Heights, NY	2,365	-	2,365	-	2,365	-	2011
Yorktown Heights, NY	1,700	-	-	1,700	1,700	387	2013

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period			Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements				
Akron, OH	\$ 1,530	\$ -	\$ 385	\$ 1,145	\$ 1,530	\$ 147	2017	
Crestline, OH	1,202	-	285	917	1,202	494	2008	
Loveland, OH	1,045	-	362	683	1,045	98	2017	
Mansfield, OH	922	-	332	590	922	301	2008	
Mansfield, OH	1,950	-	700	1,250	1,950	631	2009	
Monroeville, OH	2,580	-	485	2,095	2,580	1,058	2009	
Oklahoma City, OK	1,311	-	625	686	1,311	56	2018	
Oklahoma City, OK	1,182	-	587	595	1,182	50	2018	
Oklahoma City, OK	868	-	371	497	868	44	2018	
Stillwater, OK	2,800	-	1,469	1,331	2,800	5	2019	
Banks, OR	498	-	498	-	498	-	2015	
Estacada, OR	646	-	84	562	646	140	2015	
McMinnville, OR	2,867	-	394	2,473	2,867	307	2017	
Pendleton, OR	766	-	122	644	766	177	2015	
Portland, OR	4,416	-	3,368	1,048	4,416	273	2015	
Salem, OR	1,071	-	399	672	1,071	223	2015	
Salem, OR	1,408	-	524	884	1,408	242	2015	
Salem, OR	4,614	-	3,517	1,097	4,614	288	2015	
Salem, OR	4,215	-	3,182	1,033	4,215	289	2015	
Salem, OR	1,350	-	521	829	1,350	220	2015	
Silverton, OR	956	-	456	500	956	80	2017	
Springfield, OR	1,398	-	796	602	1,398	194	2015	
Stayton, OR	543	-	296	247	543	46	2017	
Allison Park, PA	1,500	-	850	650	1,500	495	2010	
Harrisburg, PA	399	213	199	413	612	337	1989	
Lancaster, PA	642	56	300	398	698	363	1989	
New Kensington, PA	1,375	-	675	700	1,375	300	2010	
Philadelphia, PA	405	175	264	316	580	273	1985	
Philadelphia, PA	1,252	-	814	438	1,252	196	2009	
Phoenixville, PA	385	89	76	398	474	67	1985	
Pottsville, PA	452	1	148	305	453	305	1990	
Reading, PA	750	49	-	799	799	799	1989	
Barrington, RI	490	180	319	351	670	282	1985	
East Providence, RI	2,297	(1,637)	14	646	660	230	1985	
N. Providence, RI	543	158	353	348	701	273	1985	
Blythewood, SC	3,217	-	2,405	812	3,217	117	2017	
Chapin, SC	1,682	-	1,135	547	1,682	78	2017	
Columbia, SC	575	-	345	230	575	29	2017	
Columbia, SC	868	-	455	413	868	62	2017	
Columbia, SC	792	-	463	329	792	44	2017	
Columbia, SC	2,460	-	1,569	891	2,460	128	2017	
Columbia, SC	3,371	-	2,016	1,355	3,371	186	2017	
Columbia, SC	1,436	-	472	964	1,436	126	2017	
Columbia, SC	464	-	253	211	464	28	2017	
Columbia, SC	2,637	-	1,254	1,383	2,637	175	2017	
Columbia, SC	1,643	-	1,302	341	1,643	34	2017	
Columbia, SC	927	-	495	432	927	48	2017	
Columbia, SC	1,995	-	1,130	865	1,995	73	2018	

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period		Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements			
Columbia, SC	\$ 2,109	\$ -	\$ 1,120	\$ 989	\$ 2,109	\$ 79	2018
Columbia, SC	2,531	-	1,612	919	2,531	72	2018
Elgin, SC	2,082	-	1,166	916	2,082	122	2017
Elgin, SC	2,177	-	974	1,203	2,177	151	2017
Gaston, SC	2,230	-	934	1,296	2,230	165	2017
Gilbert, SC	1,036	-	434	602	1,036	76	2017
Irmo, SC	3,655	-	1,742	1,913	3,655	240	2017
Irmo, SC	1,114	-	667	447	1,114	57	2017
Irmo, SC	1,339	-	867	472	1,339	62	2017
Irmo, SC	1,246	-	69	1,177	1,246	141	2017
Irmo, SC	3,950	-	2,802	1,148	3,950	151	2017
Johns Island, SC	2,561	-	1,885	676	2,561	42	2018
Lexington, SC	1,624	-	999	625	1,624	81	2017
Lexington, SC	4,413	-	3,418	995	4,413	145	2017
Lexington, SC	973	-	582	391	973	54	2017
Lexington, SC	2,179	-	1,476	703	2,179	91	2017
Lexington, SC	633	-	309	324	633	43	2017
Lexington, SC	1,729	-	1,268	461	1,729	69	2017
Lexington, SC	694	-	172	522	694	74	2017
Lexington, SC	1,056	-	432	624	1,056	85	2017
Lexington, SC	720	-	219	501	720	64	2017
Lexington, SC	1,738	-	1,189	549	1,738	56	2017
Lexington, SC	816	-	336	480	816	48	2017
Lexington, SC	1,712	-	1,410	302	1,712	34	2017
Lexington, SC	2,603	-	1,869	734	2,603	64	2018
Lexington, SC	3,231	-	2,001	1,230	3,231	102	2018
Lexington, SC	3,234	-	1,198	2,036	3,234	154	2018
Pelion, SC	1,901	-	1,021	880	1,901	132	2017
West Columbia, SC	1,644	-	1,283	361	1,644	49	2017
West Columbia, SC	2,046	-	746	1,300	2,046	162	2017
West Columbia, SC	1,116	-	50	1,066	1,116	139	2017
Arlington, TX	1,796	-	1,189	607	1,796	53	2018
Arlington, TX	1,560	-	1,008	552	1,560	47	2018
Arlington, TX	1,352	-	887	465	1,352	42	2018
Arlington, TX	789	-	414	375	789	36	2018
Austin, TX	2,368	-	738	1,630	2,368	911	2007
Austin, TX	462	-	274	188	462	134	2007
Austin, TX	3,511	66	1,595	1,982	3,577	1,083	2007
Austin, TX	1,711	-	1,364	347	1,711	55	2017
Center, TX	2,073	-	1,482	591	2,073	57	2018
Corpus Christi, TX	2,162	-	1,729	433	2,162	65	2017
Corpus Christi, TX	1,526	-	1,056	470	1,526	63	2017
Corpus Christi, TX	2,400	-	1,110	1,290	2,400	173	2017
El Paso, TX	1,425	-	1,098	327	1,425	50	2017
El Paso, TX	3,168	-	2,153	1,015	3,168	140	2017
El Paso, TX	1,278	-	825	453	1,278	67	2017
El Paso, TX	1,816	-	1,413	403	1,816	61	2017
El Paso, TX	2,370	-	1,767	603	2,370	83	2017

