

# Getty Realty

2020 ANNUAL REPORT

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## COMMITMENT TO OUR TEAM, TENANTS AND SHAREHOLDERS

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*Our focus continues to be the health and safety of our employees and the impact of COVID-19 on our tenants and their businesses.*

”

*Although uncertainty remains regarding the longer-term effect of the pandemic on the broader economy, we are encouraged by the resilience and strong performance of our team and our portfolio.*

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## DEAR SHAREHOLDERS

Getty had a highly productive year during 2020 which saw each aspect of our business post significant accomplishments. The net result was that Getty achieved substantially all of our business objectives and produced growth of both our revenues from rental properties, which increased by 5% for the year, and our adjusted funds from operations (“AFFO”) per share, which grew by 7% for the year. In a normal year, I would be proud to report these results to our shareholders. When you consider the countless challenges brought upon us by the COVID-19 pandemic, I take even greater satisfaction from our results, which were only possible due to the extraordinary efforts put forth by the entire Getty team. I also believe that our performance reflects the value of our in-place portfolio which, combined with our strong balance sheet and growing pipeline of investment prospects, positions the Company for continued success as we look towards 2021 and beyond.

## COVID-RELATED CHALLENGES

Getty’s business began to feel the impacts of the COVID-19 pandemic in March of 2020. Our initial focus was the health and safety of our employees and the potential negative impacts to our tenants’ businesses. We were fortunate that our portfolio of triple-net leased assets was performing well prior to the onset of the COVID-19 pandemic. With that said, the convenience & gas (“C&G”) sector began to feel the adverse effects of the public health crisis when several large states on the East and West Coasts instituted travel restrictions and stay at home orders. Fortunately for Getty, the vast majority of our C&G and other automotive properties were deemed “essential” under state and federal guidelines meaning that more than 95% of our assets remained operational throughout 2020. Yet even though our tenants were open for business, they still faced numerous pandemic-related operational, health and safety challenges.

Nationally, the COVID-19 pandemic reduced motor vehicle use and, as a result, fuel volumes declined significantly year-over-year, with the extent of the decline varying by region. While it is impossible to replace the lost revenue from lower fuel volumes, it is important to note that many of our tenants benefited from historically high retail fuel margins in 2020 (gross profit made on a per gallon basis). This increase in retail fuel margins, which was driven by the considerable drop in oil prices, partially offset the pressure of volume-related weakness at times during the year.

In contrast to fuel-related challenges, our tenants’ convenience store businesses displayed far greater resiliency during the public health crisis. Several of our tenants actually reported that their convenience sales grew year-over-year as consumers increased their use of neighborhood stores for food, traditional merchandise, grocery items, household goods and cleaning products.

I am pleased to report that to date the COVID-19 pandemic has had a minimal impact on Getty’s business. We collected more than 98% of contractual rent and mortgage payments for the year, and also collected substantially all of our “COVID-related” rent and mortgage deferrals due in 2020.

Although uncertainty remains regarding the forward impact of COVID-19 to the broader economy, we are encouraged by the strength exhibited by our tenants and assets since the beginning of the pandemic. Nevertheless, we will continue to vigilantly monitor the health of our tenants’ businesses, as we believe the pandemic will continue to impact consumer and retail activity through at least the first half of 2021 and possibly beyond that.

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## SUSTAINED BUSINESS STRATEGY EXECUTION

Our team is more focused than ever on executing each of our growth initiatives: (i) enhancing our portfolio through accretive acquisitions of C&G and other automotive assets that support consumer mobility; (ii) unlocking embedded value through selective redevelopments; and (iii) maximizing the quality of our in-place portfolio through continued active asset management.

The acquisition program at Getty remains our primary growth driver. In 2020, we acquired 34 high-quality C&G and other automotive properties for \$150 million through a combination of portfolio and individual transactions. This activity reflected our disciplined investment approach, which carefully considers real estate attributes as well as the operational and credit quality of our prospective tenants. The pipeline of opportunities was robust; during the year we reviewed approximately \$2.1 billion of potential acquisitions, with approximately 60% being C&G and the remaining 40% focused on other automotive categories. Included in our acquisitions were two portfolio sale-leaseback transactions with Go Car Wash in the Kansas City and San Antonio MSAs, as well as a C&G portfolio transaction with CEFCO Convenience Stores throughout the state of Texas. As we enter 2021, we remain committed to growing our portfolio in terms of both the convenience store industry which offers consumers food, traditional merchandise, and fuel, and with other automotive related assets which support consumer mobility.

Our redevelopment program continued to mature in 2020 as we completed six projects and signed eight new leases for future projects with national tenants. The completed projects in 2020 were leased to high-quality national retailers including 7-11, AutoZone, Bank of America, and Wendy's. We invested a total of \$3.6 million in these projects and generated an incremental return on our investment of approximately 20%. In terms of our redevelopment outlook, we maintain a solid pipeline, ending the year with six active projects and four projects in planning stages with signed tenant leases. We continue to believe that the redevelopment program demonstrates the embedded value of our in-place portfolio, and that by strategically investing in our assets, 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 continued to refine the nature of our portfolio by selectively re-leasing or disposing of certain assets, while opportunistically exiting third-party leased sites. The net result is a portfolio of 959 properties that was 99.3% occupied at year end and spans 35 states plus Washington, DC with 65% of annualized base rent coming from the Top 50 National MSAs.

## MAINTAINING OUR FLEXIBLE & CONSERVATIVE BALANCE SHEET

In a year where liquidity and balance sheet flexibility were critical, the Company's long-held philosophy of maintaining a conservatively leveraged balance sheet proved itself important to our success. As further demonstration, we issued a \$175 million, 10-year, 3.4% debt private placement to three life insurance companies in December to more permanently fund our business and support our growth initiatives. A portion of the issuance was used for the early retirement of our \$100 million, 6.0% series A notes coming due in early 2021. As I sit here today, Getty has a net debt to EBITDA ratio of less than 5.0x and a revolving credit facility that is essentially undrawn meaning that we have significant capacity to fund our growth plans as we look ahead. We have no debt maturities until 2023 and the weighted average term of our indebtedness is the longest in the Company's history at more than 7 years.

We also financed a significant portion of our growth in 2020 through the issuance of \$64.4 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. In February 2021, we launched a refreshed \$250 million ATM equity issuance program, which we believe will help the Company maintain its conservative leverage profile and help us actively manage our capital structure to prudently grow over the long-term.

## DRIVING GROWTH AND SHAREHOLDER RETURNS

Our 2020 financial results, strategic growth and capital markets activities resulted in our Board's decision to increase our dividend by 5.6% to an annualized rate of \$1.56 per share – making 2020 the sixth 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.

### Financial Highlights (for the years ended December 31)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Number of Properties	959	945	933
Total Revenues	\$147,346	\$140,655	\$136,106
Adjusted Funds from Operations	\$79,134	\$71,816	\$69,669
Adjusted Funds from Operations Per Share	\$1.84	\$1.72	\$1.71
Dividends Per Share	\$1.50	\$1.42	\$1.31

## COMMITTED TO A FUTURE OF CONSUMER SPENDING TIED TO AUTOMOTIVE-BASED MOBILITY

Our portfolio was built around serving the needs of automobile-based consumers, and it is continuing to do so – whether it is stopping for convenience store items including beverages, meals, snacks, other merchandise, and fuel, or getting a car washed or serviced. These needs are in high demand today and we believe they will continue to be staples for consumer spending tied to mobility for years to come.

As we enter 2021, we feel encouraged about our nearly 1,000 properties and our target asset classes. Our ability to underwrite and acquire properties, invest in targeted geographies, and optimize our portfolio through active asset management continues to demonstrate the value of our platform and our focus on owning well-located real estate in stable and growing metropolitan markets.

**\$127mm**

Annualized Base Rent <sup>(1)</sup>



**5.6%**

AFFO / Share CAGR <sup>(2)</sup>



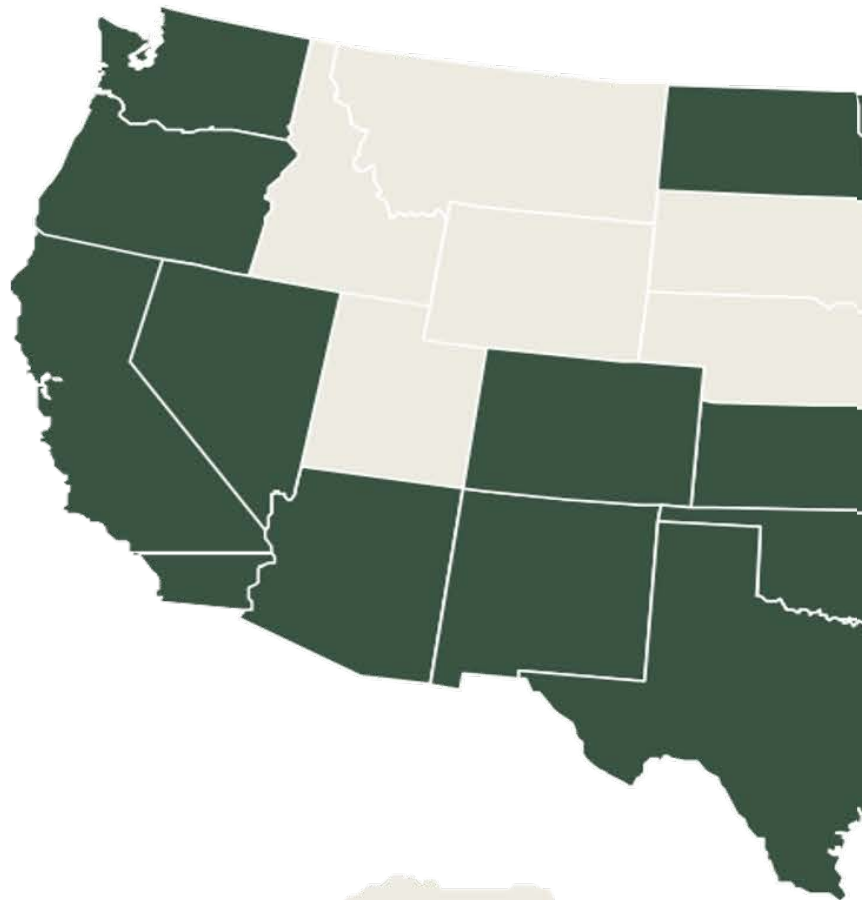
**9%+ yield**

\$11 Million  
Mortgage Portfolio



**99%+**

Occupancy <sup>(3)</sup>



Note: All data is as of December 31, 2020.

1) Annualized GAAP base rent.

2) Adjusted Funds From Operations per share annual growth 2015-2020.

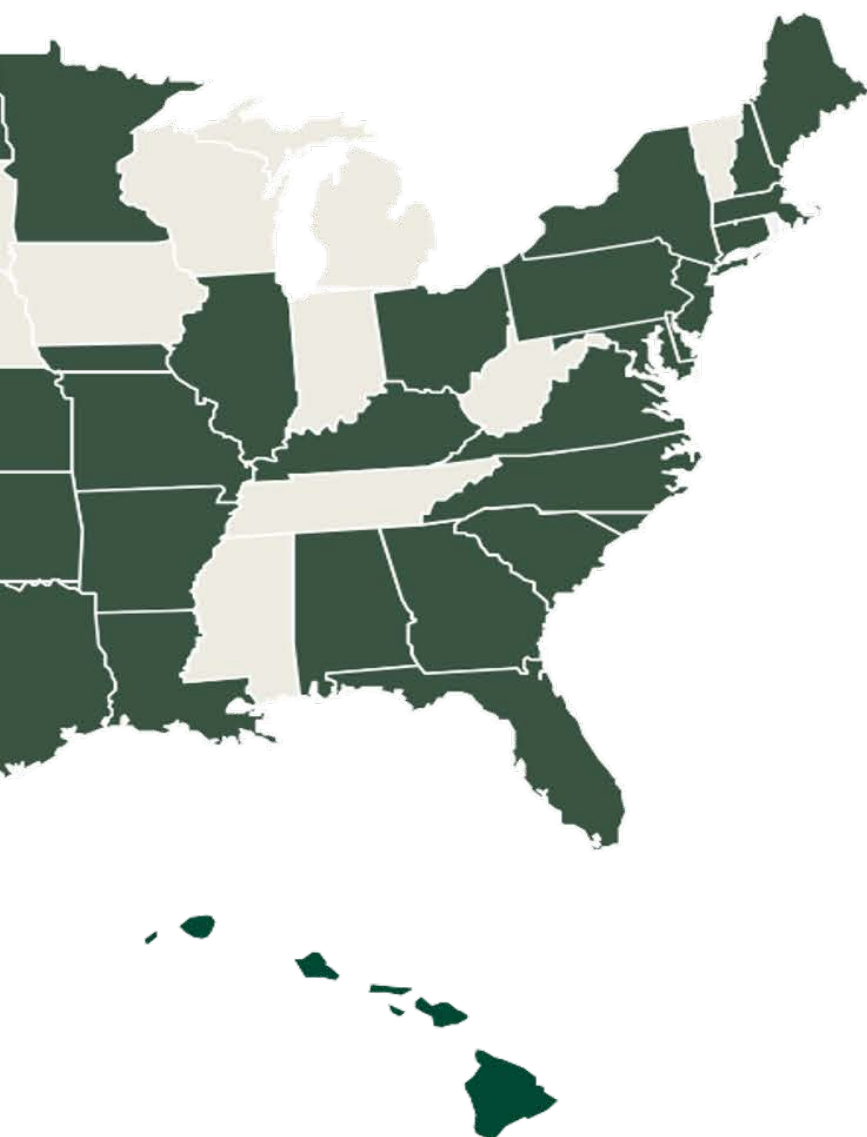
3) Excludes six properties classified as redevelopment.

4) Unitary lease portfolio coverage calculated one quarter in arrears based on site level information provided by tenants.



In addition, our service and consumer-oriented portfolio of C&G and other automotive properties is considered essential and serves many aspects of the retail marketplace which are insulated from the growth of e-commerce.

Despite fuel-related headwinds for the C&G industry, 2020 was a year which saw the convenience side of the business outperform due to the wide array of products offered by many of our tenants. The C&G industry continues to evolve, and our tenants are placing additional emphasis on branding and customer loyalty inside their stores 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.

**65%**

ABR in Top 50 MSAs

**71%**

On Corner Locations

**9.5 years**Weighted Average  
Lease Term**2.6x**Unit Level Rent Coverage<sup>(4)</sup>

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## SAYING GOODBYE

In February 2021, we announced that Leo Liebowitz, our Chairman & Co-Founder, retired from the Board of Directors. Leo was our Chairman for more than 50 years and also served as our Chief Executive Officer from 1985 until 2010 and as our President from 1971 until 2004. Leo co-founded the Company, along with Milton Safenowitz, through the acquisition of a single gas station in New York City in 1955. From there, they built a significant portfolio of gas and service stations, which eventually went public in 1971 and grew to become the largest independent gasoline distributor on the East Coast. In 1985, Leo led the acquisition of all of the Northeastern gasoline stations, terminals, and retail supply contracts from the Getty Oil Company, and changed the name of our predecessor company to Getty Petroleum Corp. In 1997, Leo orchestrated the spin-off of the petroleum marketing and distribution assets formerly held by the company to a newly created public company, unlocking significant value for stockholders at the time, and formed Getty Realty to manage and lease the Company's retained real estate portfolio. Many of the properties purchased by our predecessor entities remain core to our business today, and Leo's vision and leadership is one of the primary reasons that we have become a leading net lease REIT focused on C&G and other automotive-related real estate. On a personal note, I want to thank Leo for his many years of dedicated and distinguished service to the Company as our Chairman and CEO. Leo always made himself available to all of us, and his deep knowledge of the petroleum marketing and distribution business has been critical to our understanding of our tenants' businesses, making us better investors as a result. We will miss having him in the office and on our Board of Directors and wish him the best in his retirement.

## THANK YOU

I will conclude by reiterating how proud I am of Getty's 2020 accomplishments and how optimistic I am about Getty's prospects. I believe we have the right growth strategy and a first-rate team in place to execute on it and to create value for our shareholders for years to come. While it is an honor to lead the Company, we would not be as successful without the contributions of Board of Directors, our management team, and our employees. I would like to personally thank everyone for all of their hard work during the past year. I would also like to thank our shareholders for their continued support.

Best Regards,



**Christopher J. Constant**  
President and Chief Executive Officer



FORM 10K

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**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, 2020  
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.)

292 Madison Avenue, 9<sup>th</sup> Floor  
New York, New York 10017-6318  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: (646) 349-6000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its report.

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 (33,839,999 shares of common stock) of the Company was \$1,004,400,000 as of June 30, 2020.

The registrant had outstanding 43,751,920 shares of common stock as of February 25, 2021.

**DOCUMENTS INCORPORATED BY REFERENCE**

**DOCUMENT**

Selected Portions of Definitive Proxy Statement for the 2021 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, 2020, 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 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; the impact of the novel coronavirus (“COVID-19”) pandemic on our business and results of operations; 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; our workplace demographics, recruiting efforts, and employee compensation program; 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 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; failure to maintain effective internal controls over financial reporting; and negative impacts from the continued spread of the COVID-19 pandemic, including on the global economy or on our tenants' businesses, financial position, or results of operations.

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, our growth or reinvestment strategies, our 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 acquisition, ownership, leasing, financing and redevelopment of convenience stores, gasoline stations and other automotive-related and retail real estate, including express car washes, instant oil change centers, automotive service centers, automotive parts retailers and select other properties. Our predecessor was originally founded in 1955 and our common stock was listed on the NYSE in 1997.

Our portfolio includes 959 properties located in 35 states and Washington, D.C., and our tenants operate under a variety of national and regional brands. We are internally managed by our management team, which has extensive experience acquiring, owning and managing convenience stores, gasoline stations and other automotive-related and retail real estate.

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.

Our company is headquartered in New York, New York and as of February 25, 2021, we had 31 employees.

#### *Company Operations*

As of December 31, 2020, we owned 901 properties and leased 58 properties from third-party landlords. Our nationwide portfolio includes a concentration in the Northeast and Mid-Atlantic regions that we believe is unique and not readily available for purchase or lease from other owners or landlords. Our typical property consists of between one-half and one acre of land in a metropolitan area and is used as a convenience store and gasoline station or to provide other automotive-related services. Many of our properties are located at highly trafficked urban intersections or conveniently close to highway entrances or exit ramps.

Substantially all of our properties are leased on a triple-net basis to convenience store operators, petroleum distributors and other automotive-related and retail tenants. Our tenants either operate their business at our properties directly or sublet our properties and supply fuel to third parties that operate the convenience store and gasoline station businesses. 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. (For additional information regarding risks related to our tenants’ dependence on the performance of the petroleum industry, see “Item 1A. Risk Factors – Substantially all of our tenants depend on the same industry for their revenues” in this Form 10-K.) 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, 2020, we leased 946 of our properties to tenants under triple-net leases.

Our net lease properties include 829 properties leased under 31 separate unitary or master triple-net leases and 117 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, 2020, our contractual rent weighted average lease term, excluding renewal options, was approximately 9.5 years.

Several of our leases provide for additional rent based on the aggregate volume of fuel sold. For the year ended December 31, 2020, 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, 2020, we have a remaining commitment to fund up to \$6.8 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, 2020, we were actively redeveloping six 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, 2020, seven of our properties were vacant. We expect that we will either sell or enter into new leases on these properties over time.

### ***Human Capital Resources***

As of December 31, 2020, we had 31 full-time employees, all of which are located in our New York office. In 2020, we hired our new Executive Vice President and Chief Financial Officer, Brian Dickman, following the planned departure of Danion Fielding for personal reasons. Our employees are offered necessary flexibility to meet personal and family needs. We aim to maintain a workplace that is free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, disability, sexual orientation, gender identification or expression or any other status protected by applicable law. We conduct annual training to prevent harassment and discrimination and monitor employee conduct year-round. Our recruiting efforts, as well as employee training, compensation and advancement are all based on qualifications, performance, skills and experience. We believe that our employees are fairly compensated, without regard to gender, race and ethnicity, and are routinely recognized for outstanding performance. Our compensation program is designed to attract and retain talent, and includes the employee benefit plans described in Note 8 “Employee Benefit Plan” included in Part II, Item 8 of this Annual Report on Form 10-K. We continually assess and strive to enhance employee satisfaction and engagement. Our employees, many of whom have a long tenure with the Company, frequently express satisfaction with management. Our employees are offered regular opportunities to participate in various professional development programs.

### ***Investment Strategy and Activity***

As part of our overall growth strategy, we regularly review acquisition and financing opportunities to invest in additional convenience stores, gasoline stations and other automotive-related and retail real estate. We primarily pursue sale-leaseback transactions and other real estate acquisitions that result in us owning fee simple interests in our properties. Our investment activities may also include purchase money financing with respect to properties we sell, real property loans relating to our leasehold portfolios and construction loans. 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 enhance our geographic and tenant diversification.

During the year ended December 31, 2020, we acquired fee simple interests in 34 properties for an aggregate purchase price of \$150.0 million. During the year ended December 31, 2019, we acquired fee simple interests in 27 properties for an aggregate purchase price of \$87.2 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 209 properties, including single property and portfolio transactions located in various states, for an aggregate purchase price of \$537.0 million.

### ***Redevelopment Strategy and Activity***

We believe that certain of our properties are well-suited for either new convenience store use or for alternative single-tenant net lease retail uses, such as automotive parts and service, quick service restaurants, specialty retail and bank branches. We believe that the redeveloped properties can be leased or sold at higher values than their current use.

