

GETTY REALTY CORP /MD/
Form 10-Q
August 11, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

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.)

125 Jericho Turnpike, Suite 103
Jericho, New York 11753
(Address of principal executive offices)
(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See the definitions of "larger accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐ Smaller Reporting Company ☐

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

Registrant had outstanding 24,765,685 shares of Common Stock, par value \$.01 per share, as of August 7, 2008.

GETTY REALTY CORP.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

Assets:	June 30, 2008	December 31, 2007
Real Estate:		
Land	\$ 221,501	\$ 222,194
Buildings and improvements	254,274	252,060
	475,775	474,254
Less – accumulated depreciation and amortization	(126,807)	(122,465)
Real estate, net	348,968	351,789
Deferred rent receivable (net of allowance of \$10,308 as of June 30, 2008 and \$10,494 as of December 31, 2007)	25,715	24,915
Cash and cash equivalents	2,479	2,071
Recoveries from state underground storage tank funds, net	4,497	4,652
Mortgages and accounts receivable, net	1,363	1,473
Prepaid expenses and other assets	10,324	12,011
Total assets	\$ 393,346	\$ 396,911
Liabilities and Shareholders' Equity:		
Debt	\$ 131,250	\$ 132,500
Environmental remediation costs	18,004	18,523
Dividends payable	11,545	11,534
Accounts payable and accrued expenses	21,078	22,176
Total liabilities	181,877	184,733
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, par value \$.01 per share; authorized 50,000,000 shares; issued 24,765,685 at June 30, 2008 and 24,765,065 at December 31, 2007	248	248
Paid-in capital	258,897	258,734
Dividends paid in excess of earnings	(45,588)	(44,505)
Accumulated other comprehensive loss	(2,088)	(2,299)
Total shareholders' equity	211,469	212,178
Total liabilities and shareholders' equity	\$ 393,346	\$ 396,911

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)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenues from rental properties	\$ 20,249	\$ 20,342	\$ 40,578	\$ 38,144
Operating expenses:				
Rental property expenses	2,353	2,368	4,773	4,786
Environmental expenses, net	1,973	3,056	2,760	4,015
General and administrative expenses	2,111	1,780	3,752	3,233
Depreciation and amortization expense	2,942	2,701	5,747	4,538
Total expenses	9,379	9,905	17,032	16,572
Operating income	10,870	10,437	23,546	21,572
Other income, net	182	276	429	391
Interest expense	(1,657)	(2,224)	(3,646)	(3,188)
Net earnings from continuing operations	9,395	8,489	20,329	18,775
Discontinued operations:				
Earnings from operating activities	24	363	48	514
Gains on dispositions of real estate	1,217	1,172	1,630	1,172
Earnings from discontinued operations	1,241	1,535	1,678	1,686
Net earnings	\$ 10,636	\$ 10,024	\$ 22,007	\$ 20,461
Basic earnings per common share:				
Earnings from continuing operations	\$.38	\$.34	\$.82	\$.76
Earnings from discontinued operations	.05	.06	.07	.07
Net earnings	\$.43	\$.40	\$.89	\$.83
Diluted earnings per common share:				
Earnings from continuing operations	\$.38	\$.34	\$.82	\$.76
Earnings from discontinued operations	.05	.06	.07	.07

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Net earnings	\$.43	\$.40	\$.89	\$.83
Weighted-average shares outstanding:								
Basic		24,766		24,765		24,766		24,765
Stock options and restricted stock units		-		22		9		21
Diluted		24,766		24,787		24,775		24,786
Dividends declared per share	\$.465	\$.465	\$.930	\$.920

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

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GETTY REALTY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three months ended June 30, 2008		2007		Six months ended June 30, 2008		2007	
Net earnings	\$	10,636	\$	10,024	\$	22,007	\$	20,461
Other comprehensive gain:								
Net unrealized gain on interest rate swap		1,662		815		211		630
Comprehensive income	\$	12,298	\$	10,839	\$	22,218	\$	21,091

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

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

	Six months ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net earnings	\$ 22,007	\$ 20,461
Adjustments to reconcile net earnings to net cash flow provided by operating activities:		
Depreciation and amortization expense	5,763	4,572
Deferred rental revenue	(800)	(1,351)
Gains on dispositions of real estate	(1,905)	(1,438)
Amortization of above-market and below-market leases	(402)	(554)
Accretion expense	356	384
Stock-based employee compensation expense	154	120
Changes in assets and liabilities:		
Recoveries from state underground storage tank funds, net	335	(134)
Mortgages and accounts receivable, net	(44)	113
Prepaid expenses and other assets	183	244
Environmental remediation costs	(1,055)	639
Accounts payable and accrued expenses	(547)	