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period		Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements			
El Paso, TX	\$ 1,679	\$ -	\$ 1,085	\$ 594	\$ 1,679	\$ 79	2017
Fort Worth, TX	2,115	225	866	1,474	2,340	767	2007
Garland, TX	4,439	-	439	4,000	4,439	935	2014
Garland, TX	3,296	-	245	3,051	3,296	683	2014
Garland, TX	2,208	-	1,504	704	2,208	60	2018
Grand Prairie, TX	2,000	-	1,415	585	2,000	52	2018
Grand Prairie, TX	1,413	-	914	499	1,413	47	2018
Harker Heights, TX	2,051	(9)	579	1,463	2,042	1,169	2007
Houston, TX	1,689	-	224	1,465	1,689	791	2007
Houston, TX	2,803	-	535	2,268	2,803	322	2016
Keller, TX	2,507	-	996	1,511	2,507	879	2007
Lewisville, TX	494	72	110	456	566	267	2008
Linden, TX	2,160	-	1,514	646	2,160	58	2018
Longview, TX	1,660	-	1,239	421	1,660	37	2018
Mathis, TX	3,138	-	2,687	451	3,138	68	2017
Mesquite, TX	1,687	-	1,093	594	1,687	53	2018
Midlothian, TX	429	-	72	357	429	239	2007
Port Arthur, TX	2,648	-	505	2,143	2,648	314	2016
Rowlett, TX	1,284	-	840	444	1,284	38	2018
San Marcos, TX	1,954	-	251	1,703	1,954	937	2007
Temple, TX	2,405	(10)	1,205	1,190	2,395	704	2007
Texarkana, TX	2,316	-	1,643	673	2,316	55	2018
Texarkana, TX	1,861	-	1,197	664	1,861	64	2018
Texarkana, TX	1,791	-	992	799	1,791	67	2018
The Colony, TX	4,396	-	337	4,059	4,396	2,149	2007
Waco, TX	3,884	-	894	2,990	3,884	1,774	2007
Wake Village, TX	1,637	-	685	952	1,637	78	2018
Watauga, TX	1,771	-	1,139	632	1,771	55	2018
Alexandria, VA	649	-	649	-	649	-	2013
Alexandria, VA	1,327	-	1,327	-	1,327	-	2013
Alexandria, VA	735	-	735	-	735	-	2013
Alexandria, VA	1,582	-	1,150	432	1,582	165	2013
Alexandria, VA	656	-	409	247	656	102	2013
Alexandria, VA	1,388	-	1,020	368	1,388	155	2013
Alexandria, VA	1,757	-	1,313	444	1,757	180	2013
Alexandria, VA	712	-	712	-	712	-	2013
Annandale, VA	1,718	-	1,718	-	1,718	-	2013
Arlington, VA	2,062	-	1,603	459	2,062	172	2013
Arlington, VA	2,014	-	1,516	498	2,014	188	2013
Arlington, VA	1,083	-	1,083	-	1,083	-	2013
Arlington, VA	1,464	-	1,085	379	1,464	148	2013
Ashland, VA	840	-	840	-	840	-	2005
Chesapeake, VA	779	(185)	398	196	594	84	1990
Chesapeake, VA	1,004	110	385	729	1,114	677	1990
Emporia, VA	3,364	-	2,227	1,137	3,364	5	2019
Fairfax, VA	3,348	-	2,351	997	3,348	355	2013
Fairfax, VA	4,454	-	3,370	1,084	4,454	386	2013
Fairfax, VA	1,825	-	1,190	635	1,825	241	2013