For the years ended December 31, 2020 and 2019, rent commenced on six and four 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 19 redevelopment projects.

For the year ended December 31, 2020, we spent \$0.3 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities and transferred \$1.6 million of construction-in-progress to buildings and improvements on our consolidated balance sheet. For the year ended December 31, 2019, we spent \$0.4 million of construction-in-progress costs related to our redevelopment activities and transferred \$0.5 million of construction-in-progress to buildings and improvements on our consolidated balance sheet.



As of December 31, 2020, we had six properties under active redevelopment and others in various stages of feasibility planning for potential recapture from our net lease portfolio, including four properties for which we have signed new leases and which will be transferred to redevelopment when the appropriate entitlements, permits and approvals have been secured.

### ***Major Tenants***

As of December 31, 2020, we had four significant tenants by revenue:

- We leased 150 convenience store and gasoline station properties pursuant to three separate unitary leases and two stand-alone leases to subsidiaries of Global Partners LP (NYSE: GLP) (“Global”). In the aggregate, our leases with subsidiaries of Global represented 16% and 18% of our total revenues for the years ended December 31, 2020 and 2019, respectively. All of our unitary leases with subsidiaries of Global are guaranteed by the parent company.
- We leased 129 convenience store and gasoline station properties pursuant to four separate unitary leases to subsidiaries of Arko Corp. (NASDAQ: ARKO) (“Arko”). In the aggregate, our leases with subsidiaries of Arko represented 15% of our total revenues for each of the years ended December 31, 2020 and 2019. All of our unitary leases with subsidiaries of Arko 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 12% and 13% of our total revenues for the years ended December 31, 2020 and 2019, respectively.
- We leased 74 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 10% and 11% of our total revenues for the years ended December 31, 2020 and 2019, respectively. The largest of these unitary leases, covering 56 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”.

### ***Competition***

The single-tenant net lease retail real estate sector in which we operate is highly competitive and we expect major 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 Getty Petroleum Marketing Inc. (“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 “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 Note 5 in “Item 8. Financial Statements and Supplementary Data” in this Form 10-K.

### ***Additional Information***

Our website address is [www.gettyrealty.com](http://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.

#### **Summary of Risk Factors**

Our business is subject to risks and uncertainties, including those risks and uncertainties discussed at-length below, that could cause our actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, the following:

#### ***Risks Related to Our Business and Operations***

- The risks inherent in owning or leasing real estate.
- The real estate industry is highly competitive.
- 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.
- Substantially all of our tenants depend on the same industry for their revenues.
- It may be difficult for our investors to determine the creditworthiness of our tenants.
- An increase in costs and liability accruals as a result of environmental laws and regulations could adversely affect our business.
- We are defending pending lawsuits and claims that may subject us to material losses.

- We may be subject to losses that may not be covered by insurance.
- The concentration of a significant number of our properties in the Northeast and Mid-Atlantic regions of the United States, and adverse conditions in those regions, in particular, could negatively impact our operations.
- Property taxes on our properties may increase without notice.
- Our business operations may not generate sufficient cash for distributions or debt service.
- Adverse developments in general business, economic or political conditions could have a material adverse effect on us.
- 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.
- Our exposure to counterparty risk.
- Inflation may adversely affect our financial condition and results of operations.
- Our assets may be subject to impairment charges.
- Our accounting policies and methods require management to make estimates, judgments and assumptions about matters that are inherently uncertain.
- Amendments to the Accounting Standards Codification made by the Financial Accounting Standards Board (the “FASB”) or changes in accounting standards may adversely affect our reported revenues, profitability or financial position.
- If we fail to maintain effective internal controls over financial reporting, we may not be able to accurately and timely report our financial results.
- Our reliance on certain members of our management team or Board of Directors, the loss of any one of which could adversely affect our business or the market price of our common stock.
- Our reliance on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.
- Our business and results of operations have been, and our financial condition may be, impacted by the COVID-19 pandemic.

***Risks Related to Financing Our Business***

- Our dependency on external sources of capital, which may or may not be available on favorable terms, or at all.
- Interest rate risk and our ability to manage or mitigate this risk effectively.
- Adverse effects by changes in LIBOR reporting practices or the method in which LIBOR is calculated.

***Risks Related to Our Investment Strategy***

- We may not be able to successfully implement our investment strategy.
- We expect to acquire new properties and this may create risks.
- We are pursuing redevelopment opportunities and this creates risks to our Company.

### ***Risks Related to Our Status as a REIT***

- The 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.
- A risk of changes in the tax law applicable to REITs.
- 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 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.

### ***Risks Related to Ownership of Our Securities***

- Changes in market conditions could adversely affect the market price of our publicly traded common stock.
- Changes in our dividend policy and the dividends we pay may be subject to significant volatility.
- Future issuances of equity securities could dilute the interest of holders of our equity securities.
- Maryland law may discourage a third-party from acquiring us.

### **Risks Related to Our Business and Operations**

#### ***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.

#### ***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.

***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.

***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, and consumer demand for, alternative fuel, electric 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.

***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, 2020, we had accrued a total of \$48.1 million for our prospective environmental remediation obligations. This accrual consisted of (a) \$11.7 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) \$36.4 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.

***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.

***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.

***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, 2020, 43.6% 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.

***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.

***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.

***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 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, 2020, we leased 150 convenience store and gasoline station properties in three separate unitary leases and two stand-alone leases to subsidiaries of Global. In the aggregate, our leases with subsidiaries of Global represented 16% and 18% of our total revenues for the years ended December 31, 2020 and 2019, respectively. All of our unitary leases with subsidiaries of Global are guaranteed by the parent company. As of December 31, 2020, we leased 129 convenience store and gasoline station properties in four separate unitary leases to subsidiaries of Arko. In the aggregate, our leases with subsidiaries of Arko represented 15% of our total revenues for the years ended December 31, 2020 and 2019. All of our unitary leases with subsidiaries of Arko are guaranteed by the parent company. As of December 31, 2020, 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 12% and 13% of our total revenues for each of the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, we leased 74 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 10% and 11% of our total revenues for each of the years ended December 31, 2020 and 2019, respectively. The largest of these unitary leases, covering 56 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.

***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.

***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, 2020 and 2019, we incurred \$4.3 million and \$4.0 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.

***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.

***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.

***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.

***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.

***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.

***Our business and results of operations have been, and our financial condition may be, impacted by the COVID-19 pandemic and such impact could be materially adverse.***

The global spread of COVID-19 has created significant volatility, uncertainty, and economic disruption. The extent to which the COVID-19 pandemic impacts our business, operations and financial results is uncertain, and will depend on numerous evolving factors that we may not be able to accurately predict, including the duration and scope of the pandemic; governmental, business and individual actions taken in response to the pandemic and the impact of those actions on global economic activity; the actions taken in response to economic disruption; the reduced economic activity, if not closures from time to time of our tenants' facilities, may impact our tenants' businesses, financial condition and liquidity, and may cause one or more of our tenants to be unable to meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations; general decline in business activity and demand for real estate transactions could adversely affect our ability or desire to grow our portfolio of properties; the financial impact of the COVID-19 pandemic could negatively impact our future compliance with financial covenants of our Restated Credit Agreement and our senior unsecured notes and result in a default and potentially an acceleration of indebtedness, which non-compliance could negatively impact our ability to make additional borrowings under our Revolving Facility and pay dividends; and a deterioration in our or our tenants' ability to operate in affected areas or delays in the supply of products or services to us or our tenants from vendors that are needed for our or our tenants' efficient operations could adversely affect our operations and those of our tenants.

We have granted a small number of tenants short-term rent or mortgage payment relief requests, most of them in the form of deferral of payments. Notwithstanding the granting of such deferrals, certain of our tenants may be unable to make timely rental payments in whole or in part under their leases or may seek further waivers or deferrals of rental payments. Accordingly, the worsening of estimated future cash flows could result in our recognition of increased impairment charges on certain of our properties. Moreover, in the event of any of our tenants default under or seek early termination for their leases, we might not be able to fully recover and/or experience delays and additional costs in enforcing our rights under the terms of our leases due to potential COVID-19-related moratoriums imposed by various jurisdictions on landlord initiated commercial eviction and collection actions. Further, one or more of our tenants may seek the protection of the bankruptcy laws as a result of the prolonged impact of the COVID-19 pandemic, which could result in the termination of its lease. Tenant bankruptcies may make it more difficult for us to release or redevelop the property or properties in which the bankrupt tenant operates, which could materially and adversely affect our business, financial condition or results of operations.

The rapid development and fluidity of this situation precludes any prediction as to the full adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to our performance, financial condition, results of operations, cash flows and performance. Moreover, many risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2020, should be interpreted as heightened risks as a result of the impact of the COVID-19 pandemic.

### **Risks Related to Financing Our Business**

***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 \$525.0 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 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 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 (“FCA”), which regulates LIBOR, announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after the end of 2021. The U.S. Federal Reserve Board and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee (“ARRC”), a steering committee comprised of large U.S. financial institutions, to identify an alternative reference rate. ARRC identified the Secured Overnight Financing Rate (“SOFR”), calculated by reference to short-term repurchase agreements backed by U.S. Treasury securities, as the recommended alternative reference rate for USD-LIBOR in derivative and other financial contracts and proposed a paced transition plan to transition USD-LIBOR to SOFR. The first publication of SOFR was released by the Federal Reserve Bank of New York in April 2018. In November 2020, the ICE Benchmark Administration Limited (the administrator of LIBOR) announced that it would consult on its intention to cease the publication of the one-week and two-month USD-LIBOR tenors only on December 31, 2021 and all other USD-LIBOR tenors on June 30, 2023. The consultation period ended on January 25, 2021; however, no official statement has been made as of the date of this report.

We cannot predict when LIBOR will cease to be available and there is no guarantee that a transition from LIBOR to an alternative rate will not result in financial market disruptions, significant increases in benchmark rates or financing costs to borrowers. If LIBOR is discontinued, pursuant to the Second Amendment to the Restated Credit Agreement, the administrative agent and the borrower may amend the Restated Credit Agreement to replace LIBOR with a SOFR-based rate 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. If a LIBOR successor rate has not been implemented under the Restated Credit Agreement, interest on borrowing shall accrue at the base rate. Accordingly, the potential effects of the foregoing on our cost of capital cannot yet be determined. As of December 31, 2020, we had \$25,000,000 of borrowings based on LIBOR.

### **Risks Related to Our Investment Strategy**

#### ***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.

## **Risks Related to Our Status as a REIT**

***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.

***There is a risk of changes in the tax law applicable to real estate investment trusts.***

Because the IRS, the United States Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such legislative actions may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect taxation of us and/or our investors.

The Tax Cuts and Jobs Act of 2017, or the TCJA, as amended by the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their shareholders. Changes made by the TCJA and the CARES Act that could affect us and our shareholders include:

- temporarily reducing individual U.S. federal income tax rates on ordinary income; the highest individual U.S. federal income tax rate has been reduced from 39.6% to 37% for taxable years beginning after December 31, 2017 and before January 1, 2026;
- permanently eliminating the progressive corporate tax rate structure, with a maximum corporate tax rate of 35%, and replacing it with a flat corporate tax rate of 21%;
- permitting a deduction for certain pass-through business income, including dividends received by our shareholders from us that are not designated by us as capital gain dividends or qualified dividend income, which will generally allow individuals, trusts, and estates to deduct up to 20% of such amounts for taxable years beginning after December 31, 2017 and before January 1, 2026;
- reducing the highest rate of withholding with respect to our distributions to non-U.S. stockholders that are treated as attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- limiting our deduction for net operating losses to 80% of REIT taxable income (prior to the application of the dividends paid deduction) for taxable years beginning after December 31, 2020;
- generally limiting the deduction for net business interest expense in excess of a specified percentage (50% for taxable years beginning in 2019 and 2020 and 30% for subsequent taxable years) of a business's adjusted taxable income except for taxpayers that engage in certain real estate businesses and elect out of this rule (provided that such electing taxpayers must use an alternative depreciation system for certain property); and
- eliminating the corporate alternative minimum tax.

You are urged to consult with your tax advisor with respect to the status of legislative, regulatory, judicial or administrative developments and proposals and their potential effect on an investment in our securities.

***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.***

Certain 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.

***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.

### **Risks Related to Ownership of Our Securities**

***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.

***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.

***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.

***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.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Substantially all of our properties are leased on a triple-net basis to convenience store retailers, petroleum distributors, operators of other automotive-related and retail businesses. Our tenants are engaged in the sale of day-to-day consumer goods and services, convenience foods and refined petroleum products and are responsible for the operations conducted at our properties, including the payment of all taxes, maintenance, repair, insurance and other operating expenses. 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, 2020, including the number and location of properties we lease from third-parties. In addition, we lease approximately 11,100 square feet of office space at 292 Madison Avenue, New York, New York 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	204	35	239	24.9%
Massachusetts	99	8	107	11.2
Connecticut	65	7	72	7.5
Texas	64	—	64	6.7
New Jersey	45	4	49	5.1
Virginia	48	1	49	5.1
New Hampshire	45	—	45	4.7
South Carolina	45	—	45	4.7
Maryland	40	2	42	4.4
California	35	—	35	3.7
Washington State	31	—	31	3.2
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	1.0
North Carolina	9	—	9	1.0
Ohio	9	—	9	1.0
Maine	7	—	7	0.7
Missouri	7	—	7	0.7
Nevada	6	—	6	0.6
Georgia	5	—	5	0.5
New Mexico	5	—	5	0.5
Florida	4	—	4	0.4
Kansas	4	—	4	0.4
Louisiana	4	—	4	0.4
Oklahoma	4	—	4	0.4
Rhode Island	4	—	4	0.4
Kentucky	3	—	3	0.3
Illinois	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	<u>901</u>	<u>58</u>	<u>959</u>	<u>100.0%</u>

The properties that we lease from third parties have a remaining lease term, including renewal and extension option terms, averaging approximately 8.0 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>
2021	9	15.5%	0.9%
2022	5	8.6	0.5
2023	2	3.5	0.2
2024	4	6.9	0.4
2025	2	3.5	0.2
Subtotal	22	38.0	2.2
Thereafter	36	62.0	3.8
Total	58	100%	6.0%

Revenues from rental properties for the year ended December 31, 2020 were \$144.6 million, an average of approximately \$152,000 per property given the 952 average rental properties held during the year. Revenues from rental properties for the year ended December 31, 2019, were \$137.7 million, an average of \$147,000 per property given the 937 average rental properties held during the year. Rental property lease expirations and annualized contractual rent as of December 31, 2020, 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	6	\$ —	—
Vacant	7	—	—
2021	24	2,047	1.5%
2022	32	2,815	2.1
2023	26	3,617	2.7
2024	26	3,712	2.7
2025	42	7,074	5.2
2026	82	14,259	10.6
2027	255	19,809	14.6
2028	45	7,842	5.8
2029	76	11,605	8.6
2030	20	1,729	1.3
Thereafter	318	60,743	44.9
Total	959	\$ 135,252	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, 2020, 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, 2020 and 2019, we had accrued \$4.3 million and \$17.8 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, 2020, 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.

### ***MTBE Litigation – State of New Jersey***

We were 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 many cases that were transferred from various 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. 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 owners and operators of gasoline station properties from which the releases occurred. The New Jersey MDL Proceedings named us as a defendant along with approximately 50 petroleum refiners, manufacturers, distributors and retailers of MTBE, or gasoline containing MTBE, including Atlantic Richfield, BP, Chevron, Citgo, ConocoPhillips, Cumberland Farms, Duke Energy, ExxonMobil, Getty Petroleum Marketing, Inc., Gulf, Hess, Lyondell Chemical, Lyondell-Citgo, Lukoil Americas, Marathon Oil, Mobil, Motiva, Shell, Sunoco, Unocal, and Valero. The majority of the named defendants have settled their case with the State of New Jersey.

In 2020, we settled the New Jersey MDL Proceedings in accordance with the terms of a Judicial Consent Order (“JCO”), which included payment by us of \$13.5 million in exchange for satisfaction and release of claims made against us by various parties including the NJDEP. Our settlement payment was within our previously established litigation loss reserve for the case. The JCO was approved and entered by the United States District Court for the Southern District of New York on December 17, 2020 and, in accordance with the terms thereof, payment was made by the Company and the case against the Company dismissed.

### ***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, BP, 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 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 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, APEX Oil, Astra Oil, Atlantic Richfield, BP, Chevron, Citgo, ConocoPhillips, Hess, Kinder Morgan, Lukoil, Marathon, Shell, Sunoco, Texaco, Valero, Cumberland Farms, Duke Energy, El Paso Merchant Energy-Petroleum, Energy Transfer Partners, Equilon Enterprises, ETP Holdco, George E. Warren Corporation, Getty Petroleum Marketing, Inc., Gulf, Guttman Energy, Hartree Partners, Holtzman Oil, Motiva Enterprises, Nustar Terminals Operations Partnership, Phillips 66, Premcor, 7-Eleven, Sheetz, Total Petrochemicals & Refining USA, Transmontaigne Product Services, Vitol S.A., WAWA, and Western Refining. 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. 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 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 (“Superfund Site”), which includes the former Diamond Shamrock Corporation manufacturing facility located at 80-120 Lister Ave. in Newark, New Jersey and a 17-mile stretch of the Passaic River from Dundee Dam to the Newark Bay and its tributaries (the Lower Passaic River Study Area or “LPRSA”). 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 LPRSA, which is intended to address the investigation and evaluation of alternative remedial actions with respect to alleged damages to the LPRSA. Many 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 LPRSA. The CPG submitted to the EPA its draft RI/FS in 2015, which sets forth various alternatives for remediating the entire 17 miles of the LPRSA. In October 2018, the EPA issued a letter directing the CPG to prepare a streamlined feasibility study for just the upper 9-miles of the LPRSA based on an iterative approach using adaptive management strategies. On December 4, 2020, The CPG submitted a Final Draft Interim Remedy Feasibility Study (“IR/FS”) to the EPA which identifies various targeted dredge and cap alternatives for the upper 9-miles of the LPRSA. On December 11, 2020, EPA conditionally approved the CPG’s IR/FS for the upper 9-miles of the LPRSA, which recognizes that interim actions and adaptive management may be appropriate before deciding a final remedy. It is anticipated that EPA will issue a proposed plan for an interim remedy for the upper 9-miles, which will be published for public comment. Subject to EPA’s response to any comments and/or objections received, it is anticipated that EPA will issue a Record of Decision (“ROD”) for an interim remedy for the upper 9-mile portion of the LPRSA in 2021 (“Upper 9-mile IR ROD”).

In addition to the RI/FS activities, other actions relating to the investigation and/or remediation of the LPRSA 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 Chemical Corporation (“Occidental”), the former owner/operator of the Diamond Shamrock Corporation facility responsible for the discharge of 2,3,8-TCDD (“dioxin”) and other hazardous substances from the Lister facility. The Order directed 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 LPRSA. The FFS was subject to public comments and objections and, on March 4, 2016, the EPA issued a ROD for the lower 8-miles (“Lower 8-mile ROD”) 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 generated from the production of Agent Orange at its Diamond Shamrock Corporation facility and a discharger of other contaminants of concern (“COCs”) to the Superfund Site for remedial design of the remedy selected in the Lower 8-mile 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 Lower 8-mile ROD. 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 Energy Corporation (“Maxus”) and Tierra Solutions, Inc. (“Tierra”) for its liability in connection with the 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 July 2017, an amended Chapter 11 plan of liquidation became effective and, in connection therewith, Maxus and Tierra entered into a mutual contribution release agreement with certain parties, including us, 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 remedial actions addressed in the Lower 8-mile 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, but we believe we meet EPA's criteria for a cash out settlement and should be considered for same in any future discussions. In January 2018, the EPA published a notice of its intent to enter into a final settlement agreement with 15 of the initial group of parties to resolve their respective alleged liability for the Lower 8-mile ROD work, each for a payment to the EPA in the amount of \$0.3 million. 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 ROD remedial action. The allocation proceedings, which we are participating in, 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-mile ROD work. The complaint lists over 120 defendants, including us, many of whom were also named in 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 the anticipated interim remedy selection for the Upper 9-mile IR ROD and how the EPA intends to implement either the Upper 9-mile IR ROD and/or the Lower 8-mile ROD work, including whether EPA will designate certain PRPs as work parties and/or if EPA will identify PRPs for future cash-out settlement negotiations for the Upper 9-mile IR ROD, the Lower 8-mile ROD work or both. Further, none of the above referenced AOCs and RODs relating to the LPRSA obligate us to fund or perform any remedial action contemplated for the LPRSA and do not resolve liability issues for remedial work or the restoration of or compensation for alleged natural resource damages to the LPRSA, which are not known at this time. Therefore, we anticipate that performance of the EPA's selected remedies for the LPRSA will be subject to future negotiation, potential enforcement proceedings and/or possible litigation.

Based on currently known facts and circumstances, including, among other factors, anticipated allocations, our belief that there was not 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 the costs of remediation and/or damages, the Company does not believe that resolution of this matter as relates to the Company is reasonably likely to have a material impact on our results of operations. Nevertheless, our ultimate liability in the pending and possible future proceedings pertaining to the LPRSA remains uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known. Therefore, it is possible that our 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, 2020.

