Risk Factors Comparison 2024-03-29 to 2023-03-30 Form: 10-K

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Gyrodyne' s business, financial condition, results of operations and distribution potential are subject to risks customary for real property owners, as well as additional risks associated with Gyrodyne' s strategic plan of positioning our remaining properties for sale at enhanced values and making distributions to our shareholders. In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially harm the value of our properties and the magnitude of distributions to our shareholders, including causing Gyrodyne' s actual results to differ materially from those projected in any forward- looking statements. The following summary of significant risk factors is not all- inclusive or necessarily in order of importance. Additional risks and uncertainties not presently known to Gyrodyne or that Gyrodyne currently deems immaterial also may materially adversely affect us in future periods. For more information about forward- looking statements, see the section of this report entitled " Cautionary Statement Concerning Forward- Looking Information " below. There are risks associated with seeking to enhance the value of certain properties. Gyrodyne has been pursuing various entitlement opportunities to increase the development flexibility of our Flowerfield and Cortlandt Manor properties in order to enhance the resulting aggregate value for such properties as a whole. Our efforts to seek enhancements of such properties are subject to various risks, including the following: ● any delay or denial of a required entitlement or permit, including zoning, land use, environmental, emissions or other related permits, would adversely impact our property enhancement plans; ● our analysis of site context, of demographic trends, of decisions of anchor institutions and of growth opportunities generally may not result in identifying the correct high value land uses and programmatic synergies; ● capital improvement costs and other expenses of such enhancements may be higher than projected, potentially making the project unfeasible or unprofitable; ● we may not have funds available or be able to obtain financing for these value- enhancement projects on favorable terms, if at all; ● we may experience delays in the repositioning or improvement process. For these and other reasons, we cannot assure you that we will realize growth in the value of our Flowerfield and Cortlandt Manor properties that exceeds our land entitlement costs or any at all, and as a result our ability to make distributions to our shareholders could be adversely affected. Community opposition could adversely impact our efforts to obtain entitlements and enhance the value of our properties. The process of seeking required entitlements, permits and approvals is sometimes delayed or prevented due to community opposition and adverse publicity from neighboring property owners, members of the general public or non- governmental organizations, or other third parties and other factors beyond our control. The Company' s efforts to seek entitlements, permits or other approvals have been the subject of protests by civic groups asserting environmental, traffic and congestion issues as well as adverse impact to the historic nature of the area. Such community opposition could lead to the denial of entitlements, permits or other approvals essential to our efforts to increase the value of our properties or to the imposition of restrictive conditions with which it is not practicable or feasible to comply and could impact our ability to enhance the value of our properties. On March 30, 2022, the Town of Smithtown Planning Board (the " Planning Board ") unanimously granted Gyrodyne' s application for preliminary approval to divide the Flowerfield property into eight lots, subject to certain conditions (the " Flowerfield Subdivision Application "). On April 26, 2022, the Incorporated Village of Head of the Harbor and certain other parties commenced a special proceeding (the " Article 78 Proceeding ") against the Town of Smithtown and certain other parties, including the Company, seeking to annul the Planning Board' s determinations relating to the Flowerfield Subdivision Application. The Article 78 Proceeding was commenced by the filing of a petition (the " Petition ") in the Supreme Court of the State of New York, Suffolk County, pursuant to Article 78 of New York' s Civil Practice Law and Rules (" Article 78 "). Specifically, the Petition seeks to annul the Planning Board' s (i) approval of a findings statement, pursuant to the SEQRA, dated September 16, 2021, and adopted by the Planning Board on March 30, 2022, concerning the Flowerfield Subdivision Application, and (ii) preliminary approval on March 30, 2022 of the Flowerfield Subdivision Application. The arguments made in the Petition are substantially similar to those made by opponents of the Flowerfield Subdivision Application during the SEQRA and subdivision process. The Company and the Town of Smithtown are vigorously defending the Planning Board' s determinations against the Petition. Challenging a government decision in an Article 78 proceeding can lead to delay in enforcement of the government action, whether or not the suit is successful, and the government sometimes agrees to delay implementation until legal challenges are resolved. Although Article 78 proceedings take place on an expedited timeline and generally without discovery, ~~an~~ **the** Article 78 ~~proceeding~~ **Proceeding** could take ~~two years~~ **an additional six months** or more **for a decision** ~~to run its course~~ given the ~~likelihood of appeal and the~~ impact the ~~ongoing~~ pandemic has had on the court system **with additional time needed for an appeal, if one is filed** . Consequently, the commencement of the Article 78 Proceeding could result in a further extension of the Company' s timeline for completing the process of securing entitlements, selling our properties and distributing net proceeds. Nevertheless, the Company remains confident that the process of negotiating purchase agreements, securing final subdivision approval and final unappealable site plan approval and consummating the sale of our properties will culminate by year- end ~~2024~~ **2025** , although the Company believes that standard market contract terms would include resolution to the Article 78 proceeding as condition to closing and there can be no assurance that the Company and the Town of Smithtown will be successful in the defense of the Planning Board' s determinations against the Petition or that other factors beyond our control (i. e., potential contract contingencies including site plan approval (excluding the existing industrial buildings situated on two separate lots which can be sold together or separately upon the resolution of the Article 78 Proceeding and the conclusion of the subdivision, without any site plan approvals)) will necessitate an extension of the timeline. We cannot assure you of the exact timing and amount of any further distributions to our shareholders. Our estimate of net assets on December 31, ~~2022~~ **2023** is $ 30. ~~37~~ **72** million or $ ~~20~~ **19**