	Initial Cost of Leasehold or Acquisition Investment to Company (1)	Cost Capitalized Subsequent to Initial Investment	Gross Amount at Which Carried at Close of Period		Total Cost	Accumulated Depreciation	Date of Initial Leasehold or Acquisition Investment (1)
			Land	Building and Improvements			
Fairfax, VA	\$ 2,078	\$ -	\$ 1,365	\$ 713	\$ 2,078	\$ 232	2013
Farmville, VA	1,227	-	622	605	1,227	358	2005
Fredericksburg, VA	1,279	-	469	810	1,279	479	2005
Fredericksburg, VA	1,716	-	996	720	1,716	426	2005
Fredericksburg, VA	1,289	30	798	521	1,319	309	2005
Fredericksburg, VA	3,623	-	2,828	795	3,623	470	2005
Glen Allen, VA	1,037	-	412	625	1,037	369	2005
Glen Allen, VA	1,077	-	322	755	1,077	446	2005
King William, VA	1,688	-	1,068	620	1,688	366	2005
Mechanicsville, VA	1,125	-	505	620	1,125	366	2005
Mechanicsville, VA	903	-	273	630	903	372	2005
Mechanicsville, VA	1,476	-	876	600	1,476	355	2005
Mechanicsville, VA	957	14	324	647	971	394	2005
Mechanicsville, VA	1,677	-	1,157	520	1,677	307	2005
Mechanicsville, VA	1,043	-	223	820	1,043	485	2005
Montpelier, VA	2,481	(114)	1,612	755	2,367	446	2005
Norfolk, VA	535	(70)	235	230	465	230	1990
Petersburg, VA	1,441	-	816	625	1,441	369	2005
Portsmouth, VA	563	33	222	374	596	368	1990
Richmond, VA	1,132	(41)	506	585	1,091	346	2005
Ruther Glen, VA	466	-	31	435	466	257	2005
Sandston, VA	722	-	102	620	722	366	2005
Spotsylvania, VA	1,290	-	490	800	1,290	473	2005
Springfield, VA	4,257	-	2,969	1,288	4,257	454	2013
Auburn, WA	3,022	-	1,965	1,057	3,022	286	2015
Bellevue, WA	1,725	-	886	839	1,725	228	2015
Chehalis, WA	1,176	-	313	863	1,176	257	2015
Colfax, WA	4,800	-	3,611	1,189	4,800	323	2015
Federal Way, WA	4,218	-	2,973	1,245	4,218	363	2015
Fife, WA	1,181	-	414	767	1,181	225	2015
Kent, WA	2,900	-	2,066	834	2,900	245	2015
Monroe, WA	2,792	-	1,556	1,236	2,792	343	2015
Port Orchard, WA	2,019	-	161	1,858	2,019	431	2015
Puyallup, WA	831	-	172	659	831	207	2015
Puyallup, WA	4,050	-	2,394	1,656	4,050	551	2015
Puyallup, WA	2,035	-	465	1,570	2,035	418	2015
Renton, WA	1,485	-	952	533	1,485	196	2015
Seattle, WA	1,884	-	1,223	661	1,884	172	2015
Seattle, WA	717	-	193	524	717	136	2015
Silverdale, WA	2,178	-	1,217	961	2,178	282	2015
Snohomish, WA	955	-	955	-	955	-	2015
South Bend, WA	760	-	121	639	760	162	2015
Tacoma, WA	518	-	518	-	518	-	2015
Tacoma, WA	671	-	671	-	671	-	2015
Tenino, WA	937	-	219	718	937	184	2015
Vancouver, WA	1,214	-	163	1,051	1,214	244	2015
Wilbur, WA	629	-	153	476	629	136	2015
Miscellaneous	44,237	15,516	23,858	35,895	59,753	26,331	various
	<u>\$ 1,049,787</u>	<u>\$ 63,864</u>	<u>\$ 669,351</u>	<u>\$ 444,300</u>	<u>\$ 1,113,651</u>	<u>\$ 165,892</u>	

- 1) Initial cost of leasehold or acquisition investment to company represents the aggregate of the cost incurred during the year in which we purchased the property for owned properties or purchased a leasehold interest in leased properties. Cost capitalized subsequent to initial investment includes investments made in previously leased properties prior to their acquisition.
- 2) Depreciation of real estate is computed on the straight-line method based upon the estimated useful lives of the assets, which generally range from 16 to 25 years for buildings and improvements, or the term of the lease if shorter. Leasehold interests are amortized over the remaining term of the underlying lease.
- 3) The aggregate cost for federal income tax purposes was approximately \$1,128,728,000 at December 31, 2019.

GETTY REALTY CORP. and SUBSIDIARIES
SCHEDULE IV—MORTGAGE LOANS ON REAL ESTATE
As of December 31, 2019
(in thousands)