#### ***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 alleged 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. We settled this case effective December 17, 2020 pursuant to the terms of a Settlement Agreement and General Release which among other things included a payment to the Company. The case has been dismissed. For additional information see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

#### **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 16,239 beneficial holders of our common stock as of February 5, 2020, of which approximately 862 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

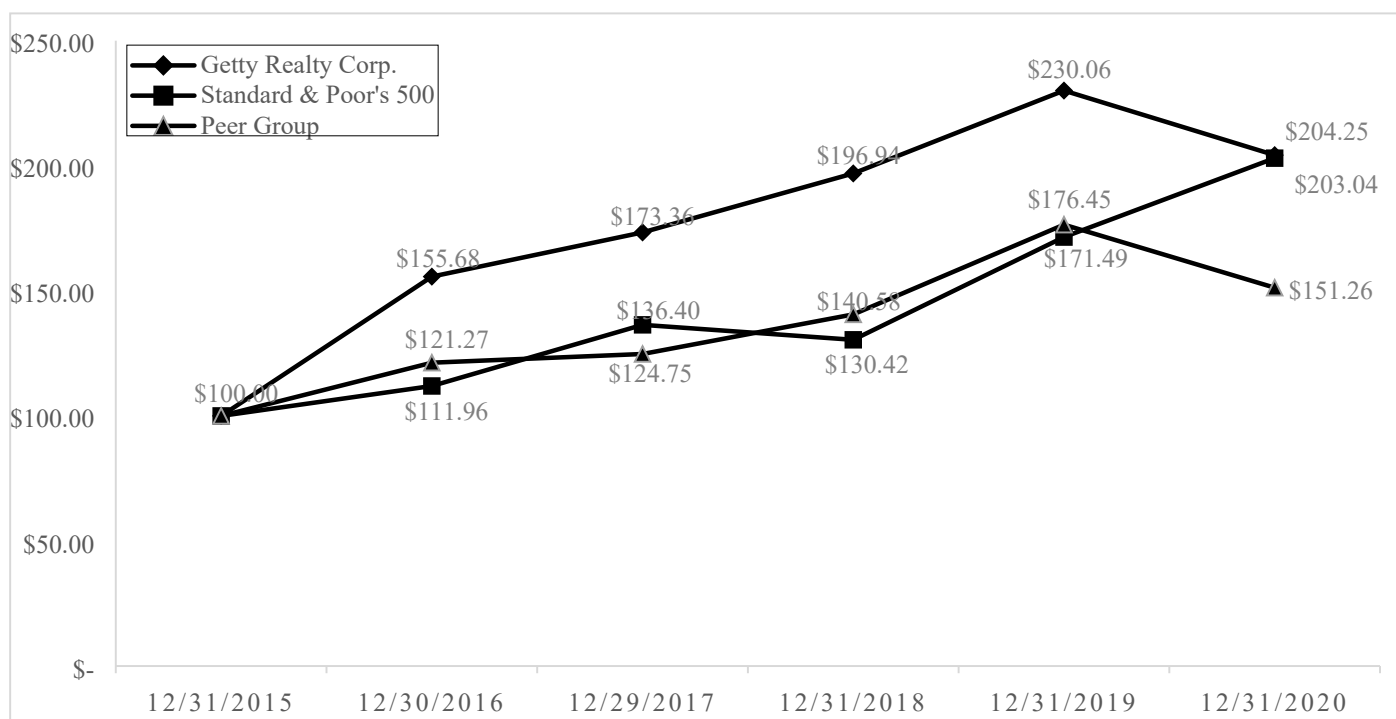
None.

#### Sales of Unregistered Securities

None.

#### Stock Performance Graph

**Comparison of Five-Year Cumulative Total Return\***



Source: SNL Financial

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Getty Realty Corp.	100.00	\$ 155.68	\$ 173.36	\$ 196.94	\$ 230.06	\$ 204.25
Standard & Poor's 500	100.00	\$ 111.96	\$ 136.40	\$ 130.42	\$ 171.49	\$ 203.04
Peer Group	100.00	\$ 121.27	\$ 124.75	\$ 140.58	\$ 176.45	\$ 151.26

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. Reserved**

## **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”; 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 2020 and 2019 items and year-to-year comparisons between 2020 and 2019. Discussions of 2018 items and year-to-year comparisons between 2019 and 2018 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, 2019.

### **General**

#### ***Real Estate Investment Trust***

We are a REIT specializing in the acquisition, ownership, leasing, financing and redevelopment of convenience stores, gasoline stations and other automotive-related and retail real estate, including express car washes, instant oil change centers, automotive service centers, automotive parts retailers and select other properties. As of December 31, 2020, we owned 901 properties and leased 58 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.

#### ***COVID-19***

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The impact from the rapidly changing market and economic conditions due to the COVID-19 pandemic remains uncertain. While we have not incurred significant disruptions to our financial results thus far from the COVID-19 pandemic, we are unable to accurately predict the impact that COVID-19 will have on our business, operations and financial result due to numerous evolving factors, including the severity of the disease, the duration of the pandemic, actions that may be taken by governmental authorities, the impact to our tenants, including the ability of our tenants to make their rental payments and any closures of tenants’ facilities. Additionally, while we expect to continue our overall growth strategy during the 2021 and to fund our business operations from cash flows from our properties and our Revolving Facility, the rapid developments and fluidity of COVID-19 may cause us to re-evaluate, if not suspend, our growth strategy and/or to rely more heavily on borrowings under our Revolving Facility, proceeds from the sale of shares of our common stock under our ATM Program, or other sources of liquidity. See “Part I. Item. 1A. Risk Factors” in this Annual Report on Form 10-K for additional information.

#### ***Our Triple-Net Leases***

Substantially all of our properties are leased on a triple-net basis to convenience store operators, petroleum distributors and other automotive-related and retail tenants. Our tenants either operate their business at our properties directly or sublet our properties and supply fuel to third parties that operate the convenience store and gasoline station businesses. 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 convenience store sales, the sale of refined petroleum products 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. (For additional information regarding risks related to our tenants’ dependence on the performance of the petroleum industry, see “Item 1A. Risk Factors – Substantially all of our tenants depend on the same industry for their revenues” in this Form 10-K.) 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, 2020, we leased 946 of our properties to tenants under triple-net leases.

Our net lease properties include 829 properties leased under 31 separate unitary or master triple-net leases and 117 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, substantially all of which is related to the replacement of USTs that are owned by our tenants.



**Redevelopment.** As of December 31, 2020, we were actively redeveloping six 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, 2020, seven 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 stores, gasoline stations and other automotive-related and retail real estate. We primarily pursue sale-leaseback transactions and other real estate acquisitions that result in us owning fee simple interests in our properties. 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 enhance our geographic and tenant diversification.

During the year ended December 31, 2020, we acquired fee simple interests in 34 properties for an aggregate purchase price of \$150.0 million. In February 2020, we acquired fee simple interests in ten car wash properties located in the Kansas City Metropolitan Statistical Area (“MSA”) for an aggregate purchase price of \$50.3 million and entered into a unitary lease at the closing of the transactions. In August 2020, we acquired fee simple interests in seven car wash properties located in the San Antonio MSA for an aggregate purchase price of \$28.3 million and entered into a unitary lease at the closing of the transaction. In October 2020, we acquired fee simple interests in six convenience store and gasoline station properties located throughout the state of Texas for an aggregate purchase price of \$28.7 million and entered into a unitary lease at the closing of the transaction. In addition, during the year ended December 31, 2020, we acquired fee simple interests in 11 convenience store and other automotive-related properties in various transactions for an aggregate purchase price of \$42.7 million.

During the year ended December 31, 2019, we acquired fee simple interests in 27 properties for an aggregate purchase price of \$87.2 million. In June 2019, we acquired fee simple interests in six convenience store and gasoline station properties located in the Los Angeles MSA for \$24.7 million and entered into a unitary lease at the closing of the transaction. In November 2019, we acquired fee simple interests in four car wash properties located in the Las Vegas MSA for \$14.1 million and entered into a unitary lease at the closing of the transaction. In addition, during the year ended December 31, 2019, we acquired fee simple interests in 17 convenience store and other automotive-related properties in various transactions for an aggregate purchase price of \$48.3 million.

### ***Redevelopment Strategy and Activity***

We believe that certain of our properties are well-suited for either new convenience store use or for alternative single-tenant net lease retail uses, such as automotive parts and service, quick service restaurants, specialty retail and bank branches. We believe that the redeveloped properties can be leased or sold at higher values than their current use.

For the year ended December 31, 2020 and 2019, rent commenced on six and four 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 19 redevelopment projects.

For the year ended December 31, 2020, we spent \$0.3 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities and transferred \$1.6 million of construction-in-progress to buildings and improvements on our consolidated balance sheet. 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 and transferred \$0.5 million of construction-in-progress to buildings and improvements on our consolidated balance sheet.

As of December 31, 2020, we had six properties under active redevelopment and others in various stages of feasibility planning for potential recapture from our net lease portfolio, including four properties for which we have signed new leases and which will be 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 \$4.3 million and \$4.0 million for the years ended December 31, 2020 and 2019, 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 to certain properties due to changes in estimates associated with our environmental liabilities, which increased the carrying values of these 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 (“NAREIT”) as GAAP net earnings before depreciation and amortization of real estate assets, gains or losses on dispositions of real estate, impairment charges and the cumulative effect of accounting changes. Our definition of AFFO is defined as FFO less (i) certain revenue recognition adjustments (defined below), (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.

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. Specifically, FFO excludes items such as depreciation and amortization of real estate assets, gains or losses on dispositions of real estate, and impairment charges. However, GAAP net earnings and FFO typically include certain other items that we exclude from AFFO, including 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 the recognition of rental income from direct financing leases and the amortization of deferred lease incentives (collectively, “Revenue Recognition Adjustments”) that do not impact our recurring cash flow and which are not indicative of our core operating performance. 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 also include non-cash and/or unusual items such as changes in environmental estimates, environmental accretion expense, allowances for credit loss on notes and mortgages receivable and direct finance leases, environmental litigation accruals, insurance reimbursements, legal settlements and judgments, property acquisition costs expensed and loss on extinguishment of debt, that do not impact our recurring cash flow and which are not indicative of our core operating performance.

We pay particular attention to AFFO which we believe provides a more accurate depiction of our core operating performance than either GAAP net earnings or FFO. 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.

A reconciliation of net earnings to FFO and AFFO is as follows (in thousands, except per share amounts):

	Year ended December 31,		
	2020	2019	2018
Net earnings	\$ 69,388	\$ 49,723	\$ 47,706
Depreciation and amortization of real estate assets	30,191	25,161	23,636
Gains on dispositions of real estate	(4,548)	(1,063)	(3,948)
Impairments	4,258	4,012	6,170
Funds from operations	99,289	77,833	73,564
Revenue recognition adjustments	895	(960)	(2,223)
Allowance for credit loss on notes and mortgages receivable and direct financing leases	368	—	—
Loss on extinguishment of debt	1,233	—	—
Changes in environmental estimates	(3,135)	(5,386)	(1,319)
Accretion expense	1,841	2,006	2,409
Environmental litigation accruals	85	5,896	(45)
Insurance reimbursements	(142)	(4,866)	(2,570)
Legal settlements and judgments	(21,300)	(2,707)	(147)
Adjusted funds from operations	<u>\$ 79,134</u>	<u>\$ 71,816</u>	<u>\$ 69,669</u>
Basic per share amounts:			
Earnings per share	\$ 1.62	\$ 1.19	\$ 1.17
Funds from operations per share	2.32	1.86	1.81
Adjusted funds from operations per share	\$ 1.85	\$ 1.72	\$ 1.71
Diluted per share amounts:			
Earnings per share	\$ 1.62	\$ 1.19	\$ 1.17
Funds from operations per share	2.31	1.86	1.80
Adjusted funds from operations per share	\$ 1.84	\$ 1.72	\$ 1.71
Weighted average common shares outstanding:			
Basic	42,040	41,072	40,171
Diluted	42,070	41,110	40,191

## Results of Operations

### *Year ended December 31, 2020, compared to year ended December 31, 2019*

Revenues from rental properties increased by \$6.9 million to \$144.6 million for the year ended December 31, 2020, as compared to \$137.7 million for the year ended December 31, 2019. The increase in revenues from rental properties was primarily due to \$6.1 million of revenue from the properties acquired in 2020. Rental income contractually due from our tenants included in revenues from rental properties was \$128.2 million for the year ended December 31, 2020, as compared to \$119.3 million for the year ended December 31, 2019. 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 \$17.3 million and \$17.5 million for the years ended December 31, 2020 and 2019, respectively. Interest income on notes and mortgages receivable was \$2.7 million for the year ended December 31, 2020, as compared to \$2.9 million for the year ended December 31, 2019.

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 include Revenue Recognition Adjustments which decreased rental revenue by \$0.9 million and increased rental revenue by \$1.0 million for the years ended December 31, 2020 and 2019, 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 \$23.5 million for the year ended December 31, 2020, as compared to \$25.0 million for the year ended December 31, 2019. The decrease in property costs for the year ended December 31, 2020, was principally due to a decrease in rent expense, professional fees related to property redevelopments and reimbursable real estate taxes partially offset by an increase in other professional fees.

Impairment charges were \$4.3 million for the year ended December 31, 2020, as compared to \$4.0 million for the year ended December 31, 2019. Impairment charges are recorded when the carrying value of a property is reduced to fair value. Impairment charges for the years ended December 31, 2020 and 2019, were attributable to the effect of adding asset retirement costs to certain properties due to changes in estimates associated with our environmental liabilities, which increased the carrying values of these 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 \$1.1 million for the year ended December 31, 2020, as compared to \$5.4 million for the year ended December 31, 2019. The decrease in environmental expenses for the year ended December 31, 2020, was principally due to a \$5.8 million decrease in environmental litigation accruals and a \$0.6 million decrease in environmental legal and professional fees, partially offset by a \$2.1 million change in net environmental remediation costs and estimates. 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 \$17.3 million for the year ended December 31, 2020, as compared to \$15.4 million for the year ended December 31, 2019. The increase in general and administrative expense for the year ended December 31, 2020, was principally due to a \$0.7 million increase in stock-based compensation, a \$0.7 million increase in other employee-related expenses and a \$0.6 million increase in legal and other professional fees.

Depreciation and amortization expense was \$30.2 million for the year ended December 31, 2020, as compared to \$25.2 million for the year ended December 31, 2019. 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 \$4.5 million for the year ended December 31, 2020, as compared to \$1.1 million for the year ended December 31, 2019. The gains were the result of the sale of 11 and nine properties during the years ended December 31, 2020 and 2019, respectively.

Other income was \$21.1 million for the year ended December 31, 2020, as compared to \$7.6 million for the year ended December 31, 2019. For the year ended December 31, 2020, other income was primarily attributable to \$21.3 million received from legal settlements and judgments and \$0.1 million received from environmental insurance reimbursements, partially offset by a \$0.4 million allowance for credit loss on notes and mortgages receivable and direct financing leases. Other income for the year ended December 31, 2019, was primarily attributable to \$4.9 million received from environmental insurance reimbursements and \$2.7 million received from legal settlements and judgments.

Interest expense was \$26.1 million for the year ended December 31, 2020, as compared to \$24.6 million for the year ended December 31, 2019. The increase was due to higher average borrowings outstanding for the year ended December 31, 2020, as compared to the year ended December 31, 2019.

For the year ended December 31, 2020, FFO was \$99.3 million, as compared to \$77.8 million for the year ended December 31, 2019. For the year ended December 31, 2020, AFFO was \$79.1 million, as compared to \$71.8 million for the year ended December 31, 2019. FFO for the year ended December 31, 2020, was impacted by changes in net earnings, but excludes a \$0.3 million increase in impairment charges, a \$5.0 million increase in depreciation and amortization expense and a \$3.4 million increase in gains on dispositions of real estate. The increase in AFFO for the year ended December 31, 2020, also excludes a \$18.6 million increase in legal settlements and judgments, a \$2.1 million increase in environmental estimates and accretion expense, a \$4.8 million decrease in insurance reimbursements, a \$5.8 million decrease in environmental litigation accruals, a \$1.9 million decrease in Revenue Recognition Adjustments, a \$1.2 million increase in loss on extinguishment of debt and a \$0.4 million allowance for credit loss on notes and mortgages receivable and direct financing leases.

Basic and diluted earnings per share was \$1.62 per share for the year ended December 31, 2020, as compared to \$1.19 per share for the year ended December 31, 2019. Basic and diluted FFO per share for the year ended December 31, 2020, was \$2.31 per share as compared to \$1.86 per share, for the year ended December 31, 2019. Basic and diluted AFFO per share for the year ended December 31, 2020, was \$1.85 and \$1.84 per share, respectively, as compared to \$1.72 per share for the year ended December 31, 2019.

## **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, 2020, 2019 and 2018, are summarized as follows (in thousands):

	Year ended December 31,		
	2020	2019	2018
Net cash flow provided by operating activities	\$ 82,827	\$ 76,774	\$ 66,361
Net cash flow (used in) investing activities	(127,417)	(82,553)	(78,946)
Net cash flow provided by (used in) financing activities	\$ 77,980	\$ (19,299)	\$ 40,514

### ***Operating Activities***

Net cash flow from operating activities increased by \$6.0 million for the year ended December 31, 2020, to \$82.8 million, as compared to \$76.8 million for the year ended December 31, 2019. 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, 2020, 2019 and 2018, 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 \$44.8 million for the year ended December 31, 2020, to a use of \$127.4 million, as compared to a use of \$82.6 million for the year ended December 31, 2019. The increase in net cash flow from investing activities for the year ended December 31, 2020, was primarily due to an increase of \$62.8 million of property acquisitions a \$2.4 million increase in issuance of notes receivable and a \$1.9 million increase in deposits for property acquisitions, partially offset by an increase of \$18.6 million in collections of notes and mortgages receivable and an increase of \$3.8 million in proceeds from dispositions of real estate.

### ***Financing Activities***

Net cash flow provided by financing activities increased by \$97.3 million for the year ended December 31, 2020, to \$78.0 million, as compared to a use of \$19.3 million for the year ended December 31, 2019. The increase in net cash flow from financing activities for the year ended December 31, 2020, was primarily due to an increase in net borrowings of \$54.0 million and an increase in net proceeds from issuances of common stock of \$49.0 million, partially offset by an increase in dividends paid of \$5.7 million.

### ***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, prior to its repayment pursuant to a subsequent amendment to the Restated Credit Agreement, bore interest 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%.

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.

On December 14, 2020, we used a portion of the net proceeds from the Series I Notes, Series J Notes and Series K Notes (each as described below) to repay \$75.0 million of borrowings outstanding under our Restated Credit Agreement.

### ***Senior Unsecured Notes***

On December 4, 2020, we entered into a fifth amended and restated note purchase and guarantee agreement (the “Fifth Amended and Restated Prudential Agreement”) with Prudential and certain of its affiliates amending and restating our existing fourth amended and restated note purchase agreement. Pursuant to the Fifth Amended and Restated Prudential 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”) and (e) 3.52% Series F Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$50.0 million (the “Series F Notes”) that were outstanding under the existing fourth restated prudential note purchase agreement would continue to remain outstanding under the Fifth Amended and Restated Prudential Agreement and we authorized and issued our 3.43% Series I Guaranteed Senior Notes due November 25, 2030, in the aggregate principal amount of \$100.0 million (the “Series I Notes” and, together with the Series A Notes, Series B Notes, Series C Notes, Series D Notes and Series F Notes, the “Notes”) to Prudential. On December 4, 2020, we completed the early redemption of our 6.0% Series A Notes due February 25, 2021, in the original aggregate principal amount of \$100.0 million. As a result of the early redemption, we recognized a \$1.2 million loss on extinguishment of debt on our consolidated statement of operations for the year ended December 31, 2020. The Fifth Amended and Restated Prudential Agreement does not provide for scheduled reductions in the principal balance of the Series I Notes, or any of our previously issued Series B Notes, Series C Notes, Series D Notes, or Series F 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 December 4, 2020, we entered into a first amendment to note purchase and guarantee agreement (the “First Amended and Restated AIG Agreement”) with American General Life Insurance Company amending and restating our existing note purchase and guarantee agreement. Pursuant to the First Amended and Restated AIG Agreement, we agreed that 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”) that were outstanding under the existing note purchase and guarantee agreement would continue to remain outstanding under the First Amended and Restated AIG Agreement and we authorized and issued our \$50.0 million of 3.43% Series J Guaranteed Senior Notes due November 25, 2030 (the “Series J Notes”) to AIG. The First Amended and Restated AIG Agreement does not provide for scheduled reductions in the principal balance of the Series J Notes or any of our previously issued Series G Notes prior to their respective maturities.

On December 4, 2020, we entered into a first amended and restated note purchase and guarantee agreement (the “First Amended and Restated MassMutual Agreement”) amending and restating our existing note purchase and guarantee agreement. Pursuant to the First Amended and Restated MassMutual Agreement, we agreed that 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”) that were outstanding under the existing note purchase and guarantee agreement would continue to remain outstanding under the First Amended and Restated MassMutual Agreement and we authorized and issued our \$25.0 million of 3.43% Series K Guaranteed Senior Notes due November 25, 2030 (the “Series K Notes”) to MassMutual. The First Amended and Restated MassMutual Agreement does not provide for scheduled reductions in the principal balance of the Series K or any of our previously issued Series H Notes prior to their respective maturities.

We used the net proceeds from the issuance of the Series I Notes, Series J Notes and Series K Notes to prepay in full our Series A Notes due February 25, 2021, and repay \$75.0 million of borrowings outstanding under our Restated Credit Agreement.