. ~~48~~ **51** per common share **(inclusive of the issuance of shares and net proceeds from the Rights Offering, the December 31, 2023 estimated net assets in liquidation would be $ 35. 46 million or $ 16. 12 per share based on 2, 199, 308 shares outstanding)** . These estimated amounts are based on a number of assumptions and factors outside of our control. The process of disposing of our real property assets in an orderly manner designed to obtain the best value reasonably available for such assets may fail to create value or may result in lower than expected value and may result in lower than expected proceeds, or in no proceeds, for distribution to our shareholders. The actual nature, amount and timing of all distributions will be determined by Gyrodyne in our sole discretion, and will depend on, and could be delayed by, among other things, sales of our real estate assets, claim settlements with creditors, resolution of outstanding litigation matters, payment of incentive bonuses to those employees and directors who are vested under the Retention Bonus Plan and unanticipated or greater- than- expected expenses. Examples of uncertainties that could reduce the value of or eliminate distributions to our shareholders include unanticipated costs relating to: ● failure to achieve favorable values for our properties in their disposition; ● the defense, satisfaction or settlement of lawsuits or other claims that may be made or threatened against us in the future; ● delay or failure to settle claims; and ● administration and settlement of federal and state tax audits, if any. As a result, we cannot determine with certainty the amount or timing of distributions to our shareholders. If we are unable to find buyers for our properties at our expected sales prices, distributions may be delayed or reduced. In calculating our estimated net assets, we assume that we will be able to find buyers for all our properties at our estimated amounts. However, we may have overestimated the sales prices that we will be able to obtain for these properties or underestimated the costs associated with such sales. If we are not able to find buyers for these properties in a reasonably timely manner or if we have overestimated the sales prices we will receive, distributions payable to holders of our common shares would be delayed or reduced. Furthermore, our estimated net assets are based on current market conditions, but real estate market values are constantly changing and tend to fluctuate with changes in inflation, interest rates, supply and demand dynamics, real property utilization trends, climate change initiatives, occupancy percentages, lease rates, the availability of suitable buyers, the perceived quality and dependability of income flows from tenancies and a number of other factors, both local and national. In addition, transactional fees and expenses, environmental contamination at our properties or unknown liabilities, if any, may adversely impact the net proceeds from those properties. Distributions to shareholders may be delayed or reduced as a result of sale agreement provisions that allow purchasers to terminate agreements and / or result in purchaser defaults. Purchase and sale agreements that we have entered into with respect to properties we previously sold contained provisions that gave the purchaser the right to terminate the agreement, for any reason or no reason, prior to the expiration of an evaluation period, and receive a refund of earnest money deposits, and it can be anticipated that agreements for future property sales will have similar provisions. The consummation of property sales for which we will enter into sale agreements in the future will also be subject to satisfaction of standard closing conditions. If any property sale contemplated by future sale agreements does not close because a purchaser exercises its termination right or defaults, or because of a failure of a closing condition or for any other reason, we will need to locate a new buyer for the property, which we may be unable to do promptly or at a price or on terms that are as favorable as contained in the original sale agreement. Many of the costs incurred due to a sale that fails to close are sunk costs with no future value and we will also incur additional costs involved in negotiating a new sale agreement for such property. These additional costs are not included in our projections. In the event that we incur these additional costs, distributions to our shareholders would be delayed or reduced. Illiquidity of real estate and lack of diversification may make it difficult for us to sell properties or achieve satisfactory returns in one or more properties within projected timelines. Our assets consist substantially of real properties which are relatively illiquid assets. We may encounter difficulty in disposing of properties when tenants vacate either at the expiration of the applicable lease or otherwise. When we decide to sell a particular property, our ability to do so and the prices we receive on their sale may be affected by many factors, including the number of potential buyers, the number of competing properties on the market and other market conditions, as well as whether the property is leased and if it is leased, the terms of the lease. As a result, we may be unable to sell our properties for an extended period of time at the values disclosed in our Consolidated Statement of Net Assets, which would adversely affect our results of operations, liquidity and financial condition. We expect to complete our process of pre-development enhancement and subsequent sale of all our properties by December 31, ~~2024~~ **2025** . However, the illiquid nature of real estate and the short timeframe that we have chosen to complete pre- development value enhancement and subsequent sale of assets could adversely impact the prospects for achieving our value enhancement and sale objectives and may ultimately result in an extension of the timeline and or additional costs for achieving our pre- development property value enhancement and asset sale objectives. If our land entitlement and liquidation costs or unpaid liabilities are greater than we expect, our distributions to our shareholders may be delayed or reduced. In order to obtain certain entitlements, permits and approvals, we may be required to prepare and present additional data to governmental authorities pertaining to the potential adverse impact that any proposed activities may have on the environment, individually or in the aggregate. Certain approval procedures may require preparation of studies to assess the environmental impact of new sites or the expansion of existing sites. Compliance with these regulatory requirements is expensive and significantly lengthens the time needed to develop a site. The liquidation basis of accounting requires us to accrue all costs associated with implementing and completing our plan of liquidation. Total liability for estimated costs in excess of estimated receipts during liquidation, inclusive of the costs listed above plus costs associated with the sale of real estate, payments made under the retention bonus plan, litigation costs and liquidating costs, total $ ~~14~~ **11** , ~~758~~ **108** , ~~728~~ **640** . The total amount of land entitlement costs, transaction fees and all operating and administrative costs in the liquidation is not yet known and, therefore, we have used estimates of these costs in calculating the amounts of our projected distributions to our shareholders. To the extent that we have underestimated these costs in calculating our projections or we incur unforeseen additional costs, our actual distributions may be lower than our estimated net assets. In addition, if the claims of our creditors are greater than we have anticipated, or we decide to acquire one or more insurance policies covering unknown or contingent claims against us, our distributions may be delayed or reduced. Further, if a reserve fund is established,