<u>Type of Loan/Borrower</u>	<u>Description</u>	<u>Location(s)</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Periodic Payment Terms (a)</u>	<u>Prior Liens</u>	<u>Face Value at Inception</u>	<u>Amount of Principal Unpaid at Close of Period</u>
Mortgage Loans:								
Borrower A	Seller financing	East Islip, NY	9.0%	11/2024	P & I	—	\$ 743	\$ 712
Borrower B	Seller financing	Middlesex, NJ	9.0%	5/2021	P & I	—	255	222
Borrower C	Seller financing	Valley Cottage, NY	9.0%	10/2020	P & I	—	431	368
Borrower D	Seller financing	Brooklyn, NY	8.0%	6/2020	I(b)	—	2,000	2,000
Borrower E	Seller financing	Smithtown, NY	9.0%	1/2027	P & I	—	280	280
Borrower F	Seller financing	Nyack, NY	9.0%	9/2022	P & I	—	253	231
Borrower G	Seller financing	Baldwin, NY	9.0%	9/2020	P & I	—	300	260
Borrower H	Seller financing	Norwalk, CT	9.0%	4/2022	P & I	—	319	286
Borrower I	Seller financing	Stafford Springs, CT	9.0%	1/2021	P & I	—	232	200
Borrower J	Seller financing	Waterbury, CT	9.0%	2/2021	P & I	—	171	148
Borrower K	Seller financing	Great Barrington, MA	9.0%	4/2021	P & I	—	58	50
Borrower L	Seller financing	Westfield, MA	9.0%	11/2021	P & I	—	303	268
Borrower M	Seller financing	Bristol, CT	9.0%	5/2026	P & I	—	76	75
Borrower N	Seller financing	Middletown, CT	9.0%	5/2026	P & I	—	308	305
Borrower O	Seller financing	Simsbury, CT	9.0%	5/2026	P & I	—	192	190
Borrower P	Seller financing	Milford, CT	9.0%	3/2025	P & I	—	398	384
Borrower Q	Seller financing	Fairfield, CT	9.0%	3/2025	P & I	—	390	377
Borrower R	Seller financing	Hartford, CT	9.0%	3/2024	P & I	—	70	66
Borrower S	Seller financing	Wilmington, DE	9.0%	11/2020	P & I	—	84	72
Borrower T	Seller financing	Fairhaven, MA	9.0%	9/2020	P & I	—	458	389
Borrower U	Seller financing	New Bedford, MA	9.0%	10/2021	P & I	—	363	320
Borrower V	Seller financing	Fitchburg, MA	9.0%	10/2021	P & I	—	187	165
Borrower W	Seller financing	Oxford, MA	9.0%	3/2023	P & I	—	86	79
Borrower X	Seller financing	Kernersville/Lexington, NC	8.0%	7/2026	P & I	—	568	53
Borrower Y	Seller financing	Pelham, NH	9.0%	1/2023	P & I	—	73	67
Borrower Z	Seller financing	Bayonne, NJ	9.0%	3/2020	P & I	—	308	256
Borrower AA	Seller financing	Belleville, NJ	9.0%	3/2021	P & I	—	315	273
Borrower AB	Seller financing	Ridgefield, NJ	9.0%	4/2021	P & I	—	172	149
Borrower AC	Seller financing	Irvington, NJ	9.0%	7/2022	P & I	—	300	188
Borrower AD	Seller financing	Jersey City, NJ	9.5%	7/2025	P & I	—	500	410
Borrower AE	Seller financing	Colonia, NJ	9.0%	7/2020	P & I	—	320	270
Borrower AF	Seller financing	Swedesboro, NJ	9.0%	4/2021	P & I	—	77	66
Borrower AG	Seller financing	Glendale, NY	9.0%	7/2025	P & I	—	525	444
Borrower AH	Seller financing	Seaford, NY	9.0%	1/2020	P & I	—	488	404
Borrower AI	Seller financing	Elmont, NY	9.0%	10/2021	P & I	—	450	353
Borrower AJ	Seller financing	Scarsdale, NY	9.0%	11/2025	P & I	—	337	290
Borrower AK	Seller financing	Pleasant Valley, NY	9.0%	9/2020	P & I	—	230	195
Borrower AL	Seller financing	Freeport, NY	9.0%	5/2020	P & I	—	206	173
Borrower AM	Seller financing	Colonie, NY	9.0%	8/2023	P & I	—	143	133
Borrower AN	Seller financing	Latham, NY	9.0%	1/2021	P & I	—	169	145
Borrower AO	Seller financing	Malta, NY	9.0%	3/2023	P & I	—	572	527
Borrower AP	Seller financing	Coxsackie, NY	9.0%	7/2021	P & I	—	153	134
Borrower AQ	Seller financing	Brewster, NY	9.0%	10/2022	P & I	—	554	501
Borrower AR	Seller financing	Lindenhurst, NY	9.5%	6/2026	P & I	—	350	347
Borrower AS	Seller financing	Kenmore, NY	9.0%	12/2020	P & I	—	74	64
Borrower AT	Seller financing	Rochester, NY	9.0%	2/2025	P & I	—	174	167
Borrower AU	Seller financing	Savona, NY	9.0%	2/2025	P & I	—	157	151

Type of Loan/Borrower	Description	Location(s)	Interest Rate	Final Maturity Date	Periodic Payment Terms (a)	Prior Liens	Face Value at Inception	Amount of Principal Unpaid at Close of Period
Borrower AV	Seller financing	Rochester, NY	9.0%	10/2025	P & I	—	230	225
Borrower AW	Seller financing	Greigsville, NY	9.0%	11/2025	P & I	—	200	196
Borrower AX	Seller financing	Horsham, PA	10.0%	7/2024	P & I	—	237	101
Borrower AY	Seller financing	Warwick, RI	9.0%	8/2022	P & I	—	333	304
Borrower AZ	Seller financing	Providence, RI	9.0%	9/2021	P & I	—	184	162
Borrower BA	Seller financing	Warwick, RI	9.0%	10/2021	P & I	—	357	315
Borrower BB	Seller financing	Cranston, RI	9.0%	8/2022	P & I	—	153	138
Borrower BC	Seller financing	E. Providence, RI	9.0%	2/2022	P & I	—	186	166
Borrower BD	Seller financing	York, PA	9.0%	2/2021	P & I	—	102	88
Borrower BE	Seller financing	Ephrata, PA	9.0%	10/2020	P & I	—	265	142
Borrower BF	Seller financing	McConnellsburg, PA	9.0%	1/2023	P & I	—	38	35
							17,457	15,079
Note receivable								
	Purchase/leaseback	Various-NY	9.5%	1/2021	I(b)		18,400	14,720
	Promissory Note	Various-CT	9.0%	12/2028	(c)		—	1,056
Total (d)							<u>\$ 35,857</u>	<u>\$ 30,855</u>

(a) P & I = Principal and interest paid monthly.

(b) I = Interest only paid monthly with principal deferred.

(c) Note for funding of capital improvements.

(d) The aggregate cost for federal income tax purposes approximates the amount of principal unpaid.

We review payment status to identify performing versus non-performing loans. Interest income on performing loans is accrued as earned. A non-performing loan is placed on non-accrual status when it is probable that the borrower may be unable to meet interest payments as they become due. Generally, loans 90 days or more past due are placed on non-accrual status unless there is sufficient collateral to assure collectability of principal and interest. Upon the designation of non-accrual status, all unpaid accrued interest is reserved against through current income. Interest income on non-performing loans is generally recognized on a cash basis. The summarized changes in the carrying amount of mortgage loans are as follows:

	2019	2018	2017
Balance at January 1,	\$ 33,519	\$ 32,366	\$ 32,737
Additions:			
New mortgage loans	1,734	4,287	1,505
Deductions:			
Loan repayments	(3,771)	(2,368)	(1,227)
Collection of principal	(627)	(766)	(649)
Balance at December 31,	<u>\$ 30,855</u>	<u>\$ 33,519</u>	<u>\$ 32,366</u>

EXHIBIT INDEX

GETTY REALTY CORP.
Annual Report on Form 10-K
for the year ended December 31, 2019

