TO OUR SHAREHOLDERS:

On behalf of Gyrodyne, LLC (“Gyrodyne” or the “Company”), I am excited to invite you to attend Gyrodyne’s 2023 Annual Meeting of Shareholders (the “Annual Meeting”).

I am also pleased to be writing to you regarding our shareholder outreach program, board of directors refresh, changes to our incentive compensation program and strategic plan.

But first, on behalf of the entire Company, I would like to express sincere appreciation to Philip Palmedo, who retired from our Board earlier this year, for over 25 years of dedication, stewardship and vision which helped drive over a 1,000% return to shareholders since joining our predecessor company Gyrodyne Company of America, Inc. in 1996.

Shareholder Engagement and Responsiveness

To further enhance our shareholder engagement and outreach efforts, and in response to the low level of support expressed by shareholders at last year’s annual meeting for the Company’s slate of directors and for our executive compensation program, we conducted a formal shareholder outreach campaign from late 2022 through August 2023. Our Chairman Paul Lamb, Chief Operating Officer Peter Pitsiokos and I held one-on-one meetings with shareholders who own, in the aggregate, over 60% of our outstanding shares. We held these meetings to gain a better understanding of our shareholders’ concerns and invited feedback.

These discussions proved to be productive and resulted in meaningful feedback which was shared with the entire Board of Directors (the “Board”). We are grateful to all those who participated. With the benefit of feedback we received during and before the outreach campaign, we have refreshed our Board and implemented certain changes to our executive and director compensation programs in ways that have already produced tangible positive results as highlighted below:

- ***Board Size Reduction*** Following the resignation of Elliot Levine as a director last year, the Board determined to reduce the size of the Board from six to five, rather than filling the vacancy created by Mr. Levine’s resignation.

- ***Board Composition Refresh*** In response to shareholder feedback we received that there should be greater shareholder representation on the Board, we filled the vacancy created by the resignation of Philip Palmedo as a director on July 28, 2023, with the appointment of Jan Loeb, a significant Gyrodyne shareholder with considerable strategic knowledge, financial expertise and public company board experience.

- ***Incentive Compensation*** In response to shareholder feedback that our Retention Bonus Plan (the “Bonus Plan”) had certain features that may distort incentives, we adopted Amendment No. 5 to the Bonus Plan to implement the following changes:

    - ***Aggregate of $1,716,436 shifting back to the Company, consisting of***:

        - ***$1,137,108 forfeited by retired directors***: Prior to Amendment No. 5, the Bonus Plan provided that Bonus Plan benefits forfeited by retired director participants would be re-allocated among the remaining director participants pro rata. Nevertheless, under Amendment No. 5, such forfeited Bonus Plan benefits in the estimated amount of $1,137,108 have been removed from the pool and returned to the Company, irrespective of whether or not the shareholders approve the Stock Plan; and

        - ***$579,328 in reduced benefits if shareholders approve the Stock Plan***: The director participants in the Bonus Plan have agreed that, contingent upon the Stock Plan being approved by the shareholders and prior to the exchange by such participants of Bonus Plan benefits for shares under the Stock Plan, their estimated Bonus Plan benefits will be reduced by $579,328 from $2,558,493 to $1,979,165, a 22.6% reduction in benefits.

- ***Participants Paid When Shareholders Get Paid***: Participants will now generally not get paid until the shareholders receive liquidating distributions, with early payments only if the cumulative amounts credited to the bonus pool bookkeeping account for employee participants equals or exceeds $500,000.

- ***Early Sale Incentive***: In response to shareholder feedback that there should be a greater incentive to sell properties earlier, the bonus pool for employee participants will be funded with an additional 1% of the net sale price if any property is sold on or before June 30, 2024.

- ***Delayed Vesting***: A participant must be continuously employed through both the property sale closing date and the date a shareholder distribution is irrevocably determined by the Board, although no forfeiture on death, disability or voluntary termination following substantial reduction in compensation as to any property sales within three years thereafter and yielding an internal rate of return of at least 4%.

- ***Price Floor Removal***: We removed the price floor benefit hurdle on the sale of properties in response to shareholder feedback that the hurdle may create a perverse incentive to avoid particular property sales that may not exceed the floor but that otherwise may be in the best interests of shareholders.