The Notes, the Series E Notes, the Series G Notes, the Series H Notes, the Series I Notes, the Series J Notes and, the Series K 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, 2020	December 31, 2019
Revolving Facility	March 2022	1.85%	\$ 25,000	\$ 20,000
Series A Notes	February 2021	6.00%	—	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	50,000
Series G Notes	September 2029	3.52%	50,000	50,000
Series H Notes	September 2029	3.52%	25,000	25,000
Series I Notes	November 2030	3.43%	100,000	—
Series J Notes	November 2030	3.43%	50,000	—
Series K Notes	November 2030	3.43%	25,000	—
Total debt			550,000	470,000
Unamortized debt issuance costs, net (a)			(2,307)	(2,949)
Total debt, net			<u>\$ 547,693</u>	<u>\$ 467,051</u>

(a) Unamortized debt issuance costs, related to the Revolving Facility, at December 31, 2020 and 2019, of \$1,135 and \$2,014, respectively, are included in prepaid expenses and other assets on our consolidated balance sheets.

As of December 31, 2020, we are in compliance with all of the material terms of the Restated Credit Agreement and our senior unsecured notes.

## 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, 2020 and 2019, we issued 2.2 million and 0.4 million shares of common stock and received net proceeds of \$63.2 million and \$14.2 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 convenience stores, gasoline stations and other automotive-related and retail real estate, and we expect to continue to pursue acquisitions that we believe will benefit our financial performance.

During the year ended December 31, 2020, we acquired fee simple interests in 34 properties for an aggregate purchase price of \$150.0 million. During the year ended December 31, 2019, we acquired fee simple interests in 27 properties for an aggregate purchase price of \$87.2 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 also seek opportunities to recapture select properties from our net lease portfolio and 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, 2020, we spent \$0.3 million (net of write-offs) of construction-in-progress costs related to our redevelopment activities. 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.

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, 2020, we have a remaining commitment to fund up to \$6.8 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 \$62.6 million, \$56.9 million and \$50.5 million for the years ended December 31, 2020, 2019 and 2018, 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, 2020, 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.

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, 2020, exclusive of extension options and unamortized debt issuance costs, are summarized below (in thousands):

	<b>Total</b>	<b>Less Than One Year</b>	<b>One to Three Years</b>	<b>Three to Five Years</b>	<b>More Than Five Years</b>
Operating and finance leases	\$ 15,570	\$ 4,646	\$ 6,049	\$ 3,058	\$ 1,817
Credit agreement	25,000	—	25,000	—	—
Senior unsecured notes	525,000	—	75,000	50,000	400,000
Interest on debt (a)	159,245	22,724	42,842	34,476	59,203
Estimated environmental remediation expenditures (b)	48,084	6,346	18,601	8,757	14,380
Capital improvements (c)	6,829	94	—	2,335	4,400
<b>Total</b>	<b>\$ 779,728</b>	<b>\$ 33,810</b>	<b>\$ 167,492</b>	<b>\$ 98,626</b>	<b>\$ 479,800</b>

- (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, 2020.
- (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, 2020, we had accrued a total of \$48.1 million for our prospective environmental remediation obligations. This accrual consisted of (a) \$11.7 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) \$36.4 million for future environmental liabilities related to preexisting unknown contamination. 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.

Environmental liabilities are accreted for the change in present value due to the passage of time and, accordingly, \$1.8 million, \$2.0 million and \$2.4 million of net accretion expense was recorded for the years ended December 31, 2020, 2019 and 2018, respectively, which is included in environmental expenses. In addition, during the years ended December 31, 2020, 2019 and 2018, we recorded credits to environmental expenses aggregating \$3.1 million, \$5.4 million and \$1.3 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, 2020 and 2019, we increased the carrying values of certain of our properties by \$2.6 million and \$1.9 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, 2020, 2019 and 2018, were \$4.0 million, \$4.1 million and \$4.3 million, respectively. Capitalized asset retirement costs were \$39.6 million (consisting of \$23.6 million of known environmental liabilities and \$16.0 million of reserves for future environmental liabilities) as of December 31, 2020, and \$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. We recorded impairment charges aggregating \$3.5 million and \$3.7 million for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, we had accrued \$4.3 million and \$17.8 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 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, 2020, were \$25.0 million.

Based on our outstanding borrowings under the Restated Credit Agreement of \$25.0 million for the year ended December 31, 2020, an increase in market interest rates of 1.0% for 2021 would decrease our 2021 net income and cash flows by approximately \$0.3 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 \$25.0 million outstanding borrowings under the Restated Credit Agreement is indicative of our future average floating interest rate borrowings for 2021 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.

As discussed elsewhere in this report, the COVID-19 pandemic may negatively impact our business and results of operations. As we cannot predict the duration or scope of COVID-19 there is potential for future negative financial impacts to our results that could be material. Our business and results of operations will be, and our financial condition may be, impacted by COVID-19 pandemic and such impact could be materially adverse. See “Part I. Item. 1A. Risk Factors” in this Annual Report on Form 10-K for additional information.

**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, 2020	December 31, 2019
<b>ASSETS:</b>		
Real Estate:		
Land	\$ 707,613	\$ 669,351
Buildings and improvements	537,272	442,220
Construction in progress	734	2,080
	1,245,619	1,113,651
Less accumulated depreciation and amortization	(186,964)	(165,892)
Real estate held for use, net	1,058,655	947,759
Real estate held for sale, net	872	—
Real estate, net	1,059,527	947,759
Investment in direct financing leases, net	77,238	82,366
Notes and mortgages receivable	11,280	30,855
Cash and cash equivalents	55,075	21,781
Restricted cash	1,979	1,883
Deferred rent receivable	44,155	41,252
Accounts receivable	3,811	3,063
Right-of-use assets - operating	24,319	21,191
Right-of-use assets - finance	763	987
Prepaid expenses and other assets	71,365	60,640
Total assets	<u>\$ 1,349,512</u>	<u>\$ 1,211,777</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Borrowings under credit agreement	\$ 25,000	\$ 20,000
Senior unsecured notes, net	523,828	449,065
Environmental remediation obligations	48,084	50,723
Dividends payable	17,332	15,557
Lease liability - operating	25,045	21,844
Lease liability - finance	3,541	4,191
Accounts payable and accrued liabilities	47,081	60,958
Total liabilities	<u>689,911</u>	<u>622,338</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; 43,605,759 and 41,367,846 shares issued and outstanding, respectively	436	414
Additional paid-in capital	722,608	656,127
Dividends paid in excess of earnings	(63,443)	(67,102)
Total stockholders' equity	<u>659,601</u>	<u>589,439</u>
Total liabilities and stockholders' equity	<u>\$ 1,349,512</u>	<u>\$ 1,211,777</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,		
	2020	2019	2018
<b>Revenues:</b>			
Revenues from rental properties	\$ 144,601	\$ 137,736	\$ 133,019
Interest on notes and mortgages receivable	2,745	2,919	3,087
Total revenues	<u>147,346</u>	<u>140,655</u>	<u>136,106</u>
<b>Operating expenses:</b>			
Property costs	23,520	24,978	23,645
Impairments	4,258	4,012	6,170
Environmental	1,054	5,428	4,151
General and administrative	17,294	15,377	15,131
Depreciation and amortization	30,191	25,161	23,636
Total operating expenses	<u>76,317</u>	<u>74,956</u>	<u>72,733</u>
Gains on dispositions of real estate	4,548	1,063	3,948
Operating income	75,577	66,762	67,321
Other income, net	21,129	7,593	2,730
Interest expense	(26,085)	(24,632)	(22,345)
Loss on extinguishment of debt	(1,233)	—	—
Net earnings	<u>\$ 69,388</u>	<u>\$ 49,723</u>	<u>\$ 47,706</u>
<b>Basic earnings per common share:</b>			
Net Earnings	<u>\$ 1.62</u>	<u>\$ 1.19</u>	<u>\$ 1.17</u>
<b>Diluted earnings per common share:</b>			
Net Earnings	<u>\$ 1.62</u>	<u>\$ 1.19</u>	<u>\$ 1.17</u>
<b>Weighted average common shares outstanding:</b>			
Basic	42,040	41,072	40,171
Diluted	42,070	41,110	40,191

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,		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net earnings	\$ 69,388	\$ 49,723	\$ 47,706
Adjustments to reconcile net earnings to net cash flow provided by operating activities:			
Depreciation and amortization expense	30,191	25,161	23,636
Impairment charges	4,258	4,012	6,170
Gains on dispositions of real estate	(4,548)	(1,063)	(3,948)
Loss on extinguishment of debt	1,233	—	—
Deferred rent receivable	(2,903)	(3,530)	(4,112)
Allowance for credit loss on notes and mortgages receivable and direct financing leases	368	—	—
Amortization of above-market and below-market leases	(314)	(623)	(808)
Amortization of investment in direct financing leases	4,210	3,526	3,015
Amortization of debt issuance costs	1,053	971	871
Accretion expense	1,841	2,006	2,409
Stock-based compensation expense	3,130	2,468	1,777
Changes in assets and liabilities:			
Accounts receivable	(1,048)	(546)	(344)
Prepaid expenses and other assets	(1,253)	(503)	(708)
Environmental remediation obligations	(9,490)	(12,931)	(11,210)
Accounts payable and accrued liabilities	(13,289)	8,103	1,907
Net cash flow provided by operating activities	<u>82,827</u>	<u>76,774</u>	<u>66,361</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Property acquisitions	(149,955)	(87,157)	(77,972)
Capital expenditures	(282)	(14)	(3,794)
Addition to construction in progress	(275)	(365)	(2,657)
Proceeds from dispositions of real estate	5,433	1,558	3,303
Deposits for property acquisitions	(2,368)	(510)	(430)
Issuance of notes and mortgages receivable	(2,932)	(464)	(530)
Collection of notes and mortgages receivable	22,962	4,399	3,134
Net cash flow used in investing activities	<u>(127,417)</u>	<u>(82,553)</u>	<u>(78,946)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings under credit agreements	140,000	75,000	95,000
Repayments under credit agreements	(135,000)	(175,000)	(130,000)
Proceeds from senior unsecured notes	175,000	125,000	100,000
Repayments under senior unsecured notes	(100,000)	—	—
Payment for extinguishment of debt	(1,233)	—	—
Payments of finance lease liability	(650)	(542)	(468)
Payments of cash dividends	(62,626)	(56,889)	(50,503)
Payments of debt issuance costs	(410)	(556)	(3,393)
Security deposits refunded	(31)	(347)	(260)
Payments in settlement of restricted stock units	(257)	(115)	—
Proceeds from issuance of common stock, net - ATM	63,187	14,150	30,138
Net cash flow provided by (used in) financing activities	<u>77,980</u>	<u>(19,299)</u>	<u>40,514</u>
Change in cash, cash equivalents and restricted cash	33,390	(25,078)	27,929
Cash, cash equivalents and restricted cash at beginning of year	23,664	48,742	20,813
Cash, cash equivalents and restricted cash at end of year	<u>\$ 57,054</u>	<u>\$ 23,664</u>	<u>\$ 48,742</u>

	Year ended December 31,		
	2020	2019	2018
<b>Supplemental disclosures of cash flow information</b>			
<i>Cash paid during the period for:</i>			
Interest	\$ 25,651	\$ 23,030	\$ 20,790
Income taxes	350	304	244
Environmental remediation obligations	6,355	7,544	9,891
<i>Non-cash transactions</i>			
Dividends declared but not yet paid	17,332	15,557	14,495
Issuance of notes and mortgages receivable related to property dispositions	\$ 792	\$ 1,206	\$ 3,743

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***

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously reported net earnings.

***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.

On June 16, 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments* (“ASU 2016-13”). The accounting standard became effective for us and was adopted on January 1, 2020. Upon adoption, we had five unitary leases subject to this standard classified as a direct financing leases with a net investment balance aggregating \$82,366,000 prior to the credit loss adjustment. In these direct financing leases, the payment obligations of the lessees are collateralized by real estate properties. Historically, we have had no collection issues related to these direct financing leases; therefore, we assessed the probability of default on these leases based on the lessee’s financial condition, business prospects, remaining term of the lease, expected value of the underlying collateral upon its repossession, and our historical loss experience related to other leases in which we are the lessor. Based on the aforementioned considerations, we estimated a credit loss reserve related to these direct financing leases totaling \$578,000, which was recognized as a cumulative adjustment to retained earnings and as a reduction of the investment in direct financing leases balance on our consolidated balance sheets on January 1, 2020. Periods prior to the adoption date that are presented for comparative purposes were not adjusted. During the year ended December 31, 2020, we recorded an additional allowance for credit losses of \$340,000 on our net investments in direct financing leases due to changes in expected economic conditions, which was included within other income in our consolidated statements of operations.

We review our direct financing leases each reporting period to determine whether there were any indicators that the value of our net investments in direct financing leases may be impaired and adjust the allowance for any estimated changes in the credit loss with the resulting change recorded through our consolidated statement of operations. When determining a possible impairment, we take into consideration the collectability of direct financing lease receivables for which a reserve would be required. In addition, we determine whether there has been a permanent decline in the current estimate of the residual value of the property.

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. In conjunction with our adoption of ASU 2016-13 on January 1, 2020, we estimate our credit loss reserve for our notes and mortgages receivable using the weighted average remaining maturity (“WARM”) method, which has been identified as an acceptable loss-rate method for estimating credit loss reserves in the FASB Staff Q&A Topic 326, No. 1. The WARM method requires us to reference historic loan loss data across a comparable data set and apply such loss rate to our notes and mortgages portfolio over its expected remaining term, taking into consideration expected economic conditions over the relevant timeframe. We applied the WARM method for our notes and mortgages portfolio, which share similar risk characteristics. Application of the WARM method to estimate a credit loss reserve requires significant judgment, including (i) the historical loan loss reference data, (ii) the expected timing and amount of loan repayments, and (iii) the current credit quality of our portfolio and our expectations of performance and market conditions over the relevant time period. To estimate the historic loan losses relevant to our portfolio, we used our historical loan performance since the launch of our loan origination business in 2013. Upon adoption of ASU 2016-13 on January 1, 2020, we recorded a credit loss reserve of \$309,000, which was recognized as a cumulative adjustment to retained earnings and as a reduction of the aggregate outstanding principal balance of \$30,855,000 on the notes and mortgages receivable balance on our consolidated balance sheets on January 1, 2020. Periods prior to the adoption date that are presented for comparative purposes were not adjusted. In addition, during the year ended December 31, 2020, we recorded an additional allowance for credit losses of \$28,000 on these notes and mortgages receivable due to changes in expected economic conditions, which was included within other income in our consolidated statements of operations.

From time to time, we may originate construction loans for the construction of income-producing properties. During the year ended December 31, 2020, we funded a construction loan in the amount of \$2.9 million, which was repaid as of December 31, 2020, and we exercised our option to purchase the property. At December 31, 2020, there were no outstanding balances for construction

loans. Our construction loans generally provide for funding only during the construction phase, which is typically up to nine months, although our policy is to consider construction periods as long as 24 months. Funds are disbursed based on inspections in accordance with a schedule reflecting the completion of portions of the project. We also review and inspect each property before disbursement of funds during the term of the construction loan. At the end of the construction phase, the construction loan will be repaid with the proceeds from the sale of the property. We have the option to purchase the property at the end of the construction period.

### ***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, 2020 and 2019, restricted cash of \$1,979,000 and \$1,883,000, 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, 2020, 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, current economic trends, including the novel coronavirus (“COVID-19”) pandemic, and other facts and circumstances related to the applicable tenants. 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.

In April 2020, the FASB issued interpretive guidance relating to the accounting for lease concessions provided as a result of COVID-19. In this guidance, entities can elect not to apply lease modification accounting with respect to such lease concessions and instead, treat the concession as if it was a part of the existing contract. This guidance is only applicable to COVID-19 related lease concessions that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee. Some concessions will provide a deferral of payments with no substantive changes to the consideration in the original contract. A deferral affects the timing of cash receipts, but the amount of the consideration is substantially the same as that required by the original contract. The FASB staff provides two ways to account for those deferrals:

- (1) Account for the concessions as if no changes to the lease contract were made. Under that accounting, a lessor would increase its lease receivable. In its income statement, a lessor would continue to recognize income during the deferral period.
- (2) Account for the deferred payments as variable lease payments.

We elected to treat lease concessions with option (1) above for the year ended December 31, 2020.

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 \$4,258,000, \$4,012,000 and \$6,170,000 for the years ended December 31, 2020, 2019 and 2018, 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 \$1,111,000 of the \$4,258,000 in impairments recognized during the year ended December 31, 2020) and (ii) discounted cash flow models (this method was used to determine \$117,000 of the \$4,258,000 in impairments recognized during the year ended December 31, 2020). During the year ended December 31, 2020, we recorded \$3,030,000 of the \$4,258,000 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, 2020, 2019 and 2018, impairment charges aggregating \$932,000, \$1,202,000 and \$1,268,000, 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 file a federal income tax return on which are consolidated our tax items and the tax items of our subsidiaries that are pass-through entities. 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 2017, 2018 and 2019, and tax returns which will be filed for the year ended 2020, remain open to examination by federal and state tax jurisdictions under the respective statutes of limitations.

### ***New Accounting Pronouncements***

On June 16, 2016, the FASB issued 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 required a modified retrospective approach through a cumulative-effect adjustment to retained earnings. We recorded a credit loss reserve related to our direct financing leases totaling \$578,000, which was recognized as a cumulative adjustment to retained earnings and as a reduction of the investment in direct financing leases balance on our consolidated balance sheets on January 1, 2020. In addition, we recorded a credit loss reserve as of January 1, 2020 of \$309,000 related to our notes and mortgages receivable balance, which was recognized as a cumulative adjustment to retained earnings.

On March 12, 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)* (“ASU 2020-04”). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. We are currently evaluating the impact the adoption of ASU 2020-04 will have on our consolidated financial statements.

## **NOTE 2. — LEASES**

As of December 31, 2020, we owned 901 properties and leased 58 properties from third-party landlords. These 959 properties are located in 35 states across the United States and Washington, D.C. Substantially all of our properties are leased on a triple-net basis to convenience store retailers, petroleum distributors and other automotive-related and retail tenants. Our tenants either operate their business at our properties directly or sublet our properties and supply fuel to third parties that operate the convenience store and gasoline station businesses. 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. Our tenants either operate our properties directly or sublet our properties and supply fuel to third parties that operate the convenience stores and gasoline stations businesses. 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 convenience store sales, the sale of refined petroleum products, and/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, 2020, 2019 and 2018, were \$144,601,000, \$137,736,000 and \$133,019,000, respectively. Rental income contractually due from our tenants included in revenues from rental properties was \$128,246,000, \$119,293,000 and \$114,105,000 for the years ended December 31, 2020, 2019 and 2018, 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 (collectively, "Revenue Recognition Adjustments"). Revenue Recognition Adjustments included in revenues from rental properties resulted in a reduction in revenue of \$895,000, for the year ended December 31, 2020 and increases in revenue of \$960,000 and \$2,223,000 for the years ended December , 2019 and 2018, 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 reimbursed by our tenants pursuant to the terms of triple-net lease agreements, were \$17,250,000, \$17,483,000 and \$16,691,000 for the years ended December 31, 2020, 2019 and 2018, respectively.

We incurred \$351,000, \$373,000 and \$579,000 of lease origination costs for the years ended December 31, 2020, 2019 and 2018, 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 \$77,238,000 investment in direct financing leases as of December 31, 2020, are lease payments receivable of \$113,256,000 plus unguaranteed estimated residual value of \$13,928,000 less unearned income of \$49,028,000 and \$918,000 allowance for credit losses. 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.

In accordance with ASU 2016-13, we applied changes in loss reserves related to these direct financing leases totaling \$578,000, as a cumulative adjustment to retained earnings and as a reduction of the investment in direct financing leases balance on our consolidated balance sheets on January 1, 2020. During the year ended December 31, 2020, we recorded an additional allowance for credit losses of \$340,000 on our net investments in direct financing leases due to changes in expected economic conditions, which was included within other income in our consolidated statements of operations.

Future contractual annual rentals receivable from our tenants, which have terms in excess of one year as of December 31, 2020, are as follows (in thousands):

	Operating Leases	Direct Financing Leases
2021	\$ 120,540	\$ 13,339
2022	121,134	13,420
2023	120,530	13,467
2024	118,757	13,611
2025	117,934	13,512
Thereafter	655,985	45,907
Total	<u>\$ 1,254,880</u>	<u>\$ 113,256</u>

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, 2020
<b>Assets</b>	
Right-of-use assets - operating	\$ 24,319
Right-of-use assets - finance	763
Total lease assets	<u>\$ 25,082</u>
<b>Liabilities</b>	
Lease liability - operating	\$ 25,045
Lease liability - finance	3,541
Total lease liabilities	<u>\$ 28,586</u>

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

Weighted-average remaining lease term (years)	
Operating leases	9.2
Finance leases	10.6
Weighted-average discount rate	
Operating leases (a)	4.80%
Finance leases	17.30%

(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, 2020
Operating lease cost	\$ 3,999
Finance lease cost	
Amortization of leased assets	650
Interest on lease liabilities	719
Short-term lease cost	82
Total lease cost	<u>\$ 5,450</u>

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

	December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for operating leases	\$ 3,798
Operating cash flows for finance leases	719
Financing cash flows for finance leases	\$ 650



As of December 31, 2020, scheduled lease liabilities mature as follows (in thousands):

	Operating Leases	Direct Financing Leases
2021	\$ 3,471	\$ 1,273
2022	3,780	1,093
2023	3,680	856
2024	3,532	785
2025	3,155	475
Thereafter	13,880	1,546
Total lease payments	31,498	6,028
Less: amount representing interest	(6,453)	(2,487)
Present value of lease payments	<u>\$ 25,045</u>	<u>\$ 3,541</u>

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: 2021 – \$4,646,000, 2022 – \$3,374,000, 2023 – \$2,675,000, 2024 – \$2,021,000, 2025 – \$1,037,000 and \$1,817,000 thereafter.