Exhibit Number	Description of Document	Location of Document
3.1	Articles of Incorporation of Getty Realty Holding Corp. (“Holdings”), now known as Getty Realty Corp., filed December 23, 1997.	Annexed as Appendix D to the Joint Proxy/Prospectus that is a part of the Company’s Registration Statement on Form S-4 filed on January 12, 1998 (File No. 333-44065) and incorporated herein by reference.
3.2	Articles Supplementary to Articles of Incorporation of Holdings, filed January 21, 1998.	Filed as Exhibit 3.2 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-13777) and incorporated herein by reference.
3.3	By-Laws of Getty Realty Corp.	Filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K filed on November 14, 2011 (File No. 001-13777) and incorporated herein by reference.
3.4	Articles of Amendment of Holdings, changing its name to Getty Realty Corp., filed January 30, 1998.	Filed as Exhibit 3.4 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-13777) and incorporated herein by reference.
3.5	Articles of Amendment of Holdings, filed August 1, 2001.	Filed as Exhibit 3.5 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-13777) and incorporated herein by reference.
3.6	Articles Supplementary to Articles of Incorporation of Holdings, filed October 25, 2017.	Filed as Exhibit 3.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 (File No. 001-13777) and incorporated herein by reference.
3.7	Amendment to By-Laws of Getty Realty Corp.	Filed as Exhibit 3.7 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (File No. 001-13777) and incorporated herein by reference.
4.1	Dividend Reinvestment/Stock Purchase Plan.	Included under the heading “Description of Plan” on pages 5 through 18 of the Company’s Registration Statement on Form S-3D filed on April 22, 2004 (File No. 333-114730) and incorporated herein by reference.
4.2	Description of Securities.	Filed with this 10-K.
10.1*	Retirement and Profit Sharing Plan (restated as of December 1, 2012).	Filed as Exhibit 10.1 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 001-13777) and incorporated herein by reference.
10.4*	Amended and Restated Supplemental Retirement Plan for Executives of the Getty Realty Corp. and Participating Subsidiaries (adopted by the Company on December 16, 1997 and amended and restated effective January 1, 2009).	Filed as Exhibit 10.6 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-13777) and incorporated herein by reference.
10.6*	2004 Getty Realty Corp. Omnibus Incentive Compensation Plan.	Annexed as Appendix B. to the Company’s Definitive Proxy Statement filed on April 9, 2004 (File No. 001-13777) and incorporated herein by reference.

Exhibit Number	Description of Document	Location of Document
10.7*	Form of restricted stock unit grant award under the 2004 Getty Realty Corp. Omnibus Incentive Compensation Plan, as amended.	Filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-13777) and incorporated herein by reference.
10.8*	Amendment to the 2004 Getty Realty Corp. Omnibus Incentive Compensation Plan dated December 31, 2008.	Filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-13777) and incorporated herein by reference.
10.15*	Form of incentive restricted stock unit grant award under the 2004 Getty Realty Corp. Omnibus Incentive Compensation Plan, as amended.	Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2013 (File No. 001-13777) and incorporated herein by reference.
10.18*	Getty Realty Corp. Amended and Restated 2004 Omnibus Incentive Compensation Plan.	Filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K filed on March 16, 2015 (File No. 001-13777) and incorporated herein by reference.
10.20**	Credit Agreement, dated as of June 2, 2015, among Getty Realty Corp., certain of its subsidiaries party thereto, Bank of America, N.A. as Administrative Agent, Swing Line Lender, an L/C Issuer and as a Lender, and the other leaders party thereto.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015 (File No. 001-13777) and incorporated herein by reference.
10.21**	Amended and Restated Note Purchase and Guarantee Agreement, dated as of June 2, 2015, among Getty Realty Corp., certain of its subsidiaries party thereto, the Prudential Insurance Company of America, and the Prudential Retirement Insurance and Annuity Company.	Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2015 (File No. 001-13777) and incorporated herein by reference.
10.28	First Amendment, dated as of February 21, 2017, to Credit Agreement among Getty Realty Corp., certain of its subsidiaries party thereto, Bank of America, N.A. as Administrative Agent, Swing Line Lender, an L/C Issuer and as a Lender, and the other leaders party thereto.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2017 (File No. 001-13777) and incorporated herein by reference.
10.29**	Second Amended and Restated Note Purchase and Guarantee Agreement, dated as of February 21, 2017, among Getty Realty Corp., certain of its subsidiaries party thereto, the Prudential Insurance Company of America ("Prudential") and certain affiliates of Prudential.	Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 5, 2017 (File No. 001-13777) and incorporated herein by reference.
10.30**	Transaction Agreement between Empire Petroleum Partners, LLC and Getty Realty Corp., dated June 22, 2017.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on July 28, 2017 (File No. 001-13777) and incorporated herein by reference.
10.31	Distribution Agreement by and among Getty Realty Corp., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc Capital Markets Inc., RBC Capital Markets, LLC, BTIG, LLC, Capital One Securities, Inc. and JMP Securities LLC, dated March 9, 2018.	Filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed on March 9, 2016 (File No. 001-13777) and incorporated herein by reference.
10.32**	Amended and Restated Credit Agreement, dated as of March 23, 2018, among Getty Realty Corp., certain of its subsidiaries party thereto, Bank of America, N.A., as Administrative Agent and Swing Line Lender, each lender from time to time party thereto and each L/C Issuer from time to time party thereto.	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2018 (File No. 001-13777) and incorporated herein by reference.
10.33**	Third Amended and Restated Note Purchase and Guarantee Agreement, dated as of June 21, 2018, among Getty Realty Corp., certain of its subsidiaries party thereto, the Prudential	Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on July 26, 2018 (File No. 001-13777) and incorporated herein by reference.