payment of distributions to our holders of common shares may be delayed or reduced **. We are subject to risks associated with proxy contests and other actions of activist shareholders. Publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as governance changes, financial restructurings, sales of assets and changes to executive and director compensation. The Company received a notice dated April 25, 2023 (the " Nomination Notice ") from Star Equity Fund, LP (" Star Equity "), which allegedly owned approximately 5. 4 % of our outstanding shares at the time of submission, of its intent to nominate a slate of two candidates for election as directors at the 2023 annual meeting of shareholders (the " Annual Meeting "). On August 11, 2023, Star Equity submitted a shareholder proposal to the Company pursuant to Rule 14a- 8 of the Securities Exchange Act of 1934, as amended (the " Shareholder Proposal "). On September 5, 2023, the Company entered into a letter agreement (" Cooperation Agreement ") with Star Equity, pursuant to which Star Equity agreed to irrevocably withdraw both the Nomination Notice and the Shareholder Proposal. Through December 31, 2023, the cumulative cost to the Company of responding to and resolving the foregoing shareholder activist campaign, including changes to our incentive compensation arrangements, was approximately $ 1, 317, 000. We are working with insurance coverage counsel to pursue coverage under our existing directors and officers insurance policy for amounts in excess of the $ 500, 000 insurance deductible under the policy. The Company values input from all shareholders, including Star Equity, and remains open to ongoing engagement. A proxy contest or related activities on the part of activist shareholders, including, among others, Star Equity, could adversely affect our business for a number of reasons, including, without limitation, the following: ● Responding to proxy contests and other actions by activist shareholders can be costly and time- consuming, disrupting our operations and diverting the attention of our Board of Directors (the " Board "), management and employees, and could adversely impact the Company' s ability to achieve timely or at all our strategic objective of positioning our properties so they can be sold at higher values resulting in maximum distributions to all of our shareholders ● Perceived uncertainties as to our future direction may result in the loss or compromise of potential opportunities to liquidate our properties for maximum value; ● A successful proxy contest could result in a change of control of our Board, and such an event could subject us to certain contractual obligations under certain material agreements; ● If nominees advanced by activist shareholders are elected or appointed to our Board with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plan to position our properties for sale at values that will maximize distributions to all of our shareholders; and ● Proxy contests may cause our stock price to experience periods of volatility** . Stipulation of Settlement prohibits us from selling our remaining properties at prices below December 2014 appraised values. On August 14, 2015, the Company entered a Stipulation of Settlement (the" Settlement") providing for the settlement of a putative class action lawsuit against the Company and certain related parties. Under the Settlement, Gyrodyne agreed that any sales of its properties would be effected only in arm ~~'~~ **'** s- length transactions at prices at or above their appraised values as of 2014. As of December 31, ~~2022~~ **2023** , the aggregate appraised value of our remaining unsold properties exceeded the respective 2014 aggregate appraised value for such properties. The requirement in the Settlement that the Company sell its remaining properties at prices above the December 2014 appraised values could limit the options available to the Company. The Company believes that it is in the best interests of the shareholders to pursue certain pre- development enhancements to our remaining properties prior to seeking their ultimate disposition to a developer or other purchaser because doing so will result in higher aggregate values for such properties as a whole and thus higher estimated distributions as compared with selling the properties with their current zoning and entitlements. The Company may also entertain offers from potential buyers who may be willing to pay prices for the properties in their current entitlement and zoning status that the Company finds more attractive from a timing or value perspective than might be achievable through completing an entitlement process. If the Company receives an offer prior to the completion of the entitlement process that it believes is in the best interests of the shareholders, it may nevertheless be prevented from consummating such transaction because of the price floor set in the Settlement. In addition, a severe downturn in the general economy or in the real estate market, or other negative factors beyond our control, may drive down the values of commercial real estate properties, or otherwise result in the values of our remaining properties being reduced to levels below the 2014 appraised values, in which case we may be prohibited under the Settlement from selling such properties. Such limitation on the options available to the Company may make it more difficult to accomplish our stated objective of completing the process of seeking entitlements and selling assets by December 31, ~~2024~~ **2025** . Furthermore, the Stipulation' s price floor provision does not factor in land entitlement costs that may be incurred in enhancing the value of any particular property. **The** ~~Although the Retention Bonus Plan as amended properly incentivizes the Company only to engage in value enhancement efforts and incur land entitlement costs if it reasonably believes that property values will increase more than the amount of such costs by calculating the bonus pool as a percentage of the excess of gross sales proceeds from the sale of each property over