Rent expense, substantially all of which consists of minimum rentals on non-cancelable operating leases, amounted to \$3,769,000, \$4,664,000 and \$4,660,000 for the years ended December 31, 2020, 2019 and 2018, respectively, and is included in property costs. Rent received under subleases for the years ended December 31, 2020, 2019 and 2018, was \$7,892,000, \$8,699,000 and \$9,023,000, respectively, and is included in rental revenue discussed above.

### **Major Tenants**

As of December 31, 2020, we had four significant tenants by revenue:

- We leased 150 convenience store and gasoline station properties in three separate unitary leases and two stand-alone leases to subsidiaries of Global Partners LP (NYSE: GLP) (“Global”). In the aggregate, our leases with subsidiaries of Global represented 16% and 18% of our total revenues for the years ended December 31, 2020 and 2019, respectively. All of our unitary leases with subsidiaries of Global are guaranteed by the parent company.
- We leased 129 convenience store and gasoline station properties in four separate unitary leases to subsidiaries of ARKO Corp. (NASDAQ: ARKO) (“Arko”). In the aggregate, our leases with subsidiaries of Arko represented 15% of our total revenues for each of the years ended December 31, 2020 and 2019. All of our unitary leases with subsidiaries of Arko 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 12% and 13% of our total revenues for the years ended December 31, 2020 and 2019, respectively.
- We leased 74 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 10% and 11% of our total revenues for the years ended December 31, 2020 and 2019, respectively. The largest of these unitary leases, covering 56 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, 2020, 355 of the properties we own or lease were previously leased to Marketing, of which 317 properties are subject to long-term triple-net leases with petroleum distributors in 14 separate property portfolios and 29 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, 2020, we have a remaining commitment to fund up to \$6,829,000 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, 2020, 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 \$1,317,000 (net of accumulated amortization of \$1,688,000) 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 involved in various legal proceedings and claims which arise in the ordinary course of our business. As of December 31, 2020 and 2019, we had accrued \$4,275,000 and \$17,820,000, respectively, for certain of these matters which we believe were appropriate based on information then currently available. We recorded provisions aggregating \$85,000 and \$5,896,000, for the year ended December 31, 2020, and 2019, respectively, for environmental litigation accruals 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, 2020 and 2019, we received \$21,300,000 and \$2,707,000, respectively, for former legal litigation settlements.

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

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 (“Superfund Site”), which includes the former Diamond Shamrock Corporation manufacturing facility located at 80-120 Lister Ave. in Newark, New Jersey and a 17-mile stretch of the Passaic River from Dundee Dam to the Newark Bay and its tributaries (the Lower Passaic River Study Area or “LPRSA”). 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 LPRSA, which is intended to address the investigation and evaluation of alternative remedial actions with respect to alleged damages to the LPRSA. Many 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 LPRSA. The CPG submitted to the EPA its draft RI/FS in 2015, which sets forth various alternatives for remediating the entire 17 miles of the LPRSA. In October 2018, the EPA issued a letter directing the CPG to prepare a streamlined feasibility study for just the upper 9-miles of the LPRSA based on an iterative approach using adaptive management strategies. On December 4, 2020, The CPG submitted a Final Draft Interim Remedy Feasibility Study (“IR/FS”) to the EPA which identifies various targeted dredge and cap alternatives for the upper 9-miles of the LPRSA. On December 11, 2020, EPA conditionally approved the CPG’s IR/FS for the upper 9-miles of the LPRSA, which recognizes that interim actions and adaptive management may be appropriate before deciding a final remedy. It is anticipated that EPA will issue a proposed plan for an interim remedy for the upper 9-miles, which will be published for public comment. Subject to EPA’s response to any comments and/or objections received, it is anticipated that EPA will issue a Record of Decision (“ROD”) for an interim remedy for the upper 9-mile portion of the LPRSA in 2021 (“Upper 9-mile IR ROD”).

In addition to the RI/FS activities, other actions relating to the investigation and/or remediation of the LPRSA 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 Chemical Corporation (“Occidental”),

the former owner/operator of the Diamond Shamrock Corporation facility responsible for the discharge of 2,3,8,8-TCDD (“dioxin”) and other hazardous substances from the Lister facility. The Order directed 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 LPRSA. The FFS was subject to public comments and objections and, on March 4, 2016, the EPA issued a ROD for the lower 8-miles (“Lower 8-mile ROD”) 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 generated from the production of Agent Orange at its Diamond Shamrock Corporation facility and a discharger of other contaminants of concern (“COCs”) to the Superfund Site for remedial design of the remedy selected in the Lower 8-mile 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 Lower 8-mile ROD. 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 Energy Corporation (“Maxus”) and Tierra Solutions, Inc. (“Tierra”) for its liability in connection with the 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 July 2017, an amended Chapter 11 plan of liquidation became effective and, in connection therewith, Maxus and Tierra entered into a mutual contribution release agreement with certain parties, including us, 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 remedial actions addressed in the Lower 8-mile 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, but we believe we meet EPA’s criteria for a cash out settlement and should be considered for same in any future discussions. In January 2018, the EPA published a notice of its intent to enter into a final settlement agreement with 15 of the initial group of parties to resolve their respective alleged liability for the Lower 8-mile 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 ROD remedial action. The allocation proceedings, which we are participating in, 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-mile ROD work. The complaint lists over 120 defendants, including us, many of whom were also named in 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 the anticipated interim remedy selection for the Upper 9-mile IR ROD and how the EPA intends to implement either the Upper 9-mile IR ROD and/or the Lower 8-mile ROD work, including whether EPA will designate certain PRPs as work parties and/or if EPA will identify PRPs for future cash-out settlement negotiations for the Upper 9-mile IR ROD, the Lower 8-mile ROD work or both. Further, none of the above referenced AOCs and RODs relating to the LPRSA obligate us to fund or perform any remedial action contemplated for the LPRSA and do not resolve liability issues for remedial work or the restoration of or compensation for alleged natural resource damages to the LPRSA, which are not known at this time. Therefore, we anticipate that performance of the EPA’s selected remedies for the LPRSA will be subject to future negotiation, potential enforcement proceedings and/or possible litigation.

Based on currently known facts and circumstances, including, among other factors, anticipated allocations, our belief that there was not 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 the costs of remediation and/or damages, the Company does not believe that resolution of this matter as relates to the Company is reasonably likely to have a material impact on our results of operations. Nevertheless, our ultimate liability in the pending and possible future proceedings pertaining to the LPRSA remains uncertain and subject to numerous contingencies which cannot be predicted and the outcome of which are not yet known. Therefore, it is possible that our ultimate liability resulting from this matter and the impact on our results of operations could be material.

### ***MTBE Litigation – State of New Jersey***

We were 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 many cases that were transferred from various 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. 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 owners and operators of gasoline station properties from which the releases occurred. The New Jersey MDL Proceedings named us as a defendant along with approximately 50 petroleum refiners, manufacturers, distributors and retailers of MTBE, or gasoline containing MTBE. The majority of the named defendants have settled their case with the State of New Jersey.

In 2020, we settled the New Jersey MDL Proceedings in accordance with the terms of a Judicial Consent Order (“JCO”), which included payment by us of \$13,500,000 in exchange for satisfaction and release of claims made against us by various parties including the NJDEP. Our settlement payment was within our previously established litigation loss reserve for the case. The JCO was approved and entered by the United States District Court for the Southern District of New York on December 17, 2020 and, in accordance with the terms thereof, payment was made by the Company and the case against the Company dismissed.

### ***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 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 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 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. 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. 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 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 served an answer to the complaint denying responsibility. In 2007, the State of New York commenced action against Shell, Motiva, and related parties, in the New York Supreme Court, Albany County seeking basically the same relief sought in the action involving us. We also filed a third-party complaint against Hess, 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, 2020.

### *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 alleged 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. We settled this case effective December 17, 2020 pursuant to the terms of a Settlement Agreement and General Release which among other things included a payment to the Company of \$20,500,000 (net of contingency fees paid to the law firm representing the Company in this litigation). The case has been dismissed.

### **NOTE 4. — DEBT**

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

	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Revolving Facility	March 2022	1.85%	\$ 25,000	\$ 20,000
Series A Notes	February 2021	6.00%	—	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	50,000
Series G Notes	September 2029	3.52%	50,000	50,000
Series H Notes	September 2029	3.52%	25,000	25,000
Series I Notes	November 2030	3.43%	100,000	—
Series J Notes	November 2030	3.43%	50,000	—
Series K Notes	November 2030	3.43%	25,000	—
Total debt			550,000	470,000
Unamortized debt issuance costs, net (a)			(2,307)	(2,949)
Total debt, net			<u>\$ 547,693</u>	<u>\$ 467,051</u>

(a) Unamortized debt issuance costs, related to the Revolving Facility, at December 31, 2020 and 2019, of \$1,135 and \$2,014, 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 prior to its repayment pursuant to a subsequent amendment to the Restated Credit Agreement bore 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%.

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.

On December 14, 2020, we used a portion of the net proceeds from the Series I Notes, Series J Notes and Series K Notes (each as described below) to repay \$75,000,000 of borrowings outstanding under our Restated Credit Agreement.

### ***Senior Unsecured Notes***

On December 4, 2020, we entered into a fifth amended and restated note purchase and guarantee agreement (the “Fifth Amended and Restated Prudential Agreement”) with Prudential and certain of its affiliates amending and restating our existing fourth amended and restated note purchase agreement. Pursuant to the Fifth Amended and Restated Prudential 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”) and (e) 3.52% Series F Guaranteed Senior Notes due September 12, 2029, in the aggregate principal amount of \$50,000,000 (the “Series F Notes”) that were outstanding under the existing fourth restated prudential note purchase agreement would continue to remain outstanding under the Fifth Amended and Restated Prudential Agreement and we authorized and issued our 3.43% Series I Guaranteed Senior Notes due November 25, 2030, in the aggregate principal amount of \$100,000,000 (the “Series I Notes” and, together with the Series A Notes, Series B Notes, Series C Notes, Series D Notes and Series F Notes, the “Notes”). On December 4, 2020, we completed the early redemption of our 6.0% Series A Notes due February 25, 2021, in the original aggregate principal amount of \$100,000,000. As a result of the early redemption, we recognized a \$1,233,000 loss on extinguishment of debt on our consolidated statement of operations for the year ended December 31, 2020. The Fifth Amended and Restated Prudential Agreement does not provide for scheduled reductions in the principal balance of the Series I Notes, or any of our previously issued Series B Notes, Series C Notes, Series D Notes, or Series F 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 December 4, 2020, we entered into a first amendment to note purchase and guarantee agreement (the “First Amended and Restated AIG Agreement”) with American General Life Insurance Company amending and restating our existing note purchase and

guarantee agreement. Pursuant to the First Amended and Restated AIG Agreement, we agreed that 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”) that were outstanding under the existing note purchase and guarantee agreement would continue to remain outstanding under the First Amended and Restated AIG Agreement and we authorized and issued our \$50,000,000 of 3.43% Series J Guaranteed Senior Notes due November 25, 2030 (the “Series J Notes”) to AIG. The First Amended and Restated AIG Agreement does not provide for scheduled reductions in the principal balance of the Series J Notes or any of our previously issued Series G Notes prior to their respective maturities.

On December 4, 2020, we entered into a first amended and restated note purchase and guarantee agreement (the “First Amended and Restated MassMutual Agreement”) amending and restating our existing note purchase and guarantee agreement. Pursuant to the First Amended and Restated MassMutual Agreement, we agreed that 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”) that were outstanding under the existing note purchase and guarantee agreement would continue to remain outstanding under the First Amended and Restated MassMutual Agreement and we authorized and issued our \$25.0 million of 3.43% Series K Guaranteed Senior Notes due November 25, 2030 (the “Series K Notes”) to MassMutual. The First Amended and Restated MassMutual Agreement does not provide for scheduled reductions in the principal balance of the Series K or any of our previously issued Series H Notes prior to their respective maturities.

### **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, 2020, 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, 2020, scheduled debt maturities, including balloon payments, are as follows (in thousands):

	<b>Revolving Facility</b>	<b>Senior Unsecured Notes</b>	<b>Total</b>
2021	\$ —	\$ —	\$ —
2022 (a)	25,000	—	25,000
2023	—	75,000	75,000
2024	—	—	—
2025	—	50,000	50,000
Thereafter	—	400,000	400,000
<b>Total</b>	<b>\$ 25,000</b>	<b>\$ 525,000</b>	<b>\$ 550,000</b>

(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, 2020, we had accrued a total of \$48,084,000 for our prospective environmental remediation obligations. This accrual consisted of (a) \$11,718,000, 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) \$36,366,000 for future environmental liabilities related to preexisting unknown contamination. 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.



Environmental liabilities are accreted for the change in present value due to the passage of time and, accordingly, \$1,841,000, \$2,006,000 and \$2,409,000 of net accretion expense was recorded for the years ended December 31, 2020, 2019 and 2018, respectively, which is included in environmental expenses. In addition, during the years ended December 31, 2020, 2019 and 2018, we recorded credits to environmental expenses aggregating \$3,136,000, \$5,386,000 and \$1,319,000, 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, 2020, 2019 and 2018, changes in environmental estimates aggregating, \$154,000, \$324,000 and \$560,000, respectively, were related to properties that were previously disposed of by us.

During the years ended December 31, 2020 and 2019, we increased the carrying values of certain of our properties by \$2,596,000 and \$1,875,000, 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, 2020, 2019 and 2018, were \$4,020,000, \$4,132,000 and \$4,255,000, respectively. Capitalized asset retirement costs were \$39,610,000 (consisting of \$23,573,000 of known environmental liabilities and \$16,037,000 of reserves for future environmental liabilities) as of December 31, 2020, and \$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. We recorded impairment charges aggregating \$3,502,000 and \$3,730,000 for the years ended December 31, 2020 and 2019, 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 for income taxes for the years ended December 31, 2020, 2019 and 2018, of \$350,000, \$304,000 and \$244,000, 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, 2020, 2019 and 2018, were: ordinary

income of 88.7%, 96.6% and 89.2%, capital gain distributions of 3.4%, 3.4% and 10.8% and non-taxable distributions of 7.9%, 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 2017, 2018 and 2019, and tax returns which will be filed for the year ended 2020, 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, 2020 or 2019. 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, 2020, 2019 and 2018, 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, 2017	39,696	\$ 397	\$ 604,872	\$ (51,574)	\$ 553,695
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>
Cumulative-effect adjustment for the adoption of new accounting pronouncement (Note 2)				(886)	(886)
Net earnings				69,388	69,388
Dividends declared — \$1.50 per share				(64,843)	(64,843)
Shares issued pursuant to ATM Program, net	2,208	22	63,165	—	63,187
Shares issued pursuant to dividend reinvestment	14	—	443	—	443
Stock-based compensation and settlements	16	—	2,873	—	2,873
BALANCE, DECEMBER 31, 2020	<u>43,606</u>	<u>\$ 436</u>	<u>\$ 722,608</u>	<u>\$ (63,443)</u>	<u>\$ 659,601</u>

On March 1, 2020, and December 14, 2020 our Board of Directors granted 176,050 and 15,000 restricted stock units (“RSU” or “RSUs”), respectively, under our Amended and Restated 2004 Omnibus Incentive Compensation Plan. On March 1, 2019, our Board of Directors granted 156,750 of RSUs under our Amended and Restated 2004 Omnibus Incentive Compensation Plan.

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.

### *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, 2020 and 2019, we issued 2,208,000 and 449,000 shares of common stock and received net proceeds of \$63,187,000 and \$14,150,000, 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, 2020, we paid regular quarterly dividends of \$62,626,000 or \$1.48 per share. For the year ended December 31, 2019, we paid regular quarterly dividends of \$56,889,000 or \$1.40 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, 2020 and 2019, we issued 14,229 and 46,896 shares of common stock, respectively, under the dividend reinvestment plan and received proceeds of \$443,000 and \$1,451,000, respectively.

### ***Stock-Based Compensation***

Compensation cost for our stock-based compensation plans using the fair value method was \$3,130,000, \$2,468,000 and \$1,777,000 for the years ended December 31, 2020, 2019 and 2018, 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.

We awarded to employees and directors 191,050, 156,750 and 124,650 RSUs and dividend equivalents in 2020, 2019 and 2018, 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, 2020, 2019 and 2018, dividend equivalents aggregating approximately \$1,279,000, \$997,000 and \$749,000, 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, 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		
Granted	191,050	\$ 5,534,000	28.97
Settled	(24,250)	701,500	28.93
Cancelled	(31,350)	\$ 904,552	\$ 28.85
RSUs OUTSTANDING AT DECEMBER 31, 2020	837,475		

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, 2020, 2019 and 2018, was \$3,109,000, \$2,447,000 and \$1,752,000, respectively, and is included in general and administrative expense in our consolidated statements of operations. As of December 31, 2020, there was \$9,321,000 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 four years. The aggregate intrinsic value of the 837,475 outstanding RSUs and the 420,635 vested RSUs as of December 31, 2020, was \$23,064,000 and \$11,584,000, respectively.

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

	Number of RSUs Vested	Fair Value	
		Amount	Average Per RSU
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	349,135		
Vested	95,750	\$ 2,637,000	
Settled	(24,250)	\$ 701,500	
RSUs VESTED AT DECEMBER 31, 2020	420,635		

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 \$353,000, \$327,000 and \$295,000 for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts are included in general and administrative expense in our consolidated statements of operations. During the year ended December 31, 2020, there were no distributions from the Supplemental Plan. For the year ended December 31, 2019, we distributed \$30,000 from the Supplemental Plan to a former officer 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, 2020, 2019 and 2018.

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,		
	2020	2019	2018
Net earnings	\$ 69,388	\$ 49,723	\$ 47,706
Less dividend equivalents attributable to RSUs outstanding	(1,355)	(997)	(751)
Net earnings attributable to common stockholders used in basic and diluted earnings per share calculation	68,033	48,726	46,955
Weighted average common shares outstanding:			
Basic	42,040	41,072	40,171
Incremental shares from stock-based compensation	30	38	20
Diluted	42,070	41,110	40,191
Basic earnings per common share	\$ 1.62	\$ 1.19	\$ 1.17
Diluted earnings per common share	\$ 1.62	\$ 1.19	\$ 1.17

## NOTE 10. — FAIR VALUE MEASUREMENTS

### *Debt Instruments*

As of December 31, 2020 and 2019, the carrying value of the borrowings under the Restated Credit Agreement approximated fair value. As of December 31, 2020 and 2019, the fair value of the borrowings under senior unsecured notes was \$549,800,000 and \$470,600,000, respectively. The fair value of the borrowings outstanding as of December 31, 2020 and 2019, 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, 2020, 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	\$ 970	\$ —	\$ —	\$ 970
Liabilities:				
Deferred compensation	\$ —	\$ 970	\$ —	\$ 970

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

## 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, 2020 and 2019, of \$1,979,000 and \$785,000, 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. For information regarding the valuation techniques and unobservable inputs used when assessing impairments of real estate assets, see Note 1 - Summary of Significant Accounting Policies.

### 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, 2020 and 2019, there were three and no properties, respectively that met criteria to be classified as held for sale.

Real estate held for sale consisted of the following at December 31, 2020 and 2019 (in thousands):

	Year ended December 31,	
	2020	2019
Land	\$ 486	\$ —
Buildings and improvements	483	—
	969	—
Accumulated depreciation and amortization	(97)	—
Real estate held for sale, net	\$ 872	\$ —

During the year ended December 31, 2020, we sold 11 properties, in separate transactions, which resulted in an aggregate gain of \$4,368,000, 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 \$180,000, included in gain on dispositions of real estate, on our consolidated statements of operations.

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.

### NOTE 12. — QUARTERLY FINANCIAL DATA

The following is a summary of the quarterly results of operations for the years ended December 31, 2020 and 2019 (unaudited as to quarterly information) (in thousands, except per share amounts):

Year Ended December 31, 2020	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
Revenues from rental properties	\$ 34,650	\$ 36,336	\$ 37,194	\$ 36,421
Net earnings	\$ 12,700	\$ 10,973	\$ 11,884	\$ 33,831
Diluted earnings per common share:				
Net earnings	\$ 0.30	\$ 0.26	\$ 0.27	\$ 0.77
Year Ended December 31, 2019	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

## **NOTE 13. — PROPERTY ACQUISITIONS**

### **2020**

During the year ended December 31, 2020, we acquired fee simple interest in 34 convenience store, gasoline station and other automotive-related properties for an aggregate purchase price of \$149,955,000.

In February 2020, we acquired fee simple interests in ten car wash properties located in the Kansas City Metropolitan Statistical Area (“MSA”) for an aggregate purchase price of \$50,303,000 and entered into a unitary lease at the closing of the transactions. We funded the transactions 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 the tenant 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. 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 \$4,775,000 of the purchase price to land, \$41,093,000 to buildings and improvements, \$3,727,000 to in-place leases, \$1,955,000 to above-market leases and \$1,247,000 to below-market leases, which is accounted for as a deferred liability.