Exhibit Number	Description of Document	Location of Document
	and certain affiliates of Prudential.	
10.34**	Note Purchase and Guarantee Agreement, dated as of June 21, 2018, among Getty Realty Corp., certain of its subsidiaries party thereto, Metropolitan Life Insurance Company (“MetLife”) and certain affiliates of MetLife.	Filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on July 26, 2018 (File No. 001-13777) and incorporated herein by reference.
10.35*	Form of Indemnification Agreement between the Company and its directors.	Filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on October 25, 2018 (File No. 001-13777) and incorporated herein by reference.
10.36**	Fourth Amended and Restated Note Purchase and Guarantee Agreement, dated as of September 12, 2019, among Getty Realty Corp., certain of its subsidiaries party thereto, the Prudential and certain affiliates of Prudential.	Filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on September 30, 2019 (File No. 001-13777) and incorporated herein by reference.
10.37**	Note Purchase and Guarantee Agreement, dated as of September 12, 2019, among Getty Realty Corp., certain of its subsidiaries party thereto and American General Life Insurance Company (“AIG”).	Filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on September 30, 2019 (File No. 001-13777) and incorporated herein by reference.
10.38**	Note Purchase and Guarantee Agreement, dated as of September 12, 2019, among Getty Realty Corp., certain of its subsidiaries party thereto, Massachusetts Mutual Life Insurance Company (“MassMutual”) and certain of its affiliates.	Filed as Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q filed on September 30, 2019 (File No. 001-13777) and incorporated herein by reference.
10.39	Consent and Second Amendment, dated as of September 12, 2019, to Credit Agreement among Getty Realty Corp., certain of its subsidiaries party thereto, Bank of America, N.A. as Administrative Agent, Swing Line Lender, an L/C Issuer and as a Lender, and the other leaders party thereto.	Filed as Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q filed on September 30, 2019 (File No. 001-13777) and incorporated herein by reference.
21	Subsidiaries of the Company.	Filed herewith.
23	Consent of Independent Registered Public Accounting Firm.	Filed herewith.
31.1	Certification of Christopher J. Constant, President and Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
31.2	Certification of Danion Fielding, Vice President, Chief Financial Officer and Treasurer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
32.1	Certification of Christopher J. Constant, President and Chief Executive Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
32.2	Certification of Danion Fielding, Vice President, Chief Financial Officer and Treasurer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
101.INS	Inline XBRL Instance Document	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	Filed herewith.

Exhibit Number	Description of Document	Location of Document
104	Cover Page Interactive Data File	Formatted as Inline XBRL and contained in Exhibit 101.

* Management contract or compensatory plan or arrangement.

** Confidential treatment has been granted for certain portions of this Exhibit pursuant to Rule 24b-2 under the Exchange Act, which portions are omitted and filed separately with the SEC.

The exhibits listed in this Exhibit Index which were filed or furnished with our 2019 Annual Report on Form 10-K filed with the Securities and Exchange Commission are available upon payment of a \$25 fee per exhibit, upon request from us, by writing to Investor Relations addressed to Getty Realty Corp., Two Jericho Plaza, Suite 110, Jericho, NY 11753-1681. Our website address is www.gettyrealty.com. Our website contains a hyperlink to the EDGAR database of the Securities and Exchange Commission at www.sec.gov where you can access, free-of-charge, each exhibit that was filed or furnished with our 2019 Annual Report on Form 10-K.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934**

As of December 31, 2019, Getty Realty Corp. (“we”, “our”, “us” or the “Company”) has its common stock, \$0.01 par value per share (“common stock”) registered under Section 12 of the Securities Exchange Act of 1934.

The following description of our common stock, which is not complete and is subject to, and qualified in its entirety by reference to, our charter and bylaws, each of which is filed or incorporated by reference as an exhibit to our Annual Report on Form 10-K of which this Exhibit is a part, and the Maryland General Corporation Law (“MGCL”). You should read our charter and bylaws and the applicable provisions of the MGCL for a complete statement of the provisions described under this caption “Description of Common Stock” and for other provisions that may be important to you.

Common Stock

Under our charter, we have the authority to issue 100,000,000 shares of common stock, par value \$0.01 per share. At December 31, 2019, we had outstanding 41,367,846 shares of common stock. Our common stock is traded on the New York Stock Exchange under the symbol “GTY.”

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. For the election of our board of directors, holders of common stock are not entitled to cumulative voting rights. Our common stockholders are entitled to receive ratably such dividends that we declare out of funds legally available therefor. In the event of a liquidation, dissolution or winding up of Getty, holders of our common stock have the right to a ratable portion of the assets remaining after payment of liabilities and liquidation preferences of any outstanding shares of our preferred stock. The holders of our common stock have no preemptive rights or rights to convert their common stock into other securities. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of our preferred stock.

Under the MGCL and our charter, a distribution (whether by dividend, redemption or other acquisition of shares) to holders of shares of our common stock may be made only if, after giving effect to the distribution, our total assets are greater than our total liabilities plus the amount necessary to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to the holders of common stock. We have complied with this requirement in all of our prior distributions to holders of common stock.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter. A Maryland corporation may provide, however, in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides for approval of these matters by the affirmative vote of the holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Ownership and Transfer Restrictions

For us to qualify as a REIT under the Code, not more than 50% in value of our outstanding capital stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year. Our capital stock also must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. In addition, rent from related party tenants (generally, a tenant of a REIT owned, actually or constructively, 10% or more by the REIT, or a 10% owner of the REIT) is not qualifying income for purposes of the income tests under the Code. Our charter prohibits any holder from owning, or being deemed to own by virtue of the constructive ownership provisions of the Code, shares of our capital stock to the extent that such ownership or deemed ownership would result in the Company failing to qualify as a REIT.