- ***Bonus rate***: Bonus rate on property sale proceeds will be:
  - For employees: 4.12% on up to $50,985,000 of net proceeds (net of commissions); 6.72% for incremental net sales above $50,985,000.
  - For directors (assuming shareholders do not approve the Stock Plan): 5.30% of net proceeds (net of commissions).

- ***Director Compensation***

In response to feedback from shareholders that there should be better alignment between the directors and shareholders, as well as feedback from independent proxy advisory firms Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. that the directors should be incentivized in a separate plan from the employees, the Board approved (subject to shareholder approval at the Annual Meeting) a new Restricted Stock Award Plan (the "Stock Plan") for a one-time grant of 91,628 shares to the current director participants in the Bonus Plan in exchange for waiver of their Bonus Plan benefits. Highlights of the Stock Plan are as follows:

- ***Reduction of Benefits***: The value of the director participants' Bonus Plan benefits was previously estimated to be $2,558,493. The director participants have agreed to reduce such benefits by $579,328, a 22.6% reduction, prior to the exchange for shares.

- ***91,628 Maximum Shares***: If the Stock Plan is approved by the shareholders, there will be a one-time grant of 91,628 shares (which would be 5.8% of our outstanding shares) to the director participants in exchange for the waiver of their Bonus Plan benefits. No further grants will be available.

- ***No Transfers***: Shares will not be transferrable unless and until a liquidating distribution is made to the shareholders.

- ***Time and Performance-Based Vesting***: Vesting occurs (i) in equal one-third tranches on each of the first three anniversaries of the grant date, and (ii) upon liquidating distribution to the shareholders. Unvested shares will be forfeited if the participant is not serving on the date of liquidating distributions except for death, disability or failure to be reelected.

- **Increase to Net Assets**

The aforementioned $1,137,108 forfeited by retired directors being returned to the

in Liquidation from Compensation Changes	Company and $579,328 reduction in benefits agreed to by the director participants results in an immediate increase in net assets in liquidation on a pro-forma basis as of June 30, 2023 from $29,866,455, or $20.14 per share, to $31,582,891 or $21.30 per share.

Settlement with Star Equity Fund

As previously announced, Star Equity Fund, LP ("Star Equity") had delivered notice to the Company on April 25, 2023, of its intent to nominate two candidates for election to the Board at the Annual Meeting and also submitted a shareholder proposal on August 11, 2023, regarding the Company's incentive compensation.

On September 5, 2023, we entered into a cooperation agreement (the "Cooperation Agreement") with Star Equity, thus avoiding a distracting and costly proxy contest that would have been expensive for the Company and would have created a distraction for our Board and Management. Under the Cooperation Agreement, the Company agreed to adopt the Stock Plan and submit it for shareholder approval at the Annual Meeting and not to increase director fees. As a result, Star Equity withdrew its director nominations and shareholder proposal. Star Equity also agreed to certain customary standstill provisions and a commitment to vote all Gyrodyne shares it owns in favor of the Board's slate of directors and otherwise in accordance with the Board's recommendations with respect to other properly vetted proposals. However, Star Equity will be permitted to vote in its discretion on any proposal regarding certain extraordinary transactions, and in accordance with the recommendation of ISS 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.

Business Update

In our Annual Report on Form 10-K for the year ended December 31, 2022, the Company reported aggregate real estate value of $53,670,000, which was an improvement of $11,143,500 and ultimately contributed to an increase in net assets in liquidation of $7,339,729 or $4.95 per share (from $15.53 per share to $20.48 per share), an approximate 32% improvement over the prior year. During the six months ended June 30th, 2023, the net assets in liquidation was $20.14 per share, a decrease of $0.34 per share, which mainly resulted from significant increased expenses relating to the activist campaign against us and our efforts to finance the company through liquidation.

Operating and Strategic Developments

Gyrodyne continues to navigate considerable economic and legal headwinds in our efforts to complete the process of securing entitlements on and selling our properties in a challenging real estate environment.

***Flowerfield*:**

Gyrodyne filed its final environment impact statement in December 2020 reflecting an eight-lot subdivision. Following an extended period of regulatory reviews and public comment periods, the Town of Smithtown Planning Board (the "Smithtown Planning Board") voted unanimously on March 30, 2022 to adopt the SEQRA findings statement and the Company's application for preliminary approval of our subdivision plan. Gyrodyne is now pursuing final technical approvals based on the findings statement and the parameters of the preliminary subdivision approval.