In August 2020, we acquired fee simple interests in seven car wash properties located in the San Antonio MSA for an aggregate purchase price of \$28,302,000 and entered into a unitary lease at the closing of the transaction. We funded the 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 the tenant 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 on the third anniversary of the commencement date and annually thereafter during the initial and renewal terms of the lease. 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 \$5,335,000 of the purchase price to land, \$21,093,000 to buildings and improvements, \$2,396,000 to in-place leases and \$522,000 to below-market leases, which is accounted for as a deferred liability.

In October 2020, we acquired fee simple interests in six convenience store and gasoline station properties located throughout the state of Texas for an aggregate purchase price of \$28,722,000 and entered into a unitary lease at the closing of the transaction. We funded the 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 the tenant 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 on the fifth and tenth anniversary of the commencement date during the initial and renewal terms of the lease. 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 \$16,561,000 of the purchase price to land, \$9,595,000 to buildings and improvements and \$2,566,000 to in-place leases.

In addition, during the year ended December 31, 2020, we acquired fee simple interests in 11 convenience store, gasoline station and other automotive-related properties in various transactions for an aggregate purchase price of \$42,628,000. 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 \$13,601,000 of the purchase price to land, \$26,032,000 to buildings and improvements and \$2,995,000 to in-place leases.

### **2019**

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

In June 2019, we acquired fee simple interests in six convenience store and gasoline station properties located in the Los Angeles MSA properties for an aggregate purchase price of \$24,724,000 and entered into a unitary lease at the closing of the transaction. We funded the 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 the tenant 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. 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.

In November 2019, we acquired fee simple interests in four car wash properties located in the Las Vegas MSA for an aggregate purchase price of \$14,144,000 and entered into a unitary lease at the closing of the transaction. We funded the 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 the tenant 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. 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, gasoline station and other automotive-related properties in various 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.

**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 \$3,859,000 and \$2,298,000 (net of accumulated amortization of \$6,047,000 and \$5,653,000, respectively) at December 31, 2020 and 2019, 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 \$18,787,000 and \$18,754,000 (net of accumulated amortization of \$21,641,000 and \$19,905,000, respectively) at December 31, 2020 and 2019, 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 \$1,438,000, \$1,955,000 and \$2,067,000 for the years ended December 31, 2020, 2019 and 2018, respectively. Rent expense included amortization from acquired leases of \$97,000, \$333,000 and \$317,000 for the years ended December 31, 2020, 2019 and 2018, respectively.

In-place leases are included in prepaid expenses and other assets and had a balance of \$49,031,000 and \$41,013,000 (net of accumulated amortization of \$16,788,000 and \$13,042,000, respectively) at December 31, 2020 and 2019, 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 \$3,745,000, \$3,134,000 and \$2,866,000 for the years ended December 31, 2020, 2019 and 2018, respectively.

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

<b>As Lessor:</b>	<b>Above-Market Leases</b>	<b>Below-Market Leases</b>	<b>In-Place Leases</b>
Year ending December 31,			
2021	\$ 301,000	\$ 1,606,000	\$ 2,868,000
2022	291,000	1,528,000	2,853,000
2023	291,000	1,437,000	2,769,000
2024	291,000	1,437,000	2,727,000
2025	291,000	1,414,000	2,690,000
Thereafter	2,363,000	11,365,000	35,124,000
	<u>\$ 3,828,000</u>	<u>\$ 18,787,000</u>	<u>\$ 49,031,000</u>



<u>As Lessee:</u>	<u>Below-Market Leases</u>
Year ending December 31,	
2021	\$ 31,000
2022	—
2023	—
2024	—
2025	—
Thereafter	—
	<u>\$ 31,000</u>

**NOTE 15. — SUBSEQUENT EVENTS**

In preparing our consolidated financial statements, we have evaluated events and transactions occurring after December 31, 2020, for recognition or disclosure purposes. Based on this evaluation, there were no significant subsequent events from December 31, 2020, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 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, 2020, 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, 2020, the Company acquired fee simple interests in 34 properties which were accounted for as asset acquisitions for an aggregate purchase price of \$149,955,000. 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 the 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) the 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 related to 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, 2020 management has accrued a total of \$48,084,000 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) the 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 and 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 related to 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 related to estimated remediation costs.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
February 25, 2021

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 15d-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, 2020, 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, 2020.

The effectiveness of our internal control over financial reporting as of December 31, 2020, 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	42	President, Chief Executive Officer and Director	2012
Joshua Dicker	60	Executive Vice President, General Counsel and Secretary	2008
Brian Dickman	45	Executive Vice President, Chief Financial Officer and Treasurer	2020
Mark J. Olear	56	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. Dickman has served as Executive Vice President, Chief Financial Officer and Treasurer since December 2020. Prior to joining the Company, Mr. Dickman served as Executive Vice President and Chief Financial Officer of Seritage Growth Properties (NYSE:SRG), as Chief Financial Officer and Secretary of Agree Realty Corporation (NYSE: ADC) and as a real estate investment banker beginning at Lehman Brothers in 2005. He began his career in corporate finance at Intel Corporation in 1998. Mr. Dickman received a B.A. in Economics from the University of Michigan and an M.B.A. with emphases in Finance and Accounting from the Ross School of Business at the University of Michigan.

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](http://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, 2020.

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, 2020, 2019 and 2018

Schedule III — Real Estate and Accumulated Depreciation and Amortization as of December 31, 2020

Schedule IV — Mortgage Loans on Real Estate as of December 31, 2020

#### **(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, 2020, 2019 and 2018**  
**(in thousands)**

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
December 31, 2020:				
Allowance for accounts receivable	\$ —	\$ —	\$ —	\$ —
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

**GETTY REALTY CORP. and SUBSIDIARIES**  
**SCHEDULE III — REAL ESTATE AND ACCUMULATED DEPRECIATION AND AMORTIZATION**  
**As of December 31, 2020**  
**(in thousands)**

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

	2020	2019	2018
<b>Investment in real estate:</b>			
Balance at beginning of year	\$ 1,113,651	\$ 1,043,106	\$ 970,964
Acquisitions and capital expenditures	141,240	80,518	84,069
Impairments	(5,324)	(4,252)	(7,950)
Sales and condemnations	(2,603)	(2,246)	(3,091)
Lease expirations/settlements	(376)	(3,475)	(886)
Balance at end of year	<u>\$ 1,246,588</u>	<u>\$ 1,113,651</u>	<u>\$ 1,043,106</u>
<b>Accumulated depreciation and amortization:</b>			
Balance at beginning of year	\$ 165,892	\$ 150,691	\$ 133,353
Depreciation and amortization	25,869	21,573	20,549
Impairments	(1,066)	(240)	(1,780)
Sales and condemnations	(929)	(546)	(530)
Lease expirations/settlements	(2,705)	(5,586)	(901)
Balance at end of year	<u>\$ 187,061</u>	<u>\$ 165,892</u>	<u>\$ 150,691</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	\$ 69	2019	
Sulphur, AR	777	-	375	402	777	65	2018	
Jonesboro, AR	868	-	173	695	868	389	2007	
Rogers, AR	927	-	533	394	927	61	2018	
Little Rock, AR	978	-	535	443	978	69	2018	
Lake Charles, AR	1,069	-	620	449	1,069	65	2018	
Brookland, AR	1,468	-	149	1,319	1,468	715	2007	
Lake Charles, AR	1,468	-	1,002	466	1,468	63	2018	
Hope, AR	1,472	-	999	473	1,472	65	2018	
Texarkana, AR	1,592	-	1,058	534	1,592	77	2018	
Fayetteville, AR	2,266	-	1,637	629	2,266	86	2018	
Little Rock, AR	2,763	-	497	2,266	2,763	157	2019	
Fayetteville, AR	2,867	-	1,971	896	2,867	122	2018	
Pine Bluff, AR	2,985	-	2,166	819	2,985	109	2018	
Jonesboro, AR	2,985	-	330	2,655	2,985	1,493	2007	
Tucson, AZ	1,261	-	664	597	1,261	121	2017	
Tucson, AZ	1,301	-	557	744	1,301	150	2017	
Tucson, AZ	1,303	-	590	713	1,303	146	2017	
Peoria, AZ	1,331	-	992	339	1,331	76	2017	
Gilbert, AZ	1,448	-	983	465	1,448	99	2017	
Mesa, AZ	1,503	-	839	664	1,503	136	2017	
Gilbert, AZ	1,602	-	796	806	1,602	169	2017	
Glendale, AZ	1,722	-	1,178	544	1,722	112	2017	
Sierra Vista, AZ	1,765	-	269	1,496	1,765	271	2017	
Chandler, AZ	1,838	-	1,261	577	1,838	125	2017	
Phoenix, AZ	1,943	-	1,311	632	1,943	88	2018	
Tucson, AZ	2,085	-	1,487	598	2,085	130	2017	
Phoenix, AZ	2,177	-	1,532	645	2,177	132	2017	
Mesa, AZ	2,185	-	1,612	573	2,185	119	2017	
Phoenix, AZ	2,415	-	433	1,982	2,415	318	2017	
Queen Creek, AZ	2,868	-	1,255	1,613	2,868	320	2017	
Gilbert, AZ	3,112	-	1,593	1,519	3,112	296	2017	
Mesa, AZ	3,169	-	2,005	1,164	3,169	219	2017	
Gilbert, AZ	3,204	-	1,839	1,365	3,204	266	2017	
Tucson, AZ	3,652	-	2,924	728	3,652	148	2017	
Buckeye, AZ	3,928	-	2,334	1,594	3,928	289	2017	
San Tan Valley, AZ	4,022	-	2,549	1,473	4,022	297	2017	
Sierra Vista, AZ	4,440	-	1,849	2,591	4,440	454	2017	
Stockton, CA	1,187	-	627	560	1,187	206	2015	
Indio, CA	1,250	-	302	948	1,250	313	2015	
Fillmore, CA	1,354	-	950	404	1,354	263	2007	
Bellflower, CA	1,369	-	910	459	1,369	300	2007	
Grass Valley, CA	1,485	-	853	632	1,485	200	2015	
Pomona, CA	1,497	-	674	823	1,497	75	2019	
Hesperia, CA	1,643	-	849	794	1,643	494	2007	
San Dimas, CA	1,941	-	749	1,192	1,941	704	2007	
La Palma, CA	1,971	-	1,389	582	1,971	376	2007	
Hesperia, CA	2,055	-	492	1,563	2,055	584	2015	

	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				
Riverside, CA	\$ 2,130	\$ -	\$ 1,619	\$ 511	\$ 2,130	\$ 221	2015	
Benicia, CA	2,224	-	1,058	1,166	2,224	782	2007	
Coachella, CA	2,235	-	1,217	1,018	2,235	654	2007	
Pomona, CA	2,347	-	1,916	431	2,347	44	2019	
Chula Vista, CA	2,385	-	889	1,496	2,385	445	2014	
Lakewood, CA	2,612	-	1,804	808	2,612	75	2019	
Indio, CA	2,727	-	1,486	1,241	2,727	430	2015	
Riverside, CA	2,737	-	1,216	1,521	2,737	486	2014	
Stockton, CA	3,001	-	1,460	1,541	3,001	510	2015	
Sacramento, CA	3,193	-	2,207	986	3,193	362	2015	
Lakeside, CA	3,715	-	2,695	1,020	3,715	352	2015	
Sacramento, CA	4,247	-	2,604	1,643	4,247	534	2015	
Harbor City, CA	4,442	-	3,597	845	4,442	90	2019	
Phelan, CA	4,611	-	3,276	1,335	4,611	491	2015	
Shingle Springs, CA	4,751	-	3,489	1,262	4,751	452	2015	
Torrance, CA	5,386	-	4,017	1,369	5,386	113	2019	
San Jose, CA	5,412	-	4,219	1,193	5,412	463	2015	
Oakland, CA	5,434	-	4,123	1,311	5,434	465	2015	
Sacramento, CA	5,942	-	4,233	1,709	5,942	593	2015	
San Leandro, CA	5,978	-	5,078	900	5,978	343	2015	
Cotati, CA	6,072	-	4,008	2,064	6,072	635	2015	
Alhambra, CA	6,591	-	6,078	513	6,591	49	2019	
Los Angeles, CA	6,612	-	5,006	1,606	6,612	578	2015	
Ontario, CA	6,613	-	4,523	2,090	6,613	752	2015	
La Puente, CA	7,615	-	6,405	1,210	7,615	440	2015	
Colorado Springs, CO	1,382	-	756	626	1,382	123	2017	
Westminster, CO	1,457	-	752	705	1,457	237	2015	
Broomfield, CO	1,785	-	1,388	397	1,785	91	2017	
Denver, CO	2,157	-	1,579	578	2,157	126	2017	
Lakewood, CO	2,349	-	1,541	808	2,349	265	2015	
Broomfield, CO	2,380	-	1,496	884	2,380	166	2017	
Englewood, CO	2,495	-	2,207	288	2,495	73	2017	
Aurora, CO	2,874	-	2,284	590	2,874	123	2017	
Colorado Springs, CO	3,274	-	2,865	409	3,274	91	2017	
Longmont, CO	3,619	-	2,315	1,304	3,619	470	2015	
Superior, CO	3,748	-	2,477	1,271	3,748	437	2015	
Monument, CO	3,828	-	2,798	1,030	3,828	234	2017	
Boulder, CO	3,900	-	2,875	1,025	3,900	334	2015	
Greenwood Village, CO	4,077	-	2,889	1,188	4,077	384	2015	
Littleton, CO	4,139	-	2,272	1,867	4,139	643	2015	
Highlands Ranch, CO	4,356	-	2,921	1,435	4,356	495	2015	
Golden, CO	4,641	-	3,247	1,394	4,641	471	2015	
Thornton, CO	5,003	-	2,722	2,281	5,003	787	2015	
Morrison, CO	5,081	-	3,018	2,063	5,081	736	2015	
Castle Rock, CO	5,269	(128)	3,141	2,000	5,141	695	2015	
Golden, CO	6,151	-	4,201	1,950	6,151	693	2015	
Louisville, CO	6,605	-	5,228	1,377	6,605	487	2015	
Lone Tree, CO	6,612	-	5,125	1,487	6,612	535	2015	

	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			
Ridgefield, CT	\$ 402	\$ 43	\$ 167	\$ 278	\$ 445	\$ 271	1985
Wethersfield, CT	447	-	-	447	447	447	2004
Farmington, CT	466	-	303	163	466	106	2004
Waterbury, CT	469	-	305	164	469	106	2004
Cheshire, CT	490	(3)	267	220	487	102	1985
New Haven, CT	217	297	141	373	514	257	1985
Waterbury, CT	515	-	335	180	515	117	2004
Stamford, CT	507	16	330	193	523	178	1985
South Windsor, CT	545	-	337	208	545	144	2004
Brookfield, CT	57	488	20	525	545	391	1985
Norwalk, CT	511	39	332	218	550	203	1985
Wallingford, CT	551	-	335	216	551	152	2004
Middletown, CT	133	430	131	432	563	306	1987
Bridgeport, CT	313	298	204	407	611	289	1985
Westport, CT	604	12	393	223	616	206	1985
Hamden, CT	645	-	527	118	645	12	2018
Hartford, CT	665	-	432	233	665	151	2004
Bridgeport, CT	350	330	228	452	680	332	1985
Norwalk, CT	-	693	402	291	693	175	1988
Stamford, CT	603	103	393	313	706	262	1985
North Haven, CT	90	617	365	342	707	197	1982
Willimantic, CT	717	-	466	251	717	162	2004
Wilton, CT	520	211	338	393	731	338	1985
New Haven, CT	539	209	351	397	748	356	1985
Bridgeport, CT	377	391	246	522	768	398	1985
Avon, CT	731	50	403	378	781	304	2002
Waterbury, CT	804	-	516	288	804	189	2004
Suffield, CT	237	603	201	639	840	529	2004
Watertown, CT	925	-	567	358	925	250	2004
Plymouth, CT	931	-	605	326	931	211	2004
Darien, CT	667	281	434	514	948	493	1985
Newington, CT	954	-	620	334	954	216	2004
Stamford, CT	507	464	330	641	971	456	1985
Durham, CT	994	-	-	994	994	994	2004
Windsor Locks, CT	1,031	-	670	361	1,031	233	2004
New Haven, CT	1,413	(262)	569	582	1,151	316	1985
West Haven, CT	1,215	-	790	425	1,215	275	2004
Old Greenwich, CT	-	1,219	620	599	1,219	361	1969
Ellington, CT	1,295	-	842	453	1,295	293	2004
Meriden, CT	1,532	-	989	543	1,532	354	2004
Bristol, CT	1,594	-	1,036	558	1,594	361	2004
South Windham, CT	644	1,398	598	1,444	2,042	779	2004
Windsor Locks, CT	1,434	1,400	1,055	1,779	2,834	1,514	2004
Washington, DC	848	-	418	430	848	164	2013
Washington, DC	941	-	664	277	941	122	2013
Orlando, FL	867	34	401	500	901	422	2000
Yulee, FL	1,963	-	570	1,393	1,963	256	2017
Largo, FL	2,064	-	1,143	921	2,064	59	2019

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			Land	Building and Improvements			
Callahan, FL	\$ 2,894	\$ -	\$ 2,056	\$ 838	\$ 2,894	\$ 177	2017
Hinesville, GA	995	-	245	750	995	42	2019
Columbus, GA	1,617	-	984	633	1,617	61	2019
Perry, GA	1,724	-	1,312	412	1,724	91	2017
Augusta, GA	1,843	-	1,077	766	1,843	65	2019
Augusta, GA	3,150	-	286	2,864	3,150	506	2017
Honolulu, HI	1,071	30	981	120	1,101	91	2007
Kaneohe, HI	1,364	-	822	542	1,364	362	2007
Waianae, HI	1,520	-	648	872	1,520	530	2007
Haleiwa, HI	1,522	-	1,058	464	1,522	346	2007
Honolulu, HI	1,539	-	1,219	320	1,539	204	2007
Honolulu, HI	1,769	-	1,192	577	1,769	351	2007
Waianae, HI	1,997	-	871	1,126	1,997	687	2007
Kaneohe, HI	1,977	188	1,473	692	2,165	426	2007
Waipahu, HI	2,458	-	945	1,513	2,458	899	2007
Honolulu, HI	9,211	-	8,194	1,017	9,211	631	2007
Prospect Heights, IL	1,547	-	698	849	1,547	102	2018
Roselle, IL	2,851	-	1,741	1,110	2,851	79	2019
Overland Park, KS	4,620	-	1,511	3,109	4,620	37	2020
Olathe, KS	4,658	-	498	4,160	4,658	161	2020
Merriam, KS	4,659	-	743	3,916	4,659	149	2020
Kansas City, KS	4,666	-	331	4,335	4,666	170	2020
Bowling Green, KY	3,153	-	499	2,654	3,153	156	2020
Louisville, KY	3,356	-	818	2,538	3,356	180	2019
Owensboro, KY	3,810	-	1,011	2,799	3,810	315	2019
Bossier City, LA	2,181	-	1,333	848	2,181	177	2017
Dracut, MA	450	-	450	-	450	-	2011
Shrewsbury, MA	450	-	450	-	450	-	2011
Westborough, MA	450	-	450	-	450	-	2011
Lowell, MA	361	90	201	250	451	248	1985
Hingham, MA	353	111	243	221	464	187	1989
Sterling, MA	476	2	309	169	478	120	1991
Worcester, MA	500	-	500	-	500	-	2011
Foxborough, MA	427	98	325	200	525	167	1990
Walpole, MA	450	92	293	249	542	203	1985
Upton, MA	429	114	279	264	543	184	1991
Arlington, MA	519	27	338	208	546	193	1985
Barre, MA	536	12	348	200	548	144	1991
Gardner, MA	550	-	550	-	550	-	2011
Marlborough, MA	550	-	550	-	550	-	2011
Peabody, MA	550	-	550	-	550	-	2011
Worcester, MA	550	-	550	-	550	-	2011
Worcester, MA	548	10	356	202	558	145	1991
Watertown, MA	358	209	321	246	567	199	1985
Leominster, MA	571	-	199	372	571	173	2012
Methuen, MA	490	98	319	269	588	222	1985
Auburn, MA	600	-	600	-	600	-	2011
Burlington, MA	600	-	600	-	600	-	2011