In addition, subject to certain exceptions specified in our charter, (a) no holder may (i) own, or be deemed to own by virtue of certain constructive ownership provisions of the Code, in excess of 5.0% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of our common stock or (ii) own, or be deemed to own by virtue of certain other constructive ownership provisions of the Code, in excess of 9.9% (by value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock; (b) no holder may (i) own, or be deemed to own by virtue of certain constructive ownership provisions of the Code, in excess of 5.0% of the number (in value or in number of shares, whichever is more restrictive) of any class or series of the outstanding shares of our preferred stock or (ii) own, or be deemed to own by virtue of certain other constructive ownership provisions of the Code, in excess of 9.9% (by value or number of shares, whichever is more restrictive) of any class or series of outstanding shares of our preferred stock; and (c) no holder may (i) own, or be deemed to own by virtue of certain

constructive ownership provisions of the Code, in excess of 5.0% (in value) of the aggregate of the outstanding shares of our capital stock or (ii) own, or be deemed to own by virtue of certain other constructive ownership provisions of the Code, in excess of 9.9% (in value) of the aggregate of the outstanding shares of our capital stock.

The constructive ownership rules under the Code are complex and may cause shares of capital stock owned actually or constructively by a group of related individuals or entities or both to be deemed constructively owned by one individual or entity. As a result, the acquisition of less than 5.0% of our outstanding common stock, 5.0% of our outstanding preferred stock or 5.0% of our outstanding capital stock (or the acquisition of an interest in an entity that owns, actually or constructively, our capital stock) by an individual or entity could cause that individual or entity (or another individual or entity) to own our stock in excess of the above ownership limits.

Our board of directors may waive the ownership limit and the related party limit (as described below) with respect to a particular stockholder if evidence satisfactory to our board of directors and our tax counsel is presented that such ownership will not then or in the future jeopardize our status as a REIT. Because rent from related party tenants is not qualifying rent for purposes of the gross income tests under the Code, our charter provides that no individual or entity may own, or be deemed to own by virtue of certain constructive ownership provisions of the Code (which differ from the constructive ownership provisions applied to the above ownership limits), in excess of 9.9% in value of the outstanding common stock of a tenant of the Company. We refer to this ownership limit as the related party limit. As a condition of any waiver, our board of directors may require a ruling from the Internal Revenue Service (the "IRS"), an opinion of counsel satisfactory to it or an undertaking, or both from the applicant with respect to preserving our REIT status. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. If shares of capital stock in excess of the ownership limit or the related party limit, or shares which would otherwise cause the REIT to be beneficially owned by less than 100 persons or which would otherwise cause us to be "closely held" within the meaning of the Code or would otherwise result in our failure to qualify as a REIT, are issued or transferred to any person, that issuance or transfer shall be null and void to the intended transferee, and the intended transferee would acquire no rights to the stock. Shares transferred in excess of the ownership limit or the related party limit, or shares which would otherwise cause us to be "closely held" within the meaning of the Code or would otherwise result in our failure to qualify as a REIT, will automatically be transferred to a trustee of a trust for the benefit of one or more charitable beneficiaries selected by us. While these shares are held in trust, the trustee will be entitled to receive, in trust for the beneficiary, all dividends and other distributions and will be entitled to exercise all voting rights with respect to those shares. Within 20 days of the transfer, the trustee shall sell the shares held in the trust to one or more persons, designated by the trustee, whose ownership of the shares will not violate the ownership limit. The net proceeds shall be divided as follows: the intended transferee will receive the lesser of (i) the price paid by the intended transferee or, if the intended transferee did not give value for such shares (through a gift, devise or otherwise), a price per share equal to the market value of the shares on the date of the purported transfer to the intended transferee and (ii) the price per share received by the trustee from the sale or other disposition of the shares held in the trust. Any net sales proceeds in excess of the amount payable to the intended transferee shall be immediately paid to the charitable beneficiary.

In addition, until the trustee has sold the shares of stock held in trust, such shares are purchasable by us at a price equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (ii) the market price for the stock on the date we determine to purchase the stock.

All certificates representing shares of our capital stock will bear a legend referring to the restrictions described above.

Our board of directors granted exemptions from the ownership limit to certain existing stockholders (Leo Liebowitz, Howard Safenowitz and Milton Cooper and their affiliated trusts and partnerships) who own shares of our common stock in excess of the ownership limits.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare, Inc., 462 South 4th Street, Suite 1600 Louisville, KY 40202.

Possible Anti-Takeover Effects of Maryland Law and our Charter and Bylaws

Our charter and bylaws contain certain provisions that may make it more difficult for a third party to acquire control of us without the approval of our board of directors. In addition, certain provisions of the Maryland General Corporation Law may hinder or delay an attempted takeover of our company other than through negotiation with our board of directors. These provisions could discourage attempts to acquire us or remove our management even if some or a majority of our stockholders believe this action to be in their best interest, including attempts that might result in our stockholders' receiving a premium over the market price of their shares of our capital stock.

Number of Directors; Vacancies. The number of directors on our board of directors may only be altered by the action of a majority of our entire board of directors. A vacancy resulting from an increase in the number of directors may be filled by a majority

vote of the entire board of directors. A vacancy on our board of directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors, although such majority may be less than a quorum. Any individual so elected as director holds office until the next annual meeting of stockholders and until his successor is elected and qualifies.

Power to Issue Preferred Stock. Our board of directors has the authority, without further action by the holders of our common stock, to issue shares of preferred stock in one or more classes or series and to fix the relative designations, powers, preferences and privileges of the preferred stock, any or all of which may be greater than the rights of the common stock. Our board of directors, without stockholder approval, can issue preferred stock with voting, conversion or other rights that could adversely affect the voting power and other rights of the holders of common stock.

Power to Reclassify Shares of Our Stock. Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into one or more classes or series of stock, and to divide and classify shares of any class into one or more series of such class. Prior to issuance of classified or reclassified shares of any class or series, our board of directors is required by the Maryland General Corporation Law and by our charter to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series.