The costs of pursuing entitlements for the Flowerfield property were approximately $205,600 for the year ended December 31, 2022, and $291,800 for the six months ended June 30, 2023.

On April 26, 2022, certain parties commenced a special proceeding (the "Article 78 Proceeding") against the Town of Smithtown and certain other parties, including Gyrodyne, seeking to annul the Smithtown Planning Board's findings statement and preliminary approval of the subdivision plan. The Company and the Town of Smithtown are vigorously defending the Smithtown Planning Board's determinations. There can be no assurance, however, that the Company and the Town of Smithtown will be successful in the defense of the Smithtown Planning Board's determinations or that our timeline for the sales of the Flowerfield properties can be met. However, a sale of all or portions of Flowerfield is possible with or without subdivision approval.

We have retained Robinson & Cole (the same firm and litigator who successfully won the suit against the State of New York in the Gyrodyne Company of America condemnation case which concluded in 2011), together with Certilman Balin Adler & Hyman, LLP, Gyrodyne's land use counsel, to vigorously defend us in the Article 78 Proceeding. Notably. the opposition did not show up at the first two hearings in 2023. The Company's next hearing with the Court is on September 19, 2023. Please feel free to visit our website (www.gyrodyne.com) where you can find a complete record of the Article 78 Proceeding.

Cortlandt Manor:

In March 2023, the Town of Cortlandt Manor's Town Board (the "Cortlandt Town Board") adopted a Medical Oriented District (the "MOD") with the Company's property receiving the MOD campus designation from the Cortlandt Town Board and entitlements for up to 150,000 square feet of medical office use and 4,000 square feet of retail use.

The costs of pursuing entitlements for the Cortlandt Manor property were approximately $109,900 for the year ended December 31, 2022 and $50,700 for the six months ended June 30, 2023.

Timeline for Completing Property Sales and Making Liquidating Distributions to Shareholders

In our Form 10-K for year ended 2022 which was filed on March 30, 2023, we stated that the Company expected the timeline for completing property sales and making liquidating distributions to shareholders would extend to year-end 2024, with the ultimate timing being largely dependent on factors outside the Company's control, including:

- ***Article 78 Proceeding***: The Article 78 Proceeding could lead to a delay in enforcement of the Smithtown Planning Board's approval of our subdivision plan, whether or not the suit is successful on the merits. Governmental authorities sometimes agree to delay implementation of rulings until legal challenges are resolved. Although Article 78 proceedings generally take place on an expedited timeline and typically without discovery, the Article 78 Proceeding could take two years or more to run its course given the likelihood of appeal and the impact the ongoing pandemic has had on the court system.

- ***Final Regulatory Approvals***: The process of securing final regulatory approvals could be delayed by the ongoing backlog of land use applications, government labor shortages and environmental concerns.

- ***Cash Position***: The Company believes that it must ensure that it has adequate financial resources to fund its operations through the end of the strategic process. Failure to secure access to adequate funding could create a perception that the Company currently may not have sufficient cash, which prospective purchasers of our properties may identify as a source of leverage in their favor which in turn may encourage them to seek to extend a negotiating process.

- ***Standard Contractual Terms***: Purchasers of our properties may negotiate certain standard provisions in the purchase agreements memorializing the sale of our properties that may have the effect of extending the strategic timeline, including identifying a favorable ruling in the Article 78 Proceeding as a condition to closing.

Funding Our Operations

The Company will be seeking supplemental funding in the form of a pro-rata rights offering or another appropriate funding mechanism to fortify our cash position to ensure we are operating through a position of strength through the duration of the liquidation to negotiate and enforce purchase agreements and defend our property rights in the Article 78 Proceeding and in any other such proceeding that may arise.

In Closing

Despite the legal and economic challenges facing us, our team remains highly dedicated and focused on entering into and closing contracts for our properties and completing our liquidation process as expeditiously as possible. 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.

We look forward to seeing you at our Annual Meeting. Most of all, we look forward to completing our mission and to delivering enhanced value for our shareholders through distributions.

With best wishes,

Gary Fitlin
President and Chief Executive Officer