

Risk Factors Comparison 2025-03-28 to 2024-03-29 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. **In June 2022, Gyrodyne and the Town of Smithtown filed motions to dismiss the Petition. During the third quarter of 2023, the Article 78 Proceeding was re- assigned to a different judge for the second time. On February 6, 2024, the Supreme Court of the State of New York, Suffolk County issued an order (the " Order "), denying the Motions in part and granting them in part. Specifically, the Order (i) denied the Motions as to three individual Petitioners and the St. James- Head of the Harbor Neighborhood Preservation Coalition, Inc., (ii) granted the Motions as to the remaining twenty (20) individual Petitioners and the Village of Head of the Harbor, (iii) denied the branch of Gyrodyne's motion alleging that Petitioners failed to state a claim. On October 11, 2024, the Supreme Court of the State of New York issued a ruling in favor of the Company dismissing the Article 78 petition in its entirety. On October 28, 2024, the Company received a notice of appeal filed by the petitioners in this proceeding seeking to appeal the court's dismissal of the Article 78 petition, citing as grounds for appeal " whether the court erred in denying the petition and dismissed the Article 78 proceeding, and any and all other issues which may arise upon further review of the record on appeal ". On November 12, 2024, the petitioners filed a notice of motion to renew and reargue, seeking to have the court direct the respondents to undertake a supplemental environmental impact statement to address retaining of storm water at the property being developed in light of a recent storm, and to annul the resolution approving the preliminary site plan. On March 17, 2025, the Supreme Court of the State of New York, Suffolk County issued an order denying the appellants motion to stay enforcement of the order, pending hearing and determination of appeal. On March 21, 2025, the Supreme Court of the State of New York,**

Suffolk County issued an order denying the Petitioners motion to renew and reargue. 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, the Article 78 Proceeding could take an additional six months or more for a decision given the impact the 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 ~~2025~~ **2026**, 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, ~~2023~~ **2024** is \$ 30. ~~72.6~~ million or \$ ~~19.13~~ **51.91** 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, **that and/or result in purchaser defaults or that make the purchase price contingent upon site plan approval.** 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. **Moreover, we anticipate that purchase and sale agreements may also be contingent upon the purchaser obtaining (at its expense) final site plan approval for a designated number of units within a specified period of time, with the purchaser having a right to terminate the agreement or extend the approval period if it fails to secure such approval within such time period, and with the purchase price for the property being a function of agreed upon price per unit and the number of approved units.** 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 **or if the number of approved units under final site plan approval turns out to be below what we anticipate**, 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, ~~2025~~ **2026**. 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 \$ 11, ~~108-089, 640-746~~. 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 In 2023, the Company was targeted by an activist campaign pursuant to which** ~~received a notice dated April 25, 2023 (the "Nomination Notice") from Star Equity Fund, LP ("Star Equity") notified, which allegedly owned approximately 5.4% of our outstanding shares at the time of submission, Company (the "Nomination Notice")~~ of its intent to nominate a slate of two candidates for election as directors at the 2023 annual meeting of shareholders (the "**2023** Annual Meeting"). ~~On August 11, and then 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, ~~2023-2024~~, 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 \$ ~~950~~ **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, ~~2023-2024~~, 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, ~~2025~~2026. 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 price floor provision may 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 in value.

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. 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 for maximum value could be significantly impaired by factors that affect us, the financial institutions with which we have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets, and / or the inability to refund, roll over or extend the maturity of, or enter into new credit facilities or other working capital resources. In addition, investor concerns regarding the U. S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our