Special Stockholders' Meetings. Our bylaws provide that special meetings of stockholders may be called only by our president, chairman of the board, chief executive officer or board of directors, or by our stockholders only upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Advance Notice Provisions. Our bylaws establish an advance written notice procedure for stockholders seeking to nominate candidates for election as directors at any annual meeting of stockholders and to bring business before an annual meeting of our stockholders. Our bylaws provide that only persons who are nominated by or at the direction of our board of directors or by a stockholder who has given timely written notice to our secretary before the meeting to elect directors will be eligible for election as our directors. Our bylaws also provide that any matter to be presented at any meeting of stockholders must be presented either by our board of directors or by a stockholder in compliance with the procedures in our bylaws. A stockholder must give timely written notice to our secretary of its intention to present a matter before an annual meeting of stockholders.

Restrictions of Transfer. The ownership and transfer restriction provisions in our charter described above could have the effect of delaying, deferring or preventing a takeover or other transaction in which stockholders might receive a premium for their stock over the then prevailing market price or which stockholders might believe to be otherwise in their best interest.

Maryland Business Combination Act. In addition to these provisions of our charter and bylaws, we are subject to the provisions of Maryland Business Combination Act (the "Business Combination Act"), which prohibits transactions between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Generally, pursuant to the Business Combination Act, an "interested stockholder" is a person who, together with affiliates and associates, beneficially owns, directly or indirectly, 10% or more of a Maryland corporation's voting stock. These provisions could have the effect of delaying, preventing or deterring a change in control of our company or reducing the price that certain investors might be willing to pay in the future for shares of our capital stock.

Maryland Control Share Acquisition Act. The Maryland Control Share Acquisition Act may deny voting rights to shares involved in an acquisition of one-tenth or more of the voting stock of a Maryland corporation. In our charter and bylaws, we have elected not to have the Maryland Control Share Acquisition Act apply to any acquisition by any person of shares of stock of our Company.

EXHIBIT 21. SUBSIDIARIES OF THE COMPANY

<u>SUBSIDIARY</u>	<u>STATE OF INCORPORATION</u>
AOC Transport, Inc.	Delaware
GettyMart Inc.	Delaware
Getty HI Indemnity, Inc.	New York
Getty Leasing, Inc.	Delaware
Getty Properties Corp.	Delaware
Getty TM Corp.	Maryland
GTY MA/NH Leasing, Inc.	Delaware
GTY MD Leasing, Inc.	Delaware
GTY NY Leasing, Inc.	Delaware
GTY-CPG (VA/DC) Leasing, Inc.	Delaware
GTY-CPG (QNS./BX) Leasing, Inc.	Delaware
GTY-EPP Leasing, LLC	Delaware
GTY-GPM-EZ Leasing, LLC	Delaware
GTY-Pacific Leasing, LLC	Delaware
GTY-SC Leasing, LLC	Delaware
Leemilt's Petroleum, Inc.	New York
Power Test Realty Company Limited Partnership*	New York
Slattery Group, Inc.	New Jersey

* Ninety-nine percent owned by the Company, representing the limited partner units, and one percent owned by Getty Properties Corp., representing the general partner interest.

EXHIBIT 23. CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No.333-221836) and Form S-8 (No. 333-115672 and 333-223054) of Getty Realty Corp. of our report dated February 27, 2020 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 27, 2020

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christopher J. Constant, certify that:

1. I have reviewed this Annual Report on Form 10-K of Getty Realty Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2020

By: /s/ CHRISTOPHER J. CONSTANT
Christopher J. Constant
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Danion Fielding, certify that:

1. I have reviewed this Annual Report on Form 10-K of Getty Realty Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2020

By: /s/ DANION FIELDING
Danion Fielding
Vice President,
Chief Financial Officer and Treasurer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Getty Realty Corp. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the annual period ended December 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2020

By: /s/ CHRISTOPHER J. CONSTANT
Christopher J. Constant
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Getty Realty Corp. and will be retained by Getty Realty Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Getty Realty Corp. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the annual period ended December 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 27, 2020

By: /s/ DANION FIELDING
Danion Fielding
Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to Getty Realty Corp. and will be retained by Getty Realty Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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CORPORATE DATA

Board of Directors

Christopher J. Constant

Chief Executive Officer and President of Getty Realty Corp.

Milton Cooper

Chairman of the Board of Directors of Kimco Realty Corporation

Philip E. Coviello

Retired Partner of Latham & Watkins LLP

Leo Liebowitz

Chairman of the Board of Directors of Getty Realty Corp.

Mary Lou Malanoski

Chief Financial Officer, Colony S2k Holdings

Richard E. Montag

Former Senior Executive of the Richard E. Jacobs Group

Howard Safenowitz

President, Safenowitz Family Corp.

Executive Officers

Christopher J. Constant

Chief Executive Officer and President

Joshua Dicker

Executive Vice President, General Counsel and Secretary

Danion Fielding

Vice President, Chief Financial Officer and Treasurer

Mark J. Olear

Executive Vice President and Chief Operating Officer

Corporate Headquarters

Getty Realty Corp.

Two Jericho Plaza, Suite 110

Jericho, New York 11753-1681

(516) 478-5400

www.gettyrealty.com

About Our Stock

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

About Our Shareholders

As of February 27, 2020, we had 41,380,165 outstanding shares of common stock owned by approximately 14,824 shareholders.

Annual Meeting

All shareholders are cordially invited to attend our annual meeting on April 28, 2020, at 3:30 p.m. at the offices of Arent Fox LLP located at 1301 Avenue of the Americas, 42nd Floor, New York, NY 10019. Holders of common stock of record at the close of business on March 3, 2020, 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.

Two Jericho Plaza, Suite 110

Jericho, New York 11753-1681

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.

Transfer Agent and Dividend Reinvestment Plan Information

Computershare Inc.

462 South 4th St

Suite 1600

Louisville, KY 40202

(800) 368-5948

www.computershare.com

Getty Realty

GETTY REALTY CORP.

Two Jericho Plaza, Suite 110
Jericho, NY 11753-1681
(516) 478-5400

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NYSE

