Gyrodyne, LLC
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To Our Shareholders:

On behalf of Gyrodyne, LLC, I am pleased to invite you to attend Gyrodyne's 2026 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. To that end, we are continuing the marketing campaign for our properties led by international real estate brokerage firm JLL Capital Markets.

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 on and selling our properties in a challenging real estate environment and market uncertainties. These challenges include escalating interest rates, with the Federal Reserve recently announcing a 25 basis point increase in rates resulting in the five-year treasury yield spiking 75 basis points in 30 days and 10-year bond yields hitting 20 year highs. Other risks include the state of the economy and the policies that are being implemented by the Trump administration. Such headwinds are exacerbated by the cost-cutting efforts in the hospital industry in response to persistent high and rising operating expenses which have impacted, and are expected to continue to impact, over 25% of our office space at Flowerfield and all of our Cortlandt Manor property. Furthermore, the leasing environment continues to be tenant demand driven resulting in market demand for build-to-suit leases which we cannot meet due to our capital constraints.

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

Transactions:

On July 30, 2025, GSD Flowerfield LLC, a New York limited liability company ("GSD") wholly owned by the Company, 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 the Company's Flowerfield complex in St. James, New York (the "B2K Transaction"). We estimate the value of the B2K contract is $28,740,000 (less $4,000,000 to be escrowed at closing to fund our share of a sewage treatment plant and related infrastructure on the industrial lot), contingent on site plan approval. The buyer's progress toward such approval has been all but stalled due to its inability to reach agreement with Flowerfield Celebrations ((("Celebrations"), is a catering hall unaffiliated with the Company whose lot borders the 49-acre lot being purchased by B2K), that the site plan will not violate Celebrations' visual easement rights. We have been engaged in efforts to help facilitate a resolution between the two parties, but ultimately such resolution is not under the Company's control. The Company believes that if B2K and Celebrations are unable to resolve the dispute, there is a material risk that the B2K Transaction will not close. As a result, in parallel with such discussions, the Company is entertaining alternative avenues to ensure the liquidation is completed by the end of 2028.

***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 2026 and our land use counsel is attempting to facilitate final subdivision approval in the first quarter of 2027, 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. The Company 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 or even the ultimate outcome. We remain confident, however, that the Court will uphold the preliminary approval decision and that we will secure final subdivision approval of Flowerfield.

The Article 78 proceeding will likely extend beyond 2026. Nevertheless, the Company remains confident that securing final subdivision approval and consummating the sale of the Flowerfield properties will culminate by year-end 2028, although there can be no assurance that the Company 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 Town Board adopted a Medical Oriented Zoning District (the "MOD") 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.

Our property is located directly across the street from the NY Presbyterian Hospital campus with which many of our tenants are affiliated. We believe the previously mentioned challenges in the hospital industry are driving, and will continue to drive, cost cutting initiatives at NY Presbyterian Hospital to maintain its status as one of the most financially stable hospitals in the country. Such cost management initiatives also have the effect of curtailing expansion, which continues to impact adversely 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).

The MOD's mixed use plan includes only medical and retail use, but not residential. JLL's extensive marketing campaign indicates, however, that medical office development supply significantly exceeds market demand. The Company is working with JLL and the Town of Cortlandt to develop a more productive and realistic alternative mixed-use development landscape that better reflects market realities.

Financial Performance:

In our Annual Report on Form 10-K for the year ended December 31, 2025, the Company reported an aggregate real estate value of $53,990,000, an increase of $3,602,000 from the December 31, 2024 value, attributable mainly to the increase in value of Flowerfield resulting from the execution of the aforementioned purchase and sale agreement with B2K. Net Asset Value in Liquidation was reduced by the increase in net costs (costs in excess of receipts) of $8.3 million, driven primarily by the January 6, 2026 amendment to the B2K Agreement to quantify and fix the STP and related infrastructure obligations of Gyrodyne LLC of approximately $4.02 million (previously not quantified or fixed in its entirety), and the estimated costs of $3.5 million associated with the extension of the timeline from 2026 to 2028 (the estimated additional time necessary to close on the B2K Transaction) and partially offset by favorable operating variances, all of which ultimately contributed to a net decrease in net assets in liquidation of $4,737,316. The aforementioned changes resulted in a Net Asset Value per share reduction of $2.15 per share (from $13.91/share to $11.76/share), an approximate 15% decrease per share from the prior year.

Net assets as of June 30, 2026 and December 31, 2025 would result in estimated liquidating distributions of $27,055,247 and $25,858,997, respectively, or approximately $12.30 and $11.76 per common share, respectively, based on 2,199,308 shares outstanding. The increase of $1,196,250 ($0.54 per share) in estimated liquidating distributions is mainly attributable to the reduction in staff to one employee ($620,000 in forecasted savings) supplemented by proceeds received from a previous investment in a real estate limited partnership called "The Grove", and proceeds from the condemnation of a small section of land associated with the Company's previously owned Port Jefferson Professional Park (which occurred during the period the company held title to the land), together aggregating approximately $174,000 and a reduction in forecasted land development costs of approximately $187,000 .

At this time, occupancy rates are slightly lower in Flowerfield versus year end 2025 (80% vs 84%) and unchanged in Cortlandt at 82%. The Company continues to be challenged in maintaining occupancy rates without making material capital investments as the market continues to reflect relatively weak industrial and medical office tenant demand for build to suit space.

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 2028. 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 2028 also results from our estimate of the time necessary to satisfy the conditions to closing under the B2K Agreement. We continue to pursue final subdivision approval while litigation is pending. We are now focused on selling 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 for the entire company or alternative strategies that could culminate in liquidating the Company earlier than the end of 2028.

To help maximize net assets in liquidation, Management has been focusing and will continue to focus on reducing operating expenses wherever possible. This focus resulted in a restructuring plan which began in early 2025 and was concluded and fully implemented in August 2026 resulting in the elimination of three staff including our Chief Operating Officer. The elimination of each position was implemented over time to mitigate adverse effects to operations. The aggregate annual compensation savings is approximately $600,000 and is expected to net over $1.2 million through December 31, 2028 – the estimated completion date of our liquidation (relevant portions of these savings were reflected in each of our periodic filings with the SEC following the implementation of each staff reduction). In addition, as a result of the previously announced timeline extension to the end of 2028, the Company may entertain modifying and or expanding its credit facilities or other financing strategies to ensure the Company has sufficient cash through the conclusion of our liquidation process.

The aforementioned employee terminations leave the Company with one full-time employee to oversee our efforts to seek entitlements, market and sell our remaining properties, and wind up our affairs through the completion of the liquidation.

Settlement with Star Equity Fund

As was previously reported, Star Equity Fund, LP ("Star Equity") had delivered notice to the Company on June 4, 2025 of its intent to nominate two candidates for election to the Company'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, thus avoiding a proxy contest that would have been enormously expensive for the Company and would have created a tremendous distraction for our Board and Management. Under the Cooperation Agreement, the Company agreed to nominate at the 2025 annual meeting only one Board member, Richard Smith, for election for another three-year term and to reduce the size of our board to four directors. The Company also agreed not to increase Board fees and to limit the aggregate fee paid to the Chairperson of the Board to $65,000. Under the Cooperation Agreement, Star Equity irrevocably withdrew its director nominations and ceased all solicitation and other activity in connection with the 2025 annual meeting. Star Equity also 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 2025 annual meeting. Star Equity's obligations continue through December 31, 2027 so long as the Board re-nominates both Nader G.M. Salour and Jan H. Loeb for election at the Company's 2026 annual meeting and each agrees to such re-nomination.

We look forward to seeing you at our 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