the designated appraised value as adjusted by land entitlement costs, the~~ price floor provision may ~~nevertheless~~ create a perverse incentive for the Company to incur certain land entitlement costs to increase the value of a property beyond its stipulated price floor even if the land entitlement costs incurred exceed the amount of the increase. Risks incidental to real estate ownership and management. Because our business plan is to pursue the opportunistic disposition of our properties, we do not expect to make any further investments other than to enhance the values of the Flowerfield and Cortlandt Manor properties which may include acquisitions of land and / or executing land swaps. Accordingly, an investment in Gyrodyne depends upon the financial performance and the value of our current portfolio of properties, which properties are subject to the risks normally associated with the ownership and management of rental properties and real estate in general. The risks associated with ownership and management of rental properties include the non- performance of lease obligations by tenants, leasehold improvements that will be costly or difficult to remove should it become necessary to re- rent the leased space for other uses, covenants in certain retail leases that limit the types of tenants to which available space can be rented (which may limit demand or reduce the rents realized on re- renting), rights of termination of leases due to events of casualty or condemnation affecting the leased space or

the property or due to interruption of the tenant ~~'~~ **'** s quiet enjoyment of the leased premises, and obligations of a landlord to restore the leased premises or the property following events of casualty or condemnation. The risks associated with ownership and management of real estate in general include: • adverse changes in general and local economic conditions which affect the demand for real estate assets; • competition from other properties; • fluctuations in interest rates; • reduced availability of financing; • the cyclical nature of the real estate industry and possible oversupply of, or reduced demand for, properties in the markets in which our investments are located; • the attractiveness of our properties to tenants and purchasers; • how well we manage our properties; • changes in market rental rates and our ability to rent space on favorable terms; • the financial condition of our tenants including their becoming insolvent and bankrupt; • the need to periodically renovate, repair and re- lease space and the costs thereof; and • increases in maintenance, insurance and operating costs. Our shareholders may be liable to our creditors for an amount up to the amount distributed by us if our reserves for payments to creditors are inadequate. In the event our shareholders receive distributions from Gyrodyne at a time when the Company is insolvent or is rendered insolvent thereby and there are insufficient funds to pay any creditors who seek payment of claims against Gyrodyne, shareholders could be held liable under New York State' s fraudulent conveyance laws for payments made to them and could be required to return all or a part of distributions made to them. Under the New York Uniform Voidable Transactions Act signed into law on December 6, 2019, the reach- back period for voidable transaction claims other than claims based on fraud is reduced from six years to four years with respect to distributions made on or after April 4, 2020. Our properties may subject us to known and unknown liabilities. Our existing properties may have known and unknown liabilities for which we would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were successfully asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results, cash flow and proceeds available for distribution. Unknown liabilities relating to properties could include: • liabilities for clean- up of pre- existing disclosed or undisclosed environmental contamination; • claims by tenants, vendors or other persons arising on account of actions or omissions of the former owners of the properties; and • liabilities incurred in the ordinary course of business. Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non- performance by financial institutions or transactional counterparties, could adversely affect our business operations, strategic goals and our financial condition and results of operations. The Company believes we are currently capitalized with adequate cash levels **(after the Rights Offering which closed on March 7, 2024)** , including proceeds from our credit facilities, to operate our business and complete our strategic plan of positioning our remaining properties for sale at enhanced values and making distributions to our shareholders. ~~Nevertheless~~ **Although we assess our banking relationships as we believe necessary or appropriate** , ~~rising capitalization rates,which~~ tend to be positively correlated with interest rates.Consequently,prolonged periods of higher interest rates may negatively impact the valuation of our properties and result in lower sales proceeds from future dispositions.A sustained or further increase in inflation could have an adverse impact on our operating expenses incurred in connection with,among other things,repairs and maintenance,janitorial,utilities,security and insurance.Some of our operating expenses may be recoverable through our lease arrangements.Substantially all of our developed properties are subject to leases in which the tenant reimburses the Company for a portion,all of or substantially all of the costs and / or cost increases for utilities,insurance,repairs,maintenance and real estate taxes.Certain **leases provide that the Company** the Company is **responsible** ~~considering seeking supplemental funding in the form~~ - **for certain operating expenses. There can be no assurance that our tenants would be able to absorb these expense increases and be able to continue to pay us their portion** of ~~of~~ operating expenses,capital expenditures and rent.Also,due to rising costs,our tenants may be unable to continue operating their businesses altogether.Alternatively,our tenants may decide to relocate to areas with lower rent and operating expenses.Such adverse impacts on our tenants may cause increased vacancies,which may add pressure to lower rents and increase our expenditures for re- leasing resulting in reduced sale proceeds.Our common shares are thinly traded and there may not be an active,liquid trading market for our common shares.Our common shares are thinly traded and have substantially less liquidity than the average trading market for many other publicly traded companies.Thinly traded stocks can be more volatile than stock trading in an active public market.Our stock price has been volatile in the past and several factors could cause the price to fluctuate substantially in the future.These factors include but are not limited to our announcement of developments related to our plan to sell our properties opportunistically (some of which are or may be the subject of enhancement efforts),stock performance of other companies deemed to be peers,news reports of issues related to REITs or other real property owners and the real estate market and market forces generally.Over the past several years,the stock market has **experienced** a ~~new credit facility~~ **high level of price and volume volatility** , **and** market prices for the stock of many companies,including those in the real estate sector,have experienced wide price fluctuations that have not necessarily been related to operating performance.Our stock price may fluctuate significantly in the future,and these fluctuations may be unrelated to our performance.General market declines or market volatility in the future,especially in the real estate sector of the economy,could adversely affect the price of our common shares,and the current market price may not be indicative of future market prices.There is no guarantee that an active trading market for our common shares will be maintained on Nasdaq,or that the volume of trading will be sufficient to allow for timely trades.Investors may not be able to sell their shares quickly or at the latest market price if trading in our stock is not active or if trading volume is limited.In addition,if trading volume in our common shares is limited,trades of relatively small numbers of shares may have ~~a~~ a ~~pro- rata rights offering~~ **disproportionate effect on the market price of** ~~or~~ **our common shares. Therefore, our shareholders may not be able to sell** ~~other~~ - **their** ~~appropriate funding mechanism to fortify~~ **shares at the volume, prices** ~~our~~ - **or** ~~cash position~~ **times that they desire. If our common shares are delisted from Nasdaq, shareholders may find it difficult** to ~~ensure~~ **dispose of their shares. We believe** we are ~~operating~~ **currently in compliance with all of our Nasdaq listing requirements. Nevertheless, there are no assurances that we will be able to sustain long- term compliance with Nasdaq' s stockholders' equity requirement or minimum bid price requirement for continued listing, particularly as we reduce our overall assets** through **the**

distribution of sales proceeds to our shareholders. If we fail to maintain compliance with applicable Nasdaq listing requirements, our common shares may be delisted by Nasdaq involuntarily. In addition, even if we are successful in maintaining compliance with applicable Nasdaq listing requirements, our board of directors may decide that the costs of compliance and the demands of management time and Company resources required to maintain our Nasdaq listing are greater than the benefits received by the Company and its shareholders from being a **listed company** ~~position of strength through the duration of the liquidation to negotiate~~ and **that, accordingly, consistent with** ~~enforce purchase agreements and defend our property rights in the Article 78 proceeding and in any~~ other **cash management and cost reduction measures that we have implemented, we should voluntarily delist from the Nasdaq Capital Market. If our common shares were delisted from Nasdaq voluntarily or involuntarily, trading of our common shares most likely will be conducted in the over- the- counter market on an electronic bulletin Board established for unlisted securities** such ~~proceeding that~~ **as OTCQX, OTCBX or OTC Pink which will reduce the market liquidity of our common shares. Delisting** may **result in lower levels of ownership and trading by institutional shareholders, who** ~~arise~~ -- **are** ~~. Actual events involving limited~~ **generally guided by quantitative and qualitative investment standards such as market capitalization, minimum share price and** liquidity, ~~defaults~~ **which in turn often produces lower trading volumes and reduced liquidity. As a result** , **an investor would find it more difficult to dispose of, or obtain accurate quotations for the price of, our common shares. Also, many brokers will not allow customers to hold** non- ~~non-~~ listed securities in managed accounts or place restrictions which inhibit holding or trading,and it is generally understood that brokers will not recommend non- listed securities to retail clients,perhaps not as official policy but rather as a practical reality.We cannot assure you that our common shares,if delisted from Nasdaq voluntarily,or if they would be delisted involuntarily by Nasdaq,will be listed on another national securities exchange or quoted on an over- the counter quotation system.We do not anticipate making distributions other than distributions from property dispositions or of liquidation proceeds.We have not paid any dividends other than the following special dividends / distributions:● June 15,2016- A special distribution of $ 9.25 per share.● September 15,2016- A special distribution of $ 1.50 per share.● July 7,2017 – A special distribution of $ 1.00 per share.We have a history of operating losses and we anticipate operating losses in the future.There can be no guarantee that we will have income to distribute other than proceeds from the sale of properties or of the Company,and we may not make any dividends or distributions in the future other than distributions of proceeds on the sale of the Company or any of our assets.The value of our medical office park may be affected by factors in the healthcare industry.Approximately 31,400 square feet of our rentable space and approximately ~~30~~ **33** % of our gross revenues for ~~2022~~ **2023** was attributable to our medical office property.The medical office property is subject to various operating risks common to the healthcare industry,many of which are beyond our control,including the following:• competition from other medical properties in our markets;• over- building of medical parks in our markets,which adversely affects occupancy and revenues at our properties;• hospitals servicing the local markets increasing their interest in employing private practitioners or increasing their real estate portfolio of medical office space for rent or real estate / medical practice related joint ventures;• reductions in medical reimbursements from Medicaid and Medicare which directly impact private practitioners;• unknown or unidentified adverse consequences from the recent federal healthcare legislation on private practitioners will adversely affect our medical properties in the form of rent rates and tenant reimbursements;and • changes in governmental laws and regulations,fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations,fiscal policies and ordinances.Investment in medical parks is capital intensive.Our medical properties require periodic capital expenditures and renovation to remain competitive.Maintaining our occupancy upon renewals or locating new tenants may require rent concessions,tenant improvements or a combination of both.Additionally,the recent federal healthcare legislation has caused some medical professionals to increase their space requirements.Our ability to relocate our tenants into more suitable space within our medical parks may be limited due to the size of the suites