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			Land	Building and Improvements			
Melrose, MA	\$ 600	\$ 0	\$ 600	\$ 0	\$ 600	\$ 0	2011
Salem, MA	600	-	600	-	600	-	2011
Wilmington, MA	600	-	600	-	600	-	2011
Auburn, MA	369	233	240	362	602	290	1991
West Roxbury, MA	490	129	319	300	619	247	1985
Rockland, MA	579	45	377	247	624	230	1985
Auburn, MA	625	-	625	-	625	-	2011
Lowell, MA	-	635	429	206	635	103	1996
Bradford, MA	650	-	650	-	650	-	2011
Methuen, MA	650	-	650	-	650	-	2011
Peabody, MA	650	-	650	-	650	-	2011
Hyde Park, MA	499	194	322	371	693	279	1985
Seekonk, MA	1,073	(373)	576	124	700	88	1985
Tewksbury, MA	125	591	75	641	716	375	1986
Auburn, MA	725	-	725	-	725	-	2011
Sutton, MA	714	57	464	307	771	234	1993
Gardner, MA	787	-	638	149	787	61	2014
Newton, MA	691	98	450	339	789	319	1985
Bellingham, MA	734	73	476	331	807	309	1985
Randolph, MA	574	245	430	389	819	313	1985
Maynard, MA	735	99	479	355	834	297	1985
Lynn, MA	850	-	850	-	850	-	2011
Wakefield, MA	900	-	900	-	900	-	2011
Woburn, MA	508	394	508	394	902	334	1985
Worcester, MA	196	790	-	986	986	148	2017
Worcester, MA	978	8	636	350	986	250	1991
Worcester, MA	498	607	322	783	1,105	434	1985
Tewksbury, MA	1,200	-	1,200	-	1,200	-	2011
Burlington, MA	1,250	-	1,250	-	1,250	-	2011
Revere, MA	1,300	-	1,300	-	1,300	-	2011
Wilmington, MA	1,300	-	1,300	-	1,300	-	2011
Bedford, MA	1,350	-	1,350	-	1,350	-	2011
Littleton, MA	1,357	-	759	598	1,357	112	2017
Gardner, MA	1,009	389	657	741	1,398	580	1985
Webster, MA	1,012	1,260	659	1,613	2,272	826	1985
Falmouth, MA	416	2,220	458	2,178	2,636	329	1988
Bellingham, MA	3,961	-	2,042	1,919	3,961	114	2019
College Park, MD	445	-	445	-	445	-	2009
Landover Hills, MD	457	-	457	-	457	-	2009
Capitol Heights, MD	468	-	468	-	468	-	2009
District Heights, MD	479	-	479	-	479	-	2009
Hyattsville, MD	491	-	491	-	491	-	2009
Beltsville, MD	525	-	525	-	525	-	2009
College Park, MD	536	-	536	-	536	-	2009
Bladensburg, MD	571	-	571	-	571	-	2009
Riverdale, MD	582	-	582	-	582	-	2009
Hyattsville, MD	594	-	594	-	594	-	2009
Capitol Heights, MD	628	-	628	-	628	-	2009

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			Land	Building and Improvements			
Clinton, MD	\$ 651	\$ -	\$ 651	\$ 0	\$ 651	\$ 0	2009
Landover, MD	662	-	662	-	662	-	2009
Suitland, MD	673	-	673	-	673	-	2009
Accokeek, MD	692	-	692	-	692	-	2010
Laurel, MD	696	-	696	-	696	-	2009
Beltsville, MD	731	-	731	-	731	-	2009
Greater Landover, MD	753	-	753	-	753	-	2009
Baltimore, MD	802	-	-	802	802	553	2007
Lanham, MD	822	-	822	-	822	-	2009
Upper Marlboro, MD	845	-	845	-	845	-	2009
Ellicott City, MD	895	-	-	895	895	650	2007
District Heights, MD	1,039	-	1,039	-	1,039	-	2009
Beltsville, MD	1,050	-	1,050	-	1,050	-	2009
Bowie, MD	1,084	-	1,084	-	1,084	-	2009
Beltsville, MD	1,130	-	1,130	-	1,130	-	2009
Greenbelt, MD	1,153	-	1,153	-	1,153	-	2009
Laurel, MD	1,210	-	1,210	-	1,210	-	2009
Oxon Hills, MD	1,256	-	1,256	-	1,256	-	2009
Laurel, MD	1,267	-	1,267	-	1,267	-	2009
Landover Hills, MD	1,358	-	1,358	-	1,358	-	2009
Laurel, MD	1,415	-	1,415	-	1,415	-	2009
Laurel, MD	1,530	-	1,530	-	1,530	-	2009
Baltimore, MD	2,259	-	722	1,537	2,259	924	2007
Laurel, MD	2,523	-	2,523	-	2,523	-	2009
Lewiston, ME	342	188	222	308	530	258	1985
Biddeford, ME	618	8	235	391	626	391	1985
Maple Grove, MN	4,233	-	955	3,278	4,233	218	2019
Raymore, MO	3,582	-	570	3,012	3,582	125	2020
Kansas City, MO	3,863	-	366	3,497	3,863	140	2020
Parkville, MO	4,636	-	317	4,319	4,636	164	2020
Blue Springs, MO	4,646	-	386	4,260	4,646	174	2020
Kansas City, MO	4,982	-	609	4,373	4,982	167	2020
Blue Springs, MO	5,065	-	354	4,711	5,065	186	2020
Independence, MO	5,109	-	600	4,509	5,109	181	2020
Kernersville, NC	449	-	338	111	449	106	2007
Fayetteville, NC	986	-	509	477	986	69	2018
High Point, NC	1,155	-	368	787	1,155	16	2020
Raleigh, NC	1,601	-	1,149	452	1,601	42	2019
Lexington, NC	1,776	-	301	1,475	1,776	204	2017
Rockingham, NC	3,035	-	233	2,802	3,035	196	2019
Kannapolis, NC	3,791	-	616	3,175	3,791	214	2019
Greensboro, NC	3,857	-	969	2,888	3,857	93	2020
Belfield, ND	1,232	-	382	850	1,232	768	2007
Nashua, NH	500	-	500	-	500	-	2011
Northwood, NH	500	-	500	-	500	-	2011
Portsmouth, NH	525	-	525	-	525	-	2011
Manchester, NH	550	-	550	-	550	-	2011
Nashua, NH	550	-	550	-	550	-	2011



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			Land	Building and Improvements				
Raymond, NH	\$ 550	\$ -	\$ 550	\$ 0	\$ 550	\$ 0	2011	
Dover, NH	650	-	650	-	650	-	2011	
Concord, NH	675	-	675	-	675	-	2011	
Rochester, NH	700	-	700	-	700	-	2011	
Pelham, NH	-	730	317	413	730	172	1996	
Londonderry, NH	703	30	458	275	733	255	1985	
Nashua, NH	750	-	750	-	750	-	2011	
Salem, NH	743	20	484	279	763	257	1985	
Nashua, NH	825	-	825	-	825	-	2011	
Concord, NH	900	-	900	-	900	-	2011	
Derry, NH	950	-	950	-	950	-	2011	
Rochester, NH	939	12	600	351	951	323	1985	
Londonderry, NH	1,100	-	1,100	-	1,100	-	2011	
Nashua, NH	1,132	-	780	352	1,132	80	2017	
Dover, NH	1,200	-	1,200	-	1,200	-	2011	
Salem, NH	450	871	350	971	1,321	200	1986	
Rochester, NH	1,400	-	1,400	-	1,400	-	2011	
Kingston, NH	1,500	-	1,500	-	1,500	-	2011	
Hooksett, NH	1,562	-	824	738	1,562	681	2007	
Rochester, NH	1,600	-	1,600	-	1,600	-	2011	
Goffstown, NH	1,737	-	697	1,040	1,737	588	2012	
Nashua, NH	1,750	-	1,750	-	1,750	-	2011	
Allenstown, NH	1,787	-	467	1,320	1,787	845	2007	
Flemington, NJ	709	(252)	168	289	457	179	1985	
Mountainside, NJ	664	(191)	134	339	473	220	1985	
Midland Park, NJ	201	308	150	359	509	258	1989	
Flemington, NJ	547	17	346	218	564	201	1985	
Watchung, NJ	449	160	226	383	609	210	1985	
Parlin, NJ	418	202	203	417	620	238	1985	
Paterson, NJ	619	17	403	233	636	215	1985	
Basking Ridge, NJ	363	284	200	447	647	334	1986	
Union, NJ	437	216	239	414	653	275	1985	
Bergenfield, NJ	382	321	300	403	703	284	1990	
North Plainville, NJ	228	542	175	595	770	509	1978	
North Bergen, NJ	630	147	410	367	777	327	1985	
Somerset, NJ	683	230	445	468	913	410	1985	
Livingston, NJ	872	65	568	369	937	321	1985	
Long Branch, NJ	514	504	335	683	1,018	429	1985	
Paramus, NJ	382	714	249	847	1,096	200	1985	
Vernon, NJ	671	472	437	706	1,143	449	1985	
Ridgewood, NJ	703	465	458	710	1,168	493	1985	
West Orange, NJ	799	428	521	706	1,227	574	1985	
Washington Township, NJ	912	373	594	691	1,285	486	1985	
Lawrence Township, NJ	1,303	-	1,146	157	1,303	78	2012	
Lake Hopatcong, NJ	1,305	-	800	505	1,305	461	2000	
Freehold, NJ	494	842	95	1,241	1,336	385	1978	
Hasbrouck Heights, NJ	639	699	416	922	1,338	582	1985	
Fort Lee, NJ	1,245	407	811	841	1,652	641	1985	

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			Land	Building and Improvements				
Brick, NJ	\$ 1,508	\$ 375	\$ 1,000	\$ 883	\$ 1,883	\$ 600	2000	
Albuquerque, NM	1,829	-	1,382	447	1,829	93	2017	
Las Cruces, NM	1,843	-	1,375	468	1,843	99	2017	
Albuquerque, NM	2,308	-	1,830	478	2,308	106	2017	
Albuquerque, NM	2,321	-	1,795	526	2,321	114	2017	
Albuquerque, NM	3,682	-	3,141	541	3,682	120	2017	
Fernley, NV	1,666	-	222	1,444	1,666	570	2015	
Las Vegas, NV	2,814	-	563	2,251	2,814	113	2019	
Las Vegas, NV	3,094	-	830	2,264	3,094	122	2019	
Las Vegas, NV	3,472	-	655	2,817	3,472	138	2019	
Las Vegas, NV	3,752	-	615	3,137	3,752	158	2019	
Bronx, NY	390	54	251	193	444	182	1985	
Glen Head, NY	234	216	102	348	450	348	1982	
Brooklyn, NY	75	382	31	426	457	317	1967	
Stony Brook, NY	176	281	105	352	457	257	1978	
Brooklyn, NY	422	36	275	183	458	26	1985	
Ossining, NY	231	229	117	343	460	234	1985	
Niskayuna, NY	425	35	275	185	460	185	1986	
Amherst, NY	223	246	173	296	469	193	2000	
Staten Island, NY	390	89	254	225	479	213	1985	
Franklin Square, NY	153	331	137	347	484	244	1978	
Bay Shore, NY	156	355	85	426	511	333	1981	
New York, NY	126	399	78	447	525	355	1972	
Newburgh, NY	527	-	527	-	527	-	2011	
Brooklyn, NY	282	259	176	365	541	318	1967	
Levittown, NY	503	42	327	218	545	203	1985	
Prattsburgh, NY	553	-	303	250	553	148	2006	
Buffalo, NY	312	241	150	403	553	288	2000	
White Plains, NY	-	569	303	266	569	222	1972	
New Rochelle, NY	189	389	104	474	578	308	1982	
Pleasant Valley, NY	398	182	240	340	580	232	1986	
Sayville, NY	345	246	301	290	591	187	1998	
Poughkeepsie, NY	591	-	591	-	591	-	2011	
Garden City, NY	362	242	236	368	604	266	1985	
Brooklyn, NY	237	371	154	454	608	310	1985	
Massapequa, NY	333	285	217	401	618	289	1985	
Staten Island, NY	301	323	196	428	624	321	1985	
Levittown, NY	546	86	355	277	632	253	1985	
Staten Island, NY	350	290	228	412	640	303	1985	
Wantagh, NY	641	-	371	270	641	240	1998	
Batavia, NY	684	-	364	320	684	190	2006	
Sleepy Hollow, NY	281	406	130	557	687	443	1969	
East Hampton, NY	659	39	427	271	698	251	1985	
Dobbs Ferry, NY	671	34	435	270	705	251	1985	
Elmont, NY	389	319	231	477	708	380	1978	
Alfred Station, NY	714	-	414	300	714	178	2006	
Middletown, NY	719	-	719	-	719	-	2011	
Riverhead, NY	723	-	431	292	723	266	1998	

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			Land	Building and Improvements				
Bayside, NY	\$ 470	\$ 254	\$ 306	\$ 418	\$ 724	\$ 283	1985	
Sag Harbor, NY	704	35	458	281	739	260	1985	
Glen Head, NY	462	282	300	444	744	335	1985	
Spring Valley, NY	749	-	749	-	749	-	2011	
Great Neck, NY	500	252	450	302	752	211	1985	
Flushing, NY	516	241	320	437	757	323	1998	
Floral Park, NY	617	169	356	430	786	330	1998	
East Pembroke, NY	787	-	537	250	787	148	2006	
Brewster, NY	789	-	789	-	789	-	2011	
Brooklyn, NY	477	319	306	490	796	378	1985	
Yaphank, NY	-	798	375	423	798	261	1993	
Rye, NY	872	-	872	-	872	-	2011	
Bronx, NY	877	-	877	-	877	-	2013	
Bronx, NY	884	-	884	-	884	-	2013	
Avoca, NY	936	(1)	635	300	935	178	2006	
West Nyack, NY	936	-	936	-	936	-	2011	
Brooklyn, NY	627	313	408	532	940	411	1985	
Yonkers, NY	-	944	684	260	944	147	1990	
Elmsford, NY	-	948	581	367	948	292	1971	
Bronx, NY	953	-	953	-	953	-	2013	
Tarrytown, NY	956	-	956	-	956	-	2011	
Byron, NY	969	-	669	300	969	178	2006	
New Platz, NY	971	-	971	-	971	-	2011	
Mount Vernon, NY	985	-	985	-	985	-	2011	
Warsaw, NY	990	-	690	300	990	178	2006	
Hyde Park, NY	990	-	990	-	990	-	2011	
Churchville, NY	1,011	-	601	410	1,011	243	2006	
Port Chester, NY	1,015	-	1,015	-	1,015	-	2011	
Poughkeepsie, NY	1,020	-	1,020	-	1,020	-	2011	
Middletown, NY	751	274	489	536	1,025	418	1985	
Lakeville, NY	1,028	-	203	825	1,028	578	2008	
Pelham, NY	1,035	-	1,035	-	1,035	-	2011	
Bronx, NY	1,049	-	485	564	1,049	249	2013	
Warwick, NY	1,049	-	1,049	-	1,049	-	2011	
Yonkers, NY	1,020	63	664	419	1,083	390	1985	
New Windsor, NY	1,084	-	1,084	-	1,084	-	2011	
Katonah, NY	1,084	-	1,084	-	1,084	-	2011	
Chester, NY	1,158	-	1,158	-	1,158	-	2011	
Hopewell Junction, NY	1,163	-	1,163	-	1,163	-	2011	
Newburgh, NY	1,192	-	1,192	-	1,192	-	2011	
Poughkeepsie, NY	1,232	(32)	1,200	-	1,200	-	2011	
Briarcliff Manor, NY	652	550	501	701	1,202	611	1976	
Bronxville, NY	1,232	-	1,232	-	1,232	-	2011	
Bronx, NY	46	1,208	84	1,170	1,254	128	1972	
Naples, NY	1,257	-	827	430	1,257	255	2006	
Forest Hills, NY	1,273	-	1,273	-	1,273	-	2013	
Poughkeepsie, NY	1,340	(60)	1,280	-	1,280	-	2011	
Middletown, NY	1,281	-	1,281	-	1,281	-	2011	

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			Land	Building and Improvements	Total Cost		
Scarsdale, NY	\$ 1,301	\$ -	\$ 1,301	\$ -	\$ 1,301	\$ -	2011
Poughkeepsie, NY	1,306	-	1,306	-	1,306	-	2011
Yonkers, NY	291	1,050	216	1,125	1,341	720	1972
Dobbs Ferry, NY	1,345	-	1,345	-	1,345	-	2011
Poughkeepsie, NY	1,355	-	1,355	-	1,355	-	2011
Mamaroneck, NY	1,429	-	1,429	-	1,429	-	2011
Perry, NY	1,444	-	1,044	400	1,444	237	2006
Millwood, NY	1,448	-	1,448	-	1,448	-	2011
Elmsford, NY	1,453	-	1,453	-	1,453	-	2011
White Plains, NY	1,458	-	1,458	-	1,458	-	2011
Shrub Oak, NY	1,061	398	691	768	1,459	605	1985
Wappingers Falls, NY	1,488	-	1,488	-	1,488	-	2011
Garnerville, NY	1,508	-	1,508	-	1,508	-	2011
Rockaway Park, NY	1,605	-	1,605	-	1,605	-	2013
Hartsdale, NY	1,626	-	1,626	-	1,626	-	2011
Tuckahoe, NY	1,650	-	1,650	-	1,650	-	2011
Astoria, NY	1,684	-	1,105	579	1,684	254	2013
Yorktown Heights, NY	1,700	-	-	1,700	1,700	501	2013
Fishkill, NY	1,793	-	1,793	-	1,793	-	2011
Cortlandt Manor, NY	1,872	-	1,872	-	1,872	-	2011
New Rochelle, NY	1,887	-	1,887	-	1,887	-	2011
East Meadow, NY	-	1,903	1,670	233	1,903	61	1988
Mount Kisco, NY	1,907	-	1,907	-	1,907	-	2011
Yonkers, NY	1,907	-	1,907	-	1,907	-	2011
Bronx, NY	1,910	-	1,349	561	1,910	259	2013
Flushing, NY	1,936	-	1,413	523	1,936	231	2013
Flushing, NY	1,947	-	1,405	542	1,947	220	2013
Hawthorne, NY	2,084	-	2,084	-	2,084	-	2011
Peekskill, NY	2,207	-	2,207	-	2,207	-	2011
Nanuet, NY	2,316	-	2,316	-	2,316	-	2011
Yorktown Heights, NY	2,365	-	2,365	-	2,365	-	2011
Bronx, NY	2,407	-	1,712	695	2,407	289	2013
Flushing, NY	2,479	-	1,801	678	2,479	275	2013
Latham, NY	2,498	-	1,813	685	2,498	19	2020
Corona, NY	2,543	-	1,903	640	2,543	271	2013
Long Island City, NY	2,717	-	1,183	1,534	2,717	563	2013
Eastchester, NY	1,724	993	2,302	415	2,717	91	2011
Rego Park, NY	2,784	-	2,104	680	2,784	288	2013
Port Jefferson, NY	185	3,084	246	3,023	3,269	364	1985
Troy, NY	4,690	-	4,119	571	4,690	16	2020
Mansfield, OH	921	-	332	589	921	322	2008
Loveland, OH	1,045	-	362	683	1,045	133	2017
Crestline, OH	1,202	-	285	917	1,202	525	2008
Akron, OH	1,530	-	385	1,145	1,530	199	2017
Mansfield, OH	1,950	-	700	1,250	1,950	675	2009
Monroeville, OH	2,580	-	485	2,095	2,580	1,129	2009
Springdale, OH	3,379	-	381	2,998	3,379	69	2020
Cincinnati, OH	3,715	-	541	3,174	3,715	112	2020

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			Land	Building and Improvements				
Fairfield, OH	\$ 3,769	\$ -	\$ 582	\$ 3,187	\$ 3,769	\$ 16	2020	
Oklahoma City, OK	868	-	371	497	868	69	2018	
Oklahoma City, OK	1,182	-	587	595	1,182	79	2018	
Oklahoma City, OK	1,311	-	625	686	1,311	88	2018	
Stillwater, OK	2,800	-	1,469	1,331	2,800	71	2019	
Banks, OR	498	-	498	-	498	-	2015	
Stayton, OR	544	-	296	248	544	63	2017	
Estacada, OR	646	-	84	562	646	170	2015	
Pendleton, OR	765	-	122	643	765	216	2015	
Silverton, OR	957	-	456	501	957	110	2017	
Salem, OR	1,071	-	399	672	1,071	271	2015	
Salem, OR	1,350	-	521	829	1,350	268	2015	
Springfield, OR	1,398	-	796	602	1,398	237	2015	
Salem, OR	1,408	-	524	884	1,408	295	2015	
McMinnville, OR	2,867	-	394	2,473	2,867	423	2017	
Salem, OR	4,214	-	3,182	1,032	4,214	352	2015	
Portland, OR	4,416	-	3,368	1,048	4,416	333	2015	
Salem, OR	4,614	-	3,517	1,097	4,614	350	2015	
Pottsville, PA	451	1	148	304	452	305	1990	
Phoenixville, PA	384	89	76	397	473	108	1985	
Harrisburg, PA	399	213	199	413	612	345	1989	
Philadelphia, PA	406	255	264	397	661	291	1985	
Lancaster, PA	642	56	300	398	698	367	1989	
Reading, PA	750	49	-	799	799	799	1989	
Philadelphia, PA	1,252	-	814	438	1,252	212	2009	
New Kensington, PA	1,375	-	675	700	1,375	327	2010	
Allison Park, PA	1,500	-	850	650	1,500	509	2010	
Barrington, RI	490	180	319	351	670	299	1985	
N. Providence, RI	542	159	353	348	701	291	1985	
Columbia, SC	464	-	253	211	464	41	2017	
Columbia, SC	575	-	345	230	575	42	2017	
Lexington, SC	633	-	309	324	633	62	2017	
Lexington, SC	694	-	172	522	694	107	2017	
Lexington, SC	720	-	219	501	720	92	2017	
Columbia, SC	792	-	463	329	792	64	2017	
Lexington, SC	816	-	336	480	816	70	2017	
Columbia, SC	868	-	455	413	868	90	2017	
Columbia, SC	926	-	495	431	926	69	2017	
Lexington, SC	973	-	582	391	973	77	2017	
Gilbert, SC	1,036	-	434	602	1,036	110	2017	
Lexington, SC	1,056	-	432	624	1,056	122	2017	
Irmo, SC	1,113	-	667	446	1,113	82	2017	
West Columbia, SC	1,116	-	50	1,066	1,116	201	2017	
Irmo, SC	1,246	-	69	1,177	1,246	203	2017	
Irmo, SC	1,339	-	867	472	1,339	89	2017	
Columbia, SC	1,436	-	472	964	1,436	183	2017	
Lexington, SC	1,624	-	999	625	1,624	117	2017	
Columbia, SC	1,643	-	1,302	341	1,643	50	2017	

