GYRODYNE CO OF AMERICA INC
Form PRER14A
May 08, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No. 1)
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule §240.14a-12

GYRODYNE COMPANY OF AMERICA, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)
Payment of Filing Fee (Check the appropriate box):

- No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1.

- Title of each class of securities to which transaction applies:

2.

- Aggregate number of securities to which transaction applies:

3.

- Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4.

- Proposed maximum aggregate value of transaction:

5.

- Total fee paid:

- Fee paid previously with preliminary materials.

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1.

- Amount Previously Paid: $14,488.93

2.

- Form, Schedule or Registration Statement No.: Form S-4 333-191820

3.

- Filing Party: Gyrodyne, LLC

4.

- Date Filed: October 21, 2013

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The information in this proxy statement/prospectus is not complete and may be changed. Gyrodyne, LLC may not sell or issue these securities until the registration statement filed with the Securities and Exchange Commission of which this proxy statement/prospectus forms a part is effective. This proxy statement/prospectus is not an offer to sell these securities and Gyrodyne, LLC is not soliciting an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION DATED MAY 8, 2014

PROXY STATEMENT OF GYRODYNE COMPANY OF AMERICA, INC.

One Flowerfield, Suite 24 Saint James, New York 11780	PROSPECTUS OF GYRODYNE, LLC 1,482,680 common shares

Dear Shareholders:

I cordially invite you to a special meeting of shareholders of Gyrodyne Company of America, Inc., which we will hold at Flowerfield Celebrations, Mills Pond Road, Saint James, New York 11780 on [•], 2014, at 11:00 a.m., Eastern Time. At the special meeting, we will ask you to authorize a plan of merger and the transactions contemplated thereby, including the merger of Gyrodyne and Gyrodyne Special Distribution, LLC with and into a limited liability company, Gyrodyne, LLC. Shareholders of record at the close of business on [•], 2014, will be entitled to vote at the special meeting or its adjournment or postponement, if any.

As previously announced, further to Gyrodyne's previously stated goal of providing one or more tax efficient liquidity events to its shareholders and taking into account, among other factors, Gyrodyne's receipt of a private letter ruling from the Internal Revenue Service that permitted Gyrodyne to distribute, by means of a special dividend, the approximately $98,650,000 in gains realized from its receipt of additional damages in July 2012 in connection with judgments in Gyrodyne's favor in condemnation litigation with the State of New York regarding 245.5 acres of Gyrodyne's Flowerfield property in St. James and Stony Brook, New York, subject to a 4% excise tax but without incurring a REIT-level 35% capital gains tax, our board of directors concluded that it is in the best interests of Gyrodyne and its shareholders to dispose of Gyrodyne's remaining assets in an orderly manner designed to obtain the best reasonably available value for such assets and to complete the liquidation of Gyrodyne for federal income tax purposes. On that basis, on September 12, 2013, our board of directors adopted a plan of liquidation within the meaning of the Internal Revenue Code.

The first of two special dividends was paid on December 30, 2013 to shareholders of record as of November 1, 2013 in the form of $68,000,000, or $45.86 per share, in cash, and nontransferable interests in a newly formed New York limited liability company, Gyrodyne Special Distribution, LLC, valued at $30,685,000, or $20.70 per share. Gyrodyne Special Distribution, LLC was formed to hold Gyrodyne's properties in Flowerfield as well as its medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia. The transfer of such properties by Gyrodyne to Gyrodyne Special Distribution, LLC in December 2013 resulted in the recognition of approximately $28.4 million of capital gain income by Gyrodyne in 2013. Giving effect to offsetting deductions, Gyrodyne had approximately $18 million in REIT income for 2013. In order to satisfy applicable REIT distribution requirements, Gyrodyne declared the second special dividend in December 2013 to shareholders of record as of December 31, 2013. The second special dividend was paid on January 31, 2014 in the form of nontransferable dividend notes aggregating $16,150,000 (or $10.89 per share) in principal amount.

The plan of merger is designed to facilitate the liquidation of Gyrodyne for federal income tax purposes and to reassemble as equity interests in Gyrodyne, LLC, the interests in Gyrodyne Special Distribution, LLC distributed in the first special dividend, the dividend notes issued in the second special dividend and the common shares of Gyrodyne, thereby resulting in a simplified capital structure and permitting holders of nontransferable interests in Gyrodyne Special Distribution, LLC and holders of nontransferable dividend notes as well as Gyrodyne shareholders to receive freely transferable common shares of Gyrodyne,

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LLC, the entity that will hold and operate the Flowerfield, Port Jefferson, Cortlandt Manor and Fairfax properties, pending their sale or other disposition. In essence, having made the first special dividend to achieve the benefits of the private letter ruling and the second special dividend to make a required distribution of 2013 REIT income, the merger will effect the final step in the plan of liquidation within the meaning of the Internal Revenue Code, while simplifying the corporate structure and interrelationships of Gyrodyne and Gyrodyne Special Distribution, LLC. Based on the number of common shares of Gyrodyne outstanding on [•], 2014, the record date, Gyrodyne expects to issue approximately 1,482,680 common shares of Gyrodyne, LLC in connection with the merger. The merger, which will effect the completion of the plan of liquidation for purposes of the Internal Revenue Code, will result in holders of Gyrodyne common stock receiving approximately 15.2% of the common shares of Gyrodyne, LLC in the aggregate (0.152 common shares of Gyrodyne, LLC per share of Gyrodyne common stock, or an aggregate of 824,370 common shares of Gyrodyne, LLC), holders of nontransferable dividend notes receiving approximately 29.2% of the common shares of Gyrodyne, LLC in the aggregate (0.292 common shares of Gyrodyne, LLC per $10.89 principal amount Dividend Note, or an aggregate of 432,943 common shares of Gyrodyne, LLC), and holders of nontransferable interests in Gyrodyne Special Distribution, LLC receiving approximately 55.6% of the common shares of Gyrodyne, LLC in the aggregate (0.556 common shares of Gyrodyne, LLC per GSD interest, or an aggregate of 824,370 common shares of Gyrodyne, LLC), subject to adjustment in the discretion of the Gyrodyne board of directors. In addition, shareholders will consider such other matters as may properly come before the meeting. Our board of directors believes that the proposal being submitted for shareholder action is in the best interests of Gyrodyne and its shareholders and recommends a vote “FOR” the proposal.

This proxy statement/prospectus is the proxy statement of Gyrodyne Company of America, Inc. for the special meeting and also the prospectus of Gyrodyne, LLC for the common shares representing limited liability company interests in Gyrodyne, LLC that will be issued to Gyrodyne shareholders, holders of nontransferable dividend notes and holders of nontransferable interests in Gyrodyne Special Distribution, LLC, in connection with the merger, if it is implemented. This proxy statement/prospectus contains information about the special meeting and will serve as your guide to the matters on which you will be asked to vote. In particular, you should carefully read the section captioned “Risk Factors” beginning on page [•] for a discussion of certain risk factors relating to the merger.

Your vote is very important to us and it is important that your shares be represented at the special meeting. The plan of merger and the transactions contemplated thereby cannot be