currently vacant and the willingness of tenants to relocate within the building.Our ability to fund capital expenditures may be limited.Federal health care legislation has affected medical office real estate.Our tenants in our Cortlandt Manor property are healthcare service providers.The healthcare industry is currently experiencing rapid regulatory changes and uncertainty ; changes in the demand for and methods of delivering healthcare services ; changes in third- party reimbursement policies ; expansion of insurance providers into patient care ; continuing pressure by private and governmental payors to reduce payments to providers of services ; and increased scrutiny of billing,referral and other practices by governmental authorities.These factors may adversely affect **the economic** performance **of some or all of our medical office tenants and, in turn, our performance. Our tenants are also subject to extensive federal, state, and local licensure laws, regulations and industry standards governing business operations, the physical plant and structure, patient rights and privacy and security of health information. Our tenants' failure to comply with any of these laws could result in loss of licensure, denial of reimbursement, imposition of fines** or other ~~other~~ penalties,suspension or exclusion from the government sponsored Medicare and Medicaid programs,loss of accreditation or certification,or closure of the facility.In addition,efforts by third- party payors,such as the Medicare and Medicaid programs and private insurance carriers,including health maintenance organizations and other health plans,impose greater discounts and more stringent cost controls upon healthcare provider operations (through changes in reimbursement rates and methodologies,discounted fee structures,the assumption by healthcare providers of all or a portion of the financial risk or otherwise).Our tenants may also face significant limits on the scope of services reimbursed and on reimbursement rates and fees,all of which could impact their ability to pay rent or other obligations to us.Illiquidity of real estate investments could significantly impede our ability to respond **to** adverse ~~developments~~ **changes in the performance of our properties and harm our financial condition. Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in the portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors** that **are beyond our control,including:• adverse changes in international,national,regional and local economic and market conditions;• changes in interest rates and in the cost and terms of debt financing;• absence of liquidity in credit**

markets which limits the availability and amount of debt financing;• changes in governmental laws and regulations,fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations,fiscal policies and ordinances;• the ongoing need for capital improvements,particularly in older structures;• changes in operating expenses;and • civil unrest,acts of God,including earthquakes,floods and other natural disasters,and acts of war or terrorism,including the consequences of the terrorist acts,such as those that occurred on September 11,2001.We are subject to risks stemming from the New York State budgets.Our industrial park borders Stony Brook University and our leases with the University,including leases with the University' s affiliates,represent over 22 % of our overall rentable space.The New York State budget puts additional pressure on Stony Brook University,part of the State University of New York system,to cut costs.Many of our tenants service the local area and may be adversely affected by a reduction in business from Stony Brook University.Stony Brook University and its affiliates currently have three leases with Gyrodyne comprising approximately 34,000 square feet and $ 687 714 ,000 in annual rental revenue.Geographic concentration of our properties will make our business vulnerable to economic downturns in the New York metropolitan area.All our remaining properties are located in the New York metropolitan area,specifically Northern Westchester and eastern Long Island.Economic conditions in these locations will significantly affect our revenues and the value of our properties.Business layoffs or downsizing,industry slowdowns,changing demographics,the COVID- 19 pandemic and other similar factors may adversely affect the economic climate in these areas.Any resulting oversupply or reduced demand for space in the New York metropolitan area would therefore have a disproportionate negative impact on our revenues.We are subject to risks associated with renovations and capital improvements.Our properties have an ongoing need for renovations and other capital improvements,including replacement of HVAC systems,parking lots,and other structural items.Tenants often require us to make periodic capital improvements as a condition of renewing affect financial institutions, or our concerns revenues and the value of or our rumors about any events of properties. Business layoffs or downsizing, industry slowdowns, changing demographics, these -- the kinds or COVID- 19 pandemic and other similar factors may adversely affect the economic climate in these areas. Any resulting oversupply or reduced demand for space in the New York metropolitan area would therefore have a disproportionate negative impact on our revenues. We are subject to risks , associated with renovations and capital improvements. Our properties have in the past and - an ongoing need for renovations and other capital improvements, including replacement of HVAC systems, parking lots, and other structural items. Tenants often require us to make periodic capital improvements as a condition of renewing leases. Capital improvements and renovation projects may in give rise to the following risks: • possible environmental problems; • construction cost overruns and delays; • a possible shortage of available cash to fund capital improvements and the related possibility that financing for the these future lead capital improvements may not be available to us on affordable terms; and • uncertainties as to market demand or a loss of market demand after capital improvements have begun.The costs associated with capital improvements on our properties could adversely affect our financial condition.Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations,a compromise or corruption of our confidential information,and / or damage to our tenant and other business relationships,all of which could negatively impact our financial condition.A cyber incident is considered to be any adverse event that threatens the confidentiality,integrity or availability of our information resources.These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets,stealing confidential information,corrupting data or causing operational disruption.The result of these incidents may include disrupted operations,misstated or unreliable financial data,liability for stolen assets or information,increased cybersecurity protection and insurance costs,litigation and damage to our tenant and investor relationships.As our reliance on technology has increased,so have the risks posed to our information systems,both internal and those we have outsourced.There is no guarantee that any processes,procedures and internal controls we have implemented or will implement will prevent cyber intrusions,which could have a negative impact on our financial condition,operations,tenant and other business relationships or confidential information.Our mortgage indebtedness could adversely impact the value of our shareholders' investment if the value of the property securing the debt falls or if we are forced to refinance the debt during adverse economic conditions.The Company secured a non -- - wide liquidity problems. For example revolving credit line for up to $ 3 , 000, 000 (the " Original Line ") with a bank, which closed on March 10 21, 2018. The original line included an interest only phase. On April 30, 2021, the loan converted to the Permanent Phase with an outstanding principal balance of $ 2, 200, 000. During the Permanent Phase, the Company is paying interest at a fixed rate of 3. 85 %, plus principal based on a 20- year amortization period. The loan will mature on April 30, 2028. The outstanding balance as of December 31 , 2023 was $ 1 , Silicon Valley 995, 916. To secure access to additional working capital through the final sale date of the Flowerfield industrial buildings, the Company secured a second loan evidenced by a non- revolving business line of credit agreement and promissory note with the Original Line Bank bank for up to $ 3,000,000,which closed on January 24,2019.This loan included an interest only phase.On May 20,2021,the loan converted to the Permanent Phase with an outstanding principal balance of $ 3,000,000.During the Permanent Phase,the Company pays interest at a fixed rate of 3.85 %,plus principal based on a 20- year amortization period.The loan will mature on May 20,2028.The outstanding balance as of December 31, 2022 2023 was $ 2, 838 730 , 477 973 .Both lines are secured by approximately 31.8 acres of the Flowerfield Industrial Park including the related buildings and leases.As of December 31, 2022 2023 ,the Company is in compliance with the loan covenants.The Company anticipates modifying the terms of the loans following the completion of the subdivision so that the loans remain secured by the subdivided industrial park lot only.On September 15,2021,the Company,through its subsidiary GSD Cortlandt,LLC (" (" SVB GSD Cortlandt ") ") from Signature Bank,the proceeds of which were used to pay off the previous GSD Cortlandt debt facility of which $ 1,050,000 was outstanding.The term of the Mortgage Loan is five years with an option to extend for an additional five years (the " Extension Period ").Until the initial maturity date,the Mortgage Loan bears interest at an annual rate equal to 3.75 %.If the maturity date is extended for the Extension Period,the rate of interest on

the Mortgage Loan will adjust and be fixed for the Extension Period to the greater of (i) 3.75 % or (ii) 275 basis points in excess of the weekly average yield on United States Treasury Securities adjusted to a constant maturity of five years as most recently made available by the Federal Reserve Board as of thirty days prior to the first day of the Extension Period.The Mortgage Loan will be paid in monthly installments of principal and interest calculated on the basis of a thirty- year amortization schedule.If the maturity date is extended for the Extension Period,the amount of each monthly installment will be recalculated for the Extension Period based on the adjusted interest rate on the Mortgage Loan and an amortization schedule of twenty- five years.The lender has the right,but not the obligation,to decline to extend the term of the Mortgage Loan if the loan to value ratio of the property is greater than seventy percent (70 %),or the property does not support a debt service coverage ratio (as calculated by the lender) of at least 1.3 to 1,in each case on the date the extension is exercised.GSD Cortlandt also is responsible for all fees and expenses associated with the extension including,but not limited to,the lender' s reasonable legal fees,an inspection fee in the amount of $ 150,and a tax service fee.The Mortgage Loan may be prepaid in whole or in part,at any time,provided the borrower (GSD Cortlandt) pays the bank with each prepayment a prepayment fee equal to (i) during the first loan year and,if applicable,the first loan year of the Extension Period,five percent of the amount of such prepayment;(ii) during the second loan year and,if applicable,during the second loan year of the Extension Period,four percent of the amount of such prepayment;(iii) during the third loan year and,if applicable,during the third loan year of the Extension Period,three percent of the amount of such prepayment;(iv) during the fourth loan year and,if applicable,during the fourth loan year of the Extension Period,two percent of the amount of such prepayment;and (v) during the fifth loan year and,if applicable,during the fifth loan year of the Extension Period,one percent of the amount of such prepayment.There will be no prepayment fee for any prepayment made during the sixty- day period immediately preceding the initial maturity date or the last sixty days of the Extension Period.All prepayments must include accrued and unpaid interest through the date of prepayment.If the Cortlandt Manor property is sold to a bona fide third- party purchaser within the initial two years of the term of the Mortgage Loan,the prepayment fee to be paid upon repayment of the Mortgage Loan in full will be reduced by fifty percent.The outstanding balance as of December 31, ~~2023~~ **2022** was $ 4, ~~754~~ **846** , ~~180~~ **601** was closed by the ~~California~~ **New York State** Department of Financial **Services** ~~Protection and Innovation~~ , which appointed the Federal Deposit Insurance Corporation (the " FDIC ") ~~,~~ as receiver. ~~Similarly~~ **To protect depositors** , ~~on~~ **the FDIC transferred all the deposits and substantially all of the assets of Signature Bank to Signature Bridge Bank, N. A., a full- service bank that will be operated by the FDIC as it markets the institution to potential bidders. On** March 12, 2023 ~~, Signature Bank, with whom our subsidiary GSD Cortlandt, LLC has a mortgage loan, was closed by the New York State Department of Financial Services, which appointed the FDIC as receiver. Although a joint statement by the Department of the Treasury, the Federal Reserve and the FDIC announced that all depositors of SVB and Signature Bank would have access to all of their money, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. As of March 12, 2023, there were no undrawn amounts under GSD Cortlandt, LLC' s mortgage loan with Signature Bank. As of such date~~ , the Company had approximately $ 61, 000 on deposit and approximately $ 97, 000 in a real estate tax escrow account (escrow balance will not exceed approximately $ 109, 000) at Signature Bank. **Based upon** ~~Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our business operations and strategic plans to position our properties and sell them~~ - **the announcement** for maximum value could be significantly impaired...... and legislative bodies. For example, on March ~~21~~ **12** , ~~2022~~ **2023** ~~the Securities and Exchange Commission proposed new rules that would require registrants to provide information on greenhouse- gas emissions and risks related to climate change in their registration statements and annual reports. