

Gyrodyne, LLC  
One Flowerfield, Suite 24  
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To Our Shareholders:

On behalf of Gyrodyne, LLC, I am pleased to invite you to attend Gyrodyne's 2025 Annual Meeting of Shareholders (the "Annual Meeting") and to reach out to you with an update on our strategic plan to maximize net assets in liquidation.

Gyrodyne has been using the net proceeds of the 2024 rights offering to complete the pursuit of entitlements on Gyrodyne's Flowerfield and Cortlandt Manor properties, for litigation fees and expenses in the Article 78 proceeding, for legal and engineering fees related to property sales, for necessary capital improvements in Gyrodyne's real estate portfolio and for general working capital.

We have also been continuing a marketing campaign for our properties led by international real estate brokerage firm JLL Capital Markets as we pursue completion of our years-long process to secure entitlements to enhance the value of our properties.

### **Operating and Strategic Developments**

Gyrodyne continues to navigate considerable economic and legal headwinds in our efforts to complete the process of securing value enhancing entitlements and selling our properties in a challenging real estate environment given market uncertainties surrounding interest rates, the state of the economy, and the policies that are being implemented by the new administration. Such headwinds are exacerbated by the cost cutting efforts in the hospital industry in response to persistent high and rising operating expenses which impacts and is expected to continue to impact over 25% of our office space at Flowerfield and all of our Cortlandt Manor property.

Gyrodyne remains on course to finalize the Flowerfield entitlements, which we believe will ultimately enhance liquidating distributions to our shareholders.

#### ***Transactions:***

On January 5, 2024, we retained JLL Capital Markets to market our Flowerfield and Cortlandt Manor properties. Since being retained, JLL has been conducting a broad marketing campaign and an efficient and effective buyer selection process designed to showcase the unique value proposition of Gyrodyne's properties and ultimately maximize sale proceeds.

On July 30, 2025, GSD Flowerfield LLC, a New York limited liability company ("GSD") wholly-owned by Gyrodyne, entered into a Purchase and Sale Agreement (the "B2K Agreement") for the sale of an approximately 49 acre parcel of vacant land to B2K Smithtown LLC ("B2K"), an affiliate of B2K Development LLC, which property forms a portion of Gyrodyne's Flowerfield complex in St. James, New York. We estimate the value of the B2K contract is \$28,740,000, based on the terms of the contract and contingent on a site plan submission, which requires approval by the Town of Smithtown Board of Site Plan Review.

#### ***Flowerfield:***

As our shareholders may recall, on March 30, 2022, following an extended period of technical reviews and public comment periods, the Town of Smithtown Planning Board (the "Planning Board") voted unanimously to grant Gyrodyne's application for preliminary approval to divide the Flowerfield property into eight lots, subject to certain conditions. Gyrodyne has since been pursuing final technical approvals from numerous state, county and local government agencies which are prerequisites to the Town granting final subdivision approval. The final application is expected to be submitted in the fourth quarter of 2025 and our land use counsel is anticipating final subdivision approval in the first quarter of 2026, although there can be no assurance such final approval will be received by then.

As you may also recall, certain parties (the "Petitioners") then commenced a special proceeding (the "Article 78 Proceeding") on April 26, 2022 against the Town of Smithtown and other parties, including Gyrodyne, seeking to annul the Planning Board's preliminary approval of the subdivision plan. Gyrodyne and the Town of Smithtown have been vigorously and successfully defending the Planning Board's preliminary approval in court over the past three and one-half years.

On October 11, 2024, the Supreme Court of the State of New York dismissed the Petition in its entirety, which Petitioners have appealed and moved to reargue. On March 17, 2025, the Court denied Petitioners' motion to stay enforcement of the order pending hearing and determination of appeal. On March 21, 2025, the Court denied the Petitioners motion to renew and reargue, which Petitioners have also appealed. Gyrodyne and the Petitioners have since filed their respective appellate briefs.

Although we are doing all we can along with the Town of Smithtown to vigorously and expeditiously defend the Planning Board's preliminary approval of the subdivision plan, we cannot ultimately control the timing of the Court's ruling. We remain confident in our counsel and their continuing efforts to ensure final subdivision approval of Flowerfield.

The Article 78 proceeding could extend beyond 2026. Nevertheless, Gyrodyne remains confident that securing final subdivision approval and consummating the sale of the Flowerfield properties will culminate by year-end 2027, although there can be no assurance that Gyrodyne will be successful in the defense of the Planning Board's subdivision approval or that our timeline for the sale of the Flowerfield properties can be met.

#### **Cortlandt Manor:**

In March 2023, the Cortlandt Manor Town Planning Board adopted a Medical Oriented District with our Cortlandt Manor property receiving the medical oriented district campus designation from the Town Planning Board and entitlements for up to 150,000 square feet of medical office space. This changed the prior zoning district classification of single family residential. Gyrodyne is actively marketing the property through JLL.

Our property is located directly across the street from the NY Presbyterian Hospital campus and many of our tenants are affiliated with NY Presbyterian Hospital. We believe the previously mentioned challenges in the hospital industry is and will continue to foster cost cutting initiatives at NY Presbyterian Hospital to maintain its status as one of the most financially stable and wealthy hospitals in the country. Such cost management also manifests itself in limiting its plans on further expansion which has and continues to impact the occupancy rate and value of the Cortlandt Manor property, hence the reduction in value we incurred on such property in 2024 (further discussed under Financial Performance).

Although the mixed use plan which only includes medical and retail but not residential, as envisioned by the Town Planning Board, has created marketing challenges, Gyrodyne is working with JLL and doing our best to develop an alternative marketing strategy to navigate within these challenging regulatory conditions.