ability to achieve our strategic goals or cover our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and / or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and / or projected business operations and financial condition and results of operations. **Changes in economic and capital markets conditions, including periods of generally deteriorating real estate industry fundamentals, may significantly affect our results of operations and returns to our stockholders. We are subject to risks generally incident to the ownership of real estate investments, including changes in global, national, regional or local economic, demographic or capital market conditions, including economic impacts resulting from actual or perceived instability in the U. S. banking system or as a result of the ongoing conflicts between Russia and Ukraine and conflicts in the Middle East, as well as other factors particular to the locations of our properties. In addition, the threat or imposition of new tariffs may create uncertainty in real estate markets and shift demand for industrial and / or medical office properties. A recession could adversely impact the value of our properties as a result of, among other items, increased tenant defaults under our leases, lower demand for rentable space, as well as potential oversupply of rentable space, each of which could lead to increased concessions, tenant improvement expenditures or reduced rental rates to maintain occupancies. These conditions could also adversely impact the financial condition of the tenants that occupy our properties and, as a result, their ability to pay us rents. To the extent that a general economic slowdown is prolonged or becomes more severe or real estate fundamentals deteriorate, it may have a significant and adverse impact on the values of our properties, revenues, results from operations, financial condition, liquidity, overall business prospects and ultimately our ability to pay distributions to our shareholders.** If we are unable to maintain the occupancy rates of currently leased space and / or to lease currently available space, if tenants default under their leases or other obligations to us or if our cash flow is otherwise less than we expect, distributions to our shareholders may be delayed or reduced. The sales proceeds that could be generated from opportunistic dispositions of our real properties depend in large part on occupancy and rental rates, our success in renting currently available space and the existence of any significant tenant defaults that were not subsequently cured. In calculating the estimated distributions, it was assumed that we would maintain the occupancy rates of currently leased space and that we would not experience any significant tenant defaults during the process of seeking entitlements and selling assets that were not subsequently cured. Negative trends in one or more of these factors may adversely affect the resale value of the properties, which would reduce our distributions. Disposition proceeds and related distributions will be reduced to the extent that we receive less rental income than we expect. We may also decide in the event of a tenant default to restructure the lease, which could require us to substantially reduce the rent payable to us under the lease or make other modifications that are unfavorable to us. We are subject to risks associated with the financial condition of our tenants. Our tenants may experience a downturn in their business resulting in their inability to make rental payments when due. In addition, a tenant may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such tenant' s lease and cause a reduction in our cash flow. We cannot evict a tenant solely because of its filing for bankruptcy. A bankruptcy court, however, may authorize a tenant to reject and terminate its lease. In such a case, our claim against the tenant for past due rent and unpaid future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. In any event, it is unlikely that a bankrupt tenant will pay the entire amount it owes us under a lease. The loss of rental payments from tenants would likely reduce proceeds from real property dispositions and distributions from such proceeds. The Coronavirus pandemic has affected and will likely for the foreseeable future affect the markets in which our tenants operate and otherwise impact our facilities, which will adversely impact the businesses of our tenants and, in turn, our business, financial condition, results of operations and our ability to pay distributions. The loss of a major tenant could adversely affect our financial condition. We are and expect that we will continue to be subject to a degree of tenant concentration at certain of our operating properties. As indicated above, we are subject to risks associated with the financial condition of our tenants. In the event that a tenant occupying a significant portion of one or more of our properties or whose rental income represents a significant portion of the rental revenue at such property or properties were to experience financial weakness, default on its lease, elect not to renew its lease or file bankruptcy it would negatively impact our financial condition and, as a result, our distributions. Our existing leases with Stony Brook University Hospital and affiliates comprise approximately ~~22-21~~ % of our total rentable square feet and the annual rent is expected to represent approximately ~~27-26~~ % of our annual rental revenue for ~~2024-2025~~ . The largest medical tenant in the Cortlandt Manor Medical Center represents 14 % of our total rentable square feet as of December 31, ~~2023-2024~~ . The annual rent from such tenant is expected to represent approximately ~~28-32~~ % of our annual rental revenue for ~~2024-2025~~ . We may experience increased operating costs, which might reduce our estimated net assets and the sales prices received for our properties. Our properties are subject to increases in operating expenses such as for cleaning, electricity, heating, ventilation and air conditioning, administrative costs and other costs associated with security, landscaping and repairs and maintenance of our properties. In general, under our leases with tenants, we pass through all or a portion of these costs to them. There can be no assurance that tenants will actually bear the full burden of these higher costs, or that such increased costs will not lead them, or other prospective tenants, to seek space elsewhere. If operating expenses increase, the availability of other comparable space in the geographic markets of our properties might limit our ability to increase rents; if operating expenses increase without a corresponding increase in revenues, our profitability could diminish thereby reducing our estimated proceeds on disposition of real properties and limit the amount and likely delay the timing of our distributions. Some of our potential losses may not be covered by insurance. We use our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on our properties at a reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of the property and also may result in certain losses being totally uninsured. Inflation, changes in building codes, zoning or other land use ordinances,