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			Land	Building and Improvements				
West Columbia, SC	\$ 1,644	\$ -	\$ 1,283	\$ 361	\$ 1,644	\$ 71	2017	
Chapin, SC	1,682	-	1,135	547	1,682	113	2017	
Lexington, SC	1,712	-	1,410	302	1,712	48	2017	
Lexington, SC	1,729	-	1,268	461	1,729	100	2017	
Lexington, SC	1,738	-	1,189	549	1,738	81	2017	
Pelion, SC	1,901	-	1,021	880	1,901	190	2017	
Columbia, SC	1,995	-	1,130	865	1,995	125	2018	
West Columbia, SC	2,046	-	746	1,300	2,046	234	2017	
Elgin, SC	2,082	-	1,166	916	2,082	176	2017	
Columbia, SC	2,109	-	1,120	989	2,109	134	2018	
Elgin, SC	2,177	-	974	1,203	2,177	219	2017	
Lexington, SC	2,179	-	1,476	703	2,179	131	2017	
Gaston, SC	2,230	-	934	1,296	2,230	238	2017	
Columbia, SC	2,460	-	1,569	891	2,460	185	2017	
Columbia, SC	2,531	-	1,612	919	2,531	123	2018	
Johns Island, SC	2,561	-	1,885	676	2,561	79	2018	
Lexington, SC	2,603	-	1,869	734	2,603	109	2018	
Columbia, SC	2,637	-	1,254	1,383	2,637	252	2017	
Blythewood, SC	3,217	-	2,405	812	3,217	170	2017	
Lexington, SC	3,231	-	2,001	1,230	3,231	175	2018	
Lexington, SC	3,234	-	1,198	2,036	3,234	263	2018	
Columbia, SC	3,371	-	2,016	1,355	3,371	269	2017	
Irmo, SC	3,655	-	1,742	1,913	3,655	346	2017	
Irmo, SC	3,950	-	2,802	1,148	3,950	217	2017	
Lexington, SC	4,413	-	3,418	995	4,413	210	2017	
Austin, TX	462	-	274	188	462	138	2007	
Lewisville, TX	494	50	110	434	544	261	2008	
Arlington, TX	789	-	414	375	789	56	2018	
El Paso, TX	1,278	-	825	453	1,278	96	2017	
Rowlett, TX	1,284	-	840	444	1,284	59	2018	
Arlington, TX	1,352	-	887	465	1,352	65	2018	
Grand Prairie, TX	1,413	-	914	499	1,413	74	2018	
El Paso, TX	1,425	-	1,098	327	1,425	71	2017	
Corpus Christi, TX	1,526	-	1,056	470	1,526	89	2017	
Arlington, TX	1,560	-	1,008	552	1,560	74	2018	
Wake Village, TX	1,637	-	685	952	1,637	123	2018	
Longview, TX	1,660	-	1,239	421	1,660	58	2018	
El Paso, TX	1,679	-	1,085	594	1,679	112	2017	
Mesquite, TX	1,687	-	1,093	594	1,687	83	2018	
Houston, TX	1,689	-	224	1,465	1,689	846	2007	
Austin, TX	1,711	-	1,364	347	1,711	78	2017	
Watauga, TX	1,771	-	1,139	632	1,771	87	2018	
Texarkana, TX	1,791	-	992	799	1,791	105	2018	
Arlington, TX	1,796	-	1,189	607	1,796	83	2018	
El Paso, TX	1,816	-	1,413	403	1,816	88	2017	
Texarkana, TX	1,861	-	1,197	664	1,861	101	2018	
San Marcos, TX	1,954	-	251	1,703	1,954	1,000	2007	
Grand Prairie, TX	2,000	-	1,415	585	2,000	82	2018	

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			Land	Building and Improvements				
Center, TX	\$ 2,073	\$ -	\$ 1,482	\$ 591	\$ 2,073	\$ 89	2018	
Harker Heights, TX	2,052	28	580	1,500	2,080	1,193	2007	
Linden, TX	2,159	-	1,513	646	2,159	92	2018	
Corpus Christi, TX	2,162	-	1,729	433	2,162	93	2017	
Garland, TX	2,208	-	1,504	704	2,208	95	2018	
Fort Worth, TX	2,115	142	866	1,391	2,257	802	2007	
Texarkana, TX	2,316	-	1,643	673	2,316	87	2018	
Austin, TX	2,368	-	738	1,630	2,368	970	2007	
El Paso, TX	2,369	-	1,766	603	2,369	118	2017	
Temple, TX	2,406	(10)	1,206	1,190	2,396	744	2007	
Corpus Christi, TX	2,400	-	1,110	1,290	2,400	247	2017	
Keller, TX	2,507	57	996	1,568	2,564	952	2007	
Port Arthur, TX	2,648	-	505	2,143	2,648	413	2016	
Schertz, TX	2,794	-	813	1,981	2,794	23	2020	
Houston, TX	2,803	-	535	2,268	2,803	423	2016	
Shamrock, TX	3,045	-	1,222	1,823	3,045	26	2020	
Mathis, TX	3,138	-	2,687	451	3,138	97	2017	
El Paso, TX	3,168	-	2,153	1,015	3,168	200	2017	
Cibolo, TX	3,228	-	1,004	2,224	3,228	44	2020	
Garland, TX	3,296	-	245	3,051	3,296	815	2014	
Childress, TX	3,335	-	1,959	1,376	3,335	19	2020	
San Antonio, TX	3,427	-	446	2,981	3,427	53	2020	
Austin, TX	3,510	67	1,595	1,982	3,577	1,155	2007	
San Antonio, TX	3,618	-	494	3,124	3,618	54	2020	
San Antonio, TX	3,630	-	1,020	2,610	3,630	54	2020	
San Antonio, TX	3,718	-	732	2,986	3,718	54	2020	
San Antonio, TX	3,820	-	1,459	2,361	3,820	10	2020	
Paris, TX	3,832	-	2,645	1,187	3,832	13	2020	
Waco, TX	3,884	-	894	2,990	3,884	1,874	2007	
The Colony, TX	4,396	-	337	4,059	4,396	2,306	2007	
San Antonio, TX	4,397	-	997	3,400	4,397	66	2020	
San Antonio, TX	4,411	-	642	3,769	4,411	68	2020	
Garland, TX	4,439	-	439	4,000	4,439	1,116	2014	
Panhandle, TX	5,068	-	2,637	2,431	5,068	35	2020	
Paris, TX	5,322	-	3,979	1,343	5,322	17	2020	
Temple, TX	5,554	-	4,119	1,435	5,554	19	2020	
Norfolk, VA	535	(70)	235	230	465	230	1990	
Ruther Glen, VA	466	-	31	435	466	275	2005	
Chesapeake, VA	780	(185)	399	196	595	96	1990	
Portsmouth, VA	562	34	222	374	596	370	1990	
Woodstock, VA	611	-	354	257	611	6	2020	
Alexandria, VA	649	-	649	-	649	-	2013	
Alexandria, VA	656	-	409	247	656	118	2013	
Alexandria, VA	712	-	712	-	712	-	2013	
Sandston, VA	722	-	102	620	722	391	2005	
Alexandria, VA	735	-	735	-	735	-	2013	
Ashland, VA	840	-	840	-	840	-	2005	
Mechanicsville, VA	903	-	273	630	903	398	2005	

	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				
Mechanicsville, VA	\$ 957	\$ 14	\$ 324	\$ 647	\$ 971	\$ 419	2005	
Glen Allen, VA	1,037	-	412	625	1,037	395	2005	
Mechanicsville, VA	1,043	-	223	820	1,043	518	2005	
Glen Allen, VA	1,077	-	322	755	1,077	477	2005	
Arlington, VA	1,083	-	1,083	-	1,083	-	2013	
Richmond, VA	1,132	(41)	506	585	1,091	369	2005	
Chesapeake, VA	1,004	110	385	729	1,114	688	1990	
Mechanicsville, VA	1,125	-	505	620	1,125	391	2005	
Farmville, VA	1,227	-	622	605	1,227	382	2005	
Fredericksburg, VA	1,279	-	469	810	1,279	511	2005	
Spotsylvania, VA	1,290	-	490	800	1,290	505	2005	
Alexandria, VA	1,327	-	1,327	-	1,327	-	2013	
Alexandria, VA	1,388	-	1,020	368	1,388	178	2013	
Petersburg, VA	1,441	-	816	625	1,441	395	2005	
Arlington, VA	1,464	-	1,085	379	1,464	170	2013	
Mechanicsville, VA	1,476	-	876	600	1,476	379	2005	
Alexandria, VA	1,582	-	1,150	432	1,582	189	2013	
Mechanicsville, VA	1,677	-	1,157	520	1,677	328	2005	
King William, VA	1,688	-	1,068	620	1,688	391	2005	
Fredericksburg, VA	1,716	-	996	720	1,716	455	2005	
Annandale, VA	1,718	-	1,718	-	1,718	-	2013	
Alexandria, VA	1,757	-	1,313	444	1,757	207	2013	
Fairfax, VA	1,825	-	1,190	635	1,825	277	2013	
Arlington, VA	2,014	-	1,516	498	2,014	216	2013	
Arlington, VA	2,062	-	1,603	459	2,062	198	2013	
Fairfax, VA	2,078	-	1,365	713	2,078	267	2013	
Montpelier, VA	2,481	(114)	1,612	755	2,367	477	2005	
Salem, VA	3,337	-	915	2,422	3,337	127	2020	
Fairfax, VA	3,348	-	2,351	997	3,348	408	2013	
Emporia, VA	3,364	-	2,227	1,137	3,364	68	2019	
Fredericksburg, VA	3,623	-	2,828	795	3,623	502	2005	
Springfield, VA	4,257	-	2,969	1,288	4,257	522	2013	
Fairfax, VA	4,454	-	3,370	1,084	4,454	444	2013	
Tacoma, WA	518	-	518	-	518	-	2015	
Wilbur, WA	629	-	153	476	629	166	2015	
Tacoma, WA	671	-	671	-	671	-	2015	
Seattle, WA	717	-	193	524	717	166	2015	
South Bend, WA	760	-	121	639	760	198	2015	
Puyallup, WA	831	-	172	659	831	253	2015	
Tenino, WA	937	-	219	718	937	225	2015	
Snohomish, WA	955	-	955	-	955	-	2015	
Chehalis, WA	1,176	-	313	863	1,176	313	2015	
Fife, WA	1,181	-	414	767	1,181	275	2015	
Vancouver, WA	1,215	-	164	1,051	1,215	297	2015	
Renton, WA	1,485	-	952	533	1,485	239	2015	
Bellevue, WA	1,725	-	886	839	1,725	277	2015	
Seattle, WA	1,884	-	1,223	661	1,884	210	2015	
Port Orchard, WA	2,019	-	161	1,858	2,019	525	2015	



	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			
Puyallup, WA	\$ 2,035	\$ 0	\$ 465	\$ 1,570	\$ 2,035	\$ 510	2015
Silverdale, WA	2,178	-	1,217	961	2,178	343	2015
Monroe, WA	2,791	-	1,555	1,236	2,791	418	2015
Kent, WA	2,900	-	2,066	834	2,900	299	2015
Auburn, WA	3,022	-	1,965	1,057	3,022	349	2015
Puyallup, WA	4,050	-	2,394	1,656	4,050	671	2015
Federal Way, WA	4,218	-	2,973	1,245	4,218	443	2015
Colfax, WA	4,800	-	3,611	1,189	4,800	394	2015
Miscellaneous	51,183	14,650	26,459	39,374	65,833	30,999	various
	<u>\$ 1,182,681</u>	<u>\$ 63,907</u>	<u>\$ 708,099</u>	<u>\$ 538,489</u>	<u>\$ 1,246,588</u>	<u>\$ 187,061</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 \$1,276,000 at December 31, 2020.

**GETTY REALTY CORP. and SUBSIDIARIES**  
**SCHEDULE IV—MORTGAGE LOANS ON REAL ESTATE**  
**As of December 31, 2020**  
**(in thousands)**

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
Mortgage Loans:								
Borrower A	Seller financing	East Islip, NY	9.0%	11/2024	P & I	—	\$ 743	\$ 695
Borrower B	Seller financing	Middlesex, NJ	9.0%	5/2021	P & I	—	255	214
Borrower C	Seller financing	Valley Cottage, NY	9.0%	10/2020(d)	P & I	—	431	353
Borrower D	Seller financing	Smithtown, NY	9.0%	1/2027	P & I	—	280	184
Borrower E	Seller financing	Nyack, NY	9.0%	9/2022	P & I	—	253	226
Borrower F	Seller financing	Baldwin, NY	9.0%	9/2020(d)	P & I	—	300	254
Borrower G	Seller financing	Norwalk, CT	9.0%	4/2022	P & I	—	319	277
Borrower H	Seller financing	Stafford Springs, CT	9.0%	1/2021	P & I	—	232	192
Borrower I	Seller financing	Waterbury, CT	9.0%	2/2021	P & I	—	171	143
Borrower J	Seller financing	Westfield, MA	9.0%	11/2021	P & I	—	303	260
Borrower K	Seller financing	Bristol, CT	9.0%	5/2026	P & I	—	76	74
Borrower L	Seller financing	Hartford, CT	9.5%	2/2027	P & I	—	440	434
Borrower M	Seller financing	Middletown, CT	9.0%	5/2026	P & I	—	308	299
Borrower N	Seller financing	New Britain, CT	9.5%	4/2027	P & I	—	192	190
Borrower O	Seller financing	Plainville, CT	9.5%	3/2027	P & I	—	160	158
Borrower P	Seller financing	Simsbury, CT	9.0%	5/2026	P & I	—	192	186
Borrower Q	Seller financing	Milford, CT	9.0%	3/2025	P & I	—	398	376
Borrower R	Seller financing	Fairfield, CT	9.0%	3/2025	P & I	—	390	368
Borrower S	Seller financing	Hartford, CT	9.0%	3/2024	P & I	—	70	64
Borrower T	Seller financing	Wilmington, DE	9.0%	11/2020(d)	P & I	—	84	69
Borrower U	Seller financing	Fairhaven, MA	9.0%	9/2020(d)	P & I	—	458	374
Borrower V	Seller financing	New Bedford, MA	9.0%	10/2021	P & I	—	363	309
Borrower W	Seller financing	Belleville, NJ	9.0%	3/2021	P & I	—	315	263
Borrower X	Seller financing	Ridgefield, NJ	9.0%	4/2021	P & I	—	172	144
Borrower Y	Seller financing	Irvington, NJ	9.0%	7/2022	P & I	—	300	182
Borrower Z	Seller financing	Colonia, NJ	9.0%	7/2020(d)	P & I	—	320	260
Borrower AA	Seller financing	Glendale, NY	9.0%	7/2025	P & I	—	525	385
Borrower AB	Seller financing	Elmont, NY	9.0%	10/2021	P & I	—	450	341
Borrower AC	Seller financing	Pleasant Valley, NY	9.0%	9/2020(d)	P & I	—	230	188
Borrower AD	Seller financing	Freeport, NY	9.0%	5/2020(d)	P & I	—	206	166
Borrower AE	Seller financing	Malta, NY	9.0%	3/2023	P & I	—	572	512
Borrower AF	Seller financing	Coxsackie, NY	9.0%	7/2021	P & I	—	153	129
Borrower AG	Seller financing	Brewster, NY	9.0%	10/2022	P & I	—	554	485
Borrower AH	Seller financing	Lindenhurst, NY	9.5%	6/2026	P & I	—	350	341
Borrower AI	Seller financing	Rochester, NY	9.0%	2/2025	P & I	—	174	163
Borrower AJ	Seller financing	Savona, NY	9.0%	2/2025	P & I	—	157	148
Borrower AK	Seller financing	Rochester, NY	9.0%	10/2025	P & I	—	230	220
Borrower AL	Seller financing	Greigsville, NY	9.0%	11/2025	P & I	—	200	192
Borrower AM	Seller financing	Horsham, PA	10.0%	7/2024	P & I	—	237	82
Borrower AN	Seller financing	Warwick, RI	9.0%	8/2022	P & I	—	333	295
Borrower AO	Seller financing	Warwick, RI	9.0%	10/2021	P & I	—	357	304
Borrower AP	Seller financing	Cranston, RI	9.0%	8/2022	P & I	—	153	133
							12,406	10,632
<b>Note receivable</b>								
	Promissory Note	Various-CT	9.0%	12/2028(b)			—	985
	Allowance for credit losses						—	(337)
<b>Total (c)</b>							<u>\$ 12,406</u>	<u>\$ 11,280</u>

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

(b) Note for funding of capital improvements.

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

(d) Note is in the process of being refinanced or repaid.

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. We adopted ASU 2016-13 on January 1, 2020 using the modified retrospective method, under which we recorded a cumulative-effect adjustment as a charge to retained earnings of \$309,000. In addition, during the year ended December 31, 2020, we recorded an additional allowance for credit losses of \$28,000 on these notes and mortgages receivable due to changes in expected economic conditions.

The summarized changes in the carrying amount of mortgage loans are as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Balance at January 1,	\$ 30,855	\$ 33,519	\$ 32,366
Additions:			
New mortgage loans	3,724	1,734	4,287
Deductions:			
Loan repayments	(22,260)	(3,771)	(2,368)
Collection of principal	(702)	(627)	(766)
Allowance for credit losses	(337)	—	—
Balance at December 31,	<u>\$ 11,280</u>	<u>\$ 30,855</u>	<u>\$ 33,519</u>

**EXHIBIT INDEX****GETTY REALTY CORP.  
Annual Report on Form 10-K  
for the year ended December 31, 2020**

<b>Exhibit Number</b>	<b>Description of Document</b>	<b>Location of Document</b>
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	Articles of Amendment to Articles of Incorporation of Getty Realty Corp. filed May 17, 2018	Filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on May 18, 2018 (File No. 001-13777) and incorporated herein by reference.
3.8	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 herewith.
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.
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.

<b>Exhibit Number</b>	<b>Description of Document</b>	<b>Location of Document</b>
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.
10.19*	Getty Realty Corp. Second Amended and Restated 2004 Omnibus Incentive Compensation Plan	Annexed as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on March 23, 2017
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 and certain affiliates of 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.

<b>Exhibit Number</b>	<b>Description of Document</b>	<b>Location of Document</b>
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.
10.40***	Fifth Amended and Restated Note Purchase and Guarantee Agreement, dated as of December 4, 2020, among Getty Realty Corp., Prudential and certain of its affiliates.	Filed herewith.
10.41***	First Amended and Restated Note Purchase and Guarantee Agreement, dated as of December 4, 2020, between Getty Realty Corp. and AIG.	Filed herewith.
10.42***	First Amended and Restated Note Purchase and Guarantee Agreement, dated as of December 4, 2020, among Getty Realty Corp., MassMutual and certain of its affiliates.	Filed herewith.
10.43*	Form of Restricted Stock Unit Agreement under the Getty Realty Corp. Second Amended and Restated 2004 Omnibus Incentive Compensation Plan.	Filed herewith.
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 Brian Dickman, Executive 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	Filed herewith.

Exhibit Number	Description of Document	Location of Document
	U.S.C. § 1350.	
32.2	Certification of Brian Dickman, Executive 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.
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.

\*\*\* Certain portions of this exhibit (indicated by “[\*\*\*]”) have been omitted because they are not material.

Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The exhibits listed in this Exhibit Index which were filed or furnished with our 2020 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](http://www.gettyrealty.com). Our website contains a hyperlink to the EDGAR database of the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov) where you can access, free-of-charge, each exhibit that was filed or furnished with our 2020 Annual Report on Form 10-K.





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## BOARD OF DIRECTORS

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**Christopher J. Constant**

Chief Executive Officer and President  
Getty Realty Corp.

**Mary Lou Malanoski**

Chief Financial Officer  
Colony S2k Holdings

**Milton Cooper**

Executive Chairman of the Board of Directors  
Kimco Realty Corporation

**Richard E. Montag**

Former Senior Executive  
Richard E. Jacobs Group

**Philip E. Coviello**

Retired Partner  
Latham & Watkins LLP

**Howard B. Safenowitz**

President  
Safenowitz Family Corp.

## EXECUTIVE OFFICERS

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**Christopher J. Constant**

Chief Executive Officer  
President

**Brian R. Dickman**

Executive Vice President  
Chief Financial Officer and Treasurer

**Joshua Dicker**

Executive Vice President  
General Counsel and Secretary

**Mark J. Olear**

Executive Vice President  
Chief Operating Officer

## CORPORATE INFORMATION

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**Annual Meeting of Shareholders**

April 27, 2021  
Virtual Meeting

**Independent Auditor**

PricewaterhouseCoopers LLP  
New York, NY

**Corporate Headquarters**

Getty Realty Corp.  
292 Madison Avenue,  
9th Floor  
New York, NY 10017  
(646) 349-6000  
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**Investor Relations**

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[ir@gettyrealty.com](mailto:ir@gettyrealty.com)

**Transfer Agent**

Computershare Inc.  
462 South 4th Street,  
Suite 1600  
Louisville, KY 40202  
(800) 368-5948  
[www.computershare.com](http://www.computershare.com)

**GTY**  

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**LISTED**  

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**NYSE**

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New York, NY 10017