#### **Financial Performance:**

In our Annual Report on Form 10-K for the year ended December 31, 2024, Gyrodyne reported aggregate real estate value of \$50,388,000, a decrease of \$3,392,000 from the December 31, 2023 value. The decrease was largely attributable to the reduction in value of the Cortlandt Manor property of \$3.5 million. The Net Asset Value in Liquidation was further reduced by the increase in net costs (costs in excess of receipts) which was mainly driven by extension of the timeline to 2026 (since extended to 2027) and partially offset by net proceeds of the Rights Offering and favorable operating variances, all of which ultimately contributed to a net decrease in net assets in liquidation of \$4,543,100. The aforementioned changes inclusive of the proceeds from the Rights Offering resulted in the Net Asset Value per share reduction of \$2.07 per share (from \$15.98/share to \$13.91/share), an approximate 13% decrease per share from the prior year.

Net assets as of June 30, 2025 and December 31, 2024 would result in estimated liquidating distributions of \$32,608,865 and 30,596,313, respectively, or approximately \$14.83 and \$13.91 per common share, respectively, based on 2,199,308 shares outstanding. The increase of \$2,012,552 in estimated liquidating distributions is mainly attributable to the increase in value of Flowerfield of \$4,502,000 (resulting from the execution of the aforementioned purchase and sale agreement with B2K which we expect to close by the end of 2027), offset by an increase in the estimated costs in excess of receipts of \$2,489,448 which primarily stems from the extension of the estimated timeline.

At this time, occupancy rates are slightly higher in Flowerfield versus year end 2024 (86% vs 83%) and lower in Cortlandt (82% vs 92%).

Our team remains focused on selling our remaining properties as expeditiously as possible for maximum attainable value and completing our liquidation by the end of 2027. The petitioners in the Article 78 proceeding have taken multiple steps to delay the resolution of the litigation including requesting extensions for filing their briefs and other dilatory tactics that make the ultimate resolution of the Article 78 proceeding unlikely by the end of 2026. The extension of our liquidation timeline to 2027 also results from our estimate of the time necessary to satisfy the conditions to closing under the purchase and sale agreement with B2K. We believe we are at the tail end of the subdivision approval process at Flowerfield. We are now focused on selling our remaining properties at post-entitled values absent an unconditional offer that we may find more attractive from a timing or value perspective. We also continue to be open to reasonable offers to acquire the entire company.

To help maximize net assets in liquidation, Management has been focusing and will continue to focus on reducing operating expenses wherever possible. In addition, as a result of the timeline extension, Gyrodyne may entertain modifying and or expanding its credit facilities or other financing strategies to ensure Gyrodyne has a fortified cash position through the conclusion of our liquidation process.

### **Settlement with Star Equity Fund**

As was previously reported, Star Equity Fund, LP (“Star Equity”) had delivered notice to Gyrodyne on June 4, 2025 of its intent to nominate two candidates for election to Gyrodyne’s board of directors (the “Board”) at the Annual Meeting.

On October 16, 2025, we entered into a cooperation agreement (the “Cooperation Agreement”) with Star Equity pursuant to which Star Equity irrevocably withdrew its director nominations, thus avoiding a proxy contest that would have been enormously expensive for Gyrodyne and would have created a tremendous distraction for the Board and Management.

Under the Cooperation Agreement, Star Equity also agreed to cease all solicitation and other activity in connection with the Annual Meeting. In addition, Star Equity agreed to certain customary standstill provisions and a commitment to vote all Gyrodyne shares it owns in accordance with the Board’s recommendations including on the election of directors, except that Star Equity will be permitted to vote in its discretion on any proposal regarding certain extraordinary transactions, and in accordance with the recommendation of Institutional Shareholder Services to the extent the recommendation differs from the Board’s recommendation on any matter presented to the shareholders at a special meeting of shareholders following the Annual Meeting. Star Equity’s obligations will continue until December 31, 2026, or until December 31, 2027 if the Board re-nominates both Nader G.M. Salour and Jan H. Loeb for election at Gyrodyne’s 2026 annual meeting and both Messrs. Salour and Loeb agree to such re-nomination.

Under the Cooperation Agreement, Gyrodyne agreed to reduce the size of the Board from five to four seats and to nominate only one individual, incumbent director Richard Smith, for election for another three year term. If any continuing director resigns or ceases to be a director due to death or disability, then the Board and Star Equity are required to engage in good faith discussions to identify a mutually acceptable independent replacement, and if they cannot agree the size of the Board will be reduced to three directors. If a remaining continuing director subsequently resigns or ceases to be a director due to death or disability, then the Board may not make an additional appointment until the Board and Star Equity identify a mutually acceptable replacement director

Gyrodyne also agreed not to increase Board fees and to limit the aggregate fee paid to the Chairperson of the Board to \$65,000.

### **Paul Lamb**

On behalf of the entire company, I want to express our sincere gratitude to Paul Lamb for his remarkable 28 years of service to Gyrodyne. His leadership and strategic vision have guided the company through times of challenge and transformation, leaving a legacy of integrity and dedication to our stakeholders. Though he will not stand for re-election at the Annual Meeting, as a significant shareholder he will remain a valued supporter of our long-term success. We thank him for his many contributions and wish him the very best in the years ahead.

We look forward to seeing you at the Annual Meeting. Most of all, we look forward to completing our mission and making distributions to our shareholders.

With best wishes,

Gary Fitlin  
President and Chief Executive Officer