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters. Legislative~~ , **from** ~~regulatory or other efforts in~~ the U. S. **Department** ~~to combat climate change could result in future increases in the cost~~ of raw materials, taxes, transportation and...... and regulators, including in particular those -- **the Treasury** ~~local authorities that preside over our entitlement process. Although the Company' s ongoing operations have appeared to recover generally from the effects of the COVID- 19 pandemic~~ , the **U** ~~pandemic has resulted and may continue to result in delays in necessary interactions with local authorities and ultimately delays in receiving approvals from such authorities due to limitations in employee resources or forced furlough of government employees~~ . **S** ~~Such effects will likely for the foreseeable future to continue to impact our timeline for pursuing entitlements, selling our properties and making distributions~~ . Also, the Company' s ability...... an effort to control inflation, the Federal Reserve ~~in March 2022 began, has continued,~~ and **the FDIC that all depositors of Signature Bank would have access to all of their deposits and the fact that the amount on deposit** is **below the $ 250, 000 cap on FDIC deposit insurance, the Company** ~~expected~~ **expects** to ~~continue, to raise interest rates. During periods of increasing interest rates, real estate valuations~~ have **access to all** ~~generally decreased as a result~~ of ~~rising capitalization rates~~ **its cash on deposit at Signature Bank. On December 14, 2023, the FDIC transferred the Mortgage Loan to SIG CRE 2023 Venture LLC** , which tend to be positively correlated with interest....... Certain leases provide that the Company is ~~responsible for certain operating expenses~~ **now the holder of the Mortgage Loan** . There can be no assurance that our tenants...... Nasdaq listing requirements. Nevertheless, there are no **undrawn** assurances that we will be able to...... markets which limits the availability and amount **amounts under** ~~of debt financing; • changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances; • the ongoing need for capital improvements, particularly in older structures; • changes in operating expenses; and • civil unrest, acts of God, including earthquakes, floods and other~~ -- **the** natural disasters, and acts of war...... 95 million term loan (the " Mortgage Loan ") from Signature Bank, the...... was $ 4, 846, 601 . The Mortgage Loan is secured by the Cortlandt Manor property located at 1985 Crompond Road (5. 01 acres). On ~~March 12~~ **December 27** , 2023, ~~Signature Bank was closed~~ **the Company, through its subsidiaries GSD Cortlandt, LLC (" GSD Cortlandt ") and Buttonwood Acquisition, LLC (" Buttonwood "), secured a**

term mortgage loan (the “ Mortgage Loan ”) in the principal amount of $ 1, 500, 000 with LLYR Resources, LLC. The net proceeds of the Mortgage Loan will be used for general working capital. The Mortgage Loan is unconditionally and irrevocably guaranteed by the **Company. The term of the Mortgage Loan is two years. Until the maturity date, the Mortgage Loan bears interest at a floating interest rate of 1. 5 % per annum in excess of the Wall Street Prime Rate, with such interest payable monthly, which may be prepaid, in whole or in part, at any time, without payment of a prepayment fee. The Mortgage Loan is secured by a first mortgage in the amount of $ 1, 500, 000 on the interests of GSD Cortlandt in 1989 Crompond Road and 1987 Crompond Road in Cortlandt Manor,** New York ~~State Department of Financial Services~~ , **and** ~~which appointed~~ the **interests of Buttonwood in 206 Buttonwood Avenue and certain vacant** ~~Federal Deposit Insurance Corporation (the “ FDIC ”) as receiver. To protect depositors, the FDIC transferred all the deposits and~~ **land** ~~substantially all of~~ **off** ~~the assets~~ of **Buttonwood Road** ~~Signature Bank to Signature Bridge Bank, N. A., a full- service bank that will be operated by the FDIC as it markets the institution to potential bidders. On March 12, 2023, the Company had approximately $ 61, 000 on deposit and approximately $ 97, 000~~ in **Cortlandt Manor** ~~a real estate tax escrow account (escrow balance will not exceed approximately $ 109~~ , **New York** ~~000) at Signature Bank. Based upon the announcement on March 12, 2023, from the U. S. Department of the Treasury, the U. S. Federal Reserve and the FDIC that all depositors of Signature Bank would have access to all of their deposits and the fact that the amount on deposit is below the $ 250, 000 cap on FDIC deposit insurance, the Company expects to have access to all of its cash on deposit at Signature Bank. As of March 12, 2023, there were no undrawn amounts under the Mortgage Loan~~ . Changes in federal tax law could adversely affect the tax treatment of distributions to our shareholders. Legislative, regulatory or administrative changes could be enacted or promulgated at any time, either prospectively or with retroactive effect, and may adversely affect the Company and our shareholders. Gyrodyne is not subject to an entity level income tax but rather is treated as a partnership for tax purposes, with its items of income, gain, deduction, loss and credit being reported on the Company’ s information return, on Form 1065, and allocated annually on Schedule K- 1 to our shareholders pro rata. Tax legislation informally known as the Tax Cuts and Jobs Act of 2017 (the “ 2017 Tax Cuts and Jobs Act ”) was signed into law on December 22, 2017, generally effective for taxable years beginning on or after January 1, 2018. In addition to modifying income tax rates for individuals and corporations, the 2017 Tax Cuts and Jobs Act made certain changes to the tax treatment for pass- through entities, such as Gyrodyne. Loss of key management personnel. Our success depends to a significant extent upon the continuing efforts of Gary Fitlin, our Chief Executive Officer and Chief Financial Officer, and Peter Pitsiokos, our Chief Operating Officer. We have programs in place that have been designed to motivate, reward and retain such executive officers, including employment agreements and our Retention Bonus Plan. Nevertheless, the loss or unavailability of either of our executive officers due to retirement, resignation, COVID- 19 or otherwise could have a material adverse effect on our business, financial condition and results of operations in general, and our efforts to position our properties to maximize values and distributions to shareholders in particular, if we are unable to retain our executive officers.