environmental considerations or other factors might not make it feasible to use insurance proceeds to replace a building after such building has been damaged or destroyed. Under such circumstances, the insurance proceeds, if any, received by us might not be adequate to restore our economic position with respect to such property. We may incur costs to comply with environmental laws. The obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation, may increase our operating costs. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on or under the property. Environmental laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances and whether or not such substances originated from the property. Insurance that we maintain related to potential environmental issues on our properties may not be adequate to cover all possible contingencies. Legislative or regulatory initiatives related to global warming / climate change concerns may negatively impact our business. Recently, there has been an increasing focus and continuous debate on global climate change including increased attention from regulatory agencies and legislative bodies. For example, on March 21, 2022 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, regulatory or other efforts in the U. S. to combat climate change could result in future increases in the cost of raw materials, taxes, transportation and utilities for our vendors and for us which would result in higher operating costs for the Company. Also, compliance with new and revised environmental, zoning, land- use or building codes, laws, rules or regulations, could have a material and adverse effect on our business. However, we are unable to predict at this time, the potential effects, if any, that any future environmental initiatives may have on our business. Our business, operations and timelines for pursuing entitlements, property sales and distributions of proceeds could be adversely affected by the Coronavirus pandemic. The global health crisis caused by the novel coronavirus (“ COVID- 19 ”) pandemic and its resurgences has and may continue to negatively impact economic activity, which, despite progress in vaccination efforts, remains uncertain and cannot be predicted with confidence. The long- term impact of the pandemic on our liquidation plan cannot be predicted at this time, and could depend on numerous factors, including the impact of work- from- home and telemedicine on real property utilization trends, vaccination rates among the population, effectiveness of COVID- 19 vaccines and responses by governmental bodies and regulators, including in particular those 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 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. 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 to operate seamlessly and limit any adverse impact on our forecasted Net Asset Value will depend in part on whether any of our key employees are infected by the Coronavirus and become ill from COVID- 19. As the impact of the COVID- 19 pandemic on our efforts to secure entitlements evolves, the Company will continue to monitor the impact on the Company and respond appropriately. At this time, however, it is difficult to predict to what degree further disruption might impact the Company’ s operations and financial results or how the potential strategic impacts of COVID- 19 will affect our entitlement process. A sustained or further increase in inflation could have an adverse impact on our operating expenses, and higher interest rates could result in lower sales proceeds from future dispositions. In an effort to control inflation, the Federal Reserve in March 2022 began, has continued, and is expected to continue, to raise interest rates. During periods of increasing interest rates, real estate valuations have generally decreased as a result of 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 is responsible 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 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 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 disproportionate effect on the market price of our common shares. Therefore, our shareholders may not be able to sell their shares at the volume, prices or times that they desire. If our common shares are delisted from Nasdaq, shareholders may find it difficult to dispose of their shares. We believe we are 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 and that, accordingly, consistent with 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 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 are generally guided by quantitative and qualitative investment standards such as market capitalization, minimum share price and liquidity, 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-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 33-34% of our gross revenues for 2023-2024 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: • **adverse trends in healthcare provider operations, such as changes in the demand for and methods of delivering healthcare services, changes in third party reimbursement policies, significant unused capacity in certain areas, which has created substantial competition for patients among healthcare providers in those areas, increased expense for uninsured patients, increased competition among healthcare providers, increased liability insurance expense, continued pressure by private and governmental payors to reduce payments to providers of services and increased scrutiny of billing, referral and other practices by federal and state authorities and private insurers;** • 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. **Our medical office properties and tenants are subject to competition. Our medical office properties face competition from nearby hospitals and other medical office buildings that provide comparable services. Some of those competing facilities are owned by governmental agencies and supported by tax revenues, while others are owned by nonprofit corporations and may be supported to a large extent by endowments and charitable contributions. These types of financial support are not available to the medical office property we own. Similarly, our medical office tenants face competition from other medical practices in nearby hospitals and other medical facilities. Further, referral sources, including physicians and managed care organizations, may change their lists of hospitals or physicians to which they refer patients. Competition and loss of referrals could adversely affect our tenants' ability to make rental payments, which could adversely affect our rental revenues. Any reduction in rental revenues resulting from the inability of our medical office buildings and our**

tenants to compete successfully may have an adverse effect on our business, financial condition and results of operations and our ability to make distributions to our shareholders. 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 **healthcare** 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 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 . **Referral sources, including physicians and managed care organizations, may change their lists of hospitals or physicians to which they refer patients. Competition and loss of referrals could adversely affect our tenants' ability to make rental payments, which could adversely affect our rental revenues. Any reduction in rental revenues resulting from the inability of our medical office buildings and our tenants to compete successfully may have an adverse effect on our business, financial condition and results of operations and our ability to make distributions to our shareholders** . Illiquidity of real estate investments could significantly impede our ability to respond to adverse 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 **22-21** % 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 \$ **714-614** , 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 leases. Capital improvements and renovation projects may 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 these 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-revolving credit line for up to \$ 3,000,000 (the "Original Line") with a bank, which closed on March 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, 2023-2024 was \$ 1,995-913, 916-907. 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 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, 2023-2024 was \$ 2,730-619, 973-498. Both lines are secured by approximately 31.8 acres of the Flowerfield Industrial Park including the related buildings and leases. As of December 31, 2023-2024, 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 ("GSD Cortlandt"), secured a \$ 4.95 million term loan (the "2021 Mortgage Loan") 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 2021 Mortgage Loan is five years with an option to extend for an additional five years (the "Extension Period"). Until the initial maturity date, the 2021 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 2021 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 2021 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 2021 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 2021 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 2021 Mortgage Loan, the prepayment fee to be paid upon repayment of the 2021 Mortgage Loan in full will be reduced by fifty percent. The outstanding balance as of December 31, 2023-2024 was \$ 4,754-658, 180-688. On March 12, 2023, Signature Bank was closed by the New York State Department of Financial Services, which appointed the Federal Deposit Insurance Corporation (the "FDIC") as receiver. To protect depositors, 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, 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 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. On December 14, 2023, the FDIC transferred the 2021 Mortgage Loan to SIG CRE 2023 Venture LLC, which ~~is now~~ **continues to be** the holder of the Mortgage Loan. There are no undrawn amounts under the 2021 Mortgage Loan. The 2021 Mortgage Loan is secured by the Cortlandt Manor property located at 1985 Crompond Road (5.01 acres). On December 27, 2023, the Company, through its subsidiaries GSD Cortlandt, LLC ("GSD Cortlandt") and Buttonwood Acquisition, LLC ("Buttonwood"), secured a term mortgage loan (the "2023 Mortgage Loan") in the principal amount of \$ 1,500,000 with LLYR Resources, LLC. The net proceeds of the 2023 Mortgage Loan will be used for general working capital. The 2023 Mortgage Loan is unconditionally and irrevocably guaranteed by the Company. The term of the 2023 Mortgage Loan is two years. Until the maturity date, the 2023 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 2023 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, and the interests of Buttonwood in 206 Buttonwood Avenue and certain vacant land off of Buttonwood Road in Cortlandt Manor, New York. **On February 1,**

2024, an agreement was signed with one vendor who had previously agreed to defer 50 % of payment until the closing of the first property lot sale that is the subject of either the Flowerfield or Cortlandt Manor subdivision. The agreement called for a \$ 200, 000 payment on outstanding invoices, plus an interest payment on such invoices, interest to be accrued on the outstanding balance, agreement to pay all future invoices in full, and conversion of the remaining outstanding balance of \$ 477, 829 (balance after the \$ 200, 000 payment) to a loan payable within 15 days of the sale of one of the Company' s properties. The loan accrued interest at 0. 75 % per month through 2024 and will accrue interest at 1. 0 % per month starting January 2025. The Company intends to seek to modify any of its existing loan facilities to strengthen its financial position through the end of 2026, the forecasted completion of the liquidation process. The Company' s goal with respect to any such modification is for its current cash and cash equivalent position post- loan modification to be adequate to fund our process of seeking entitlements and selling assets through the end of 2026, the forecasted date for the completion of the liquidation and subsequent dissolution. There can be no assurance, however, that the Company will be successful in securing any such loan modification on terms that are satisfactory to the Company or on any terms at all. 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. **In addition, the Company' s controller resigned as a full- time employee as of February 28, 2025. The former controller continues to provide certain services to the Company under the terms of a consulting agreement dated as of March 1, 2025 (the " Consulting Agreement "). Nevertheless, the Company may find it necessary to hire another person to perform certain functions not covered by the Consulting Agreement and be prepared to assume such functions that are covered by the Consulting Agreement in the event the Consulting Agreement is terminated. If the Company is required to hire such additional person, the cost of doing so could have a material adverse effect on our business, financial condition and results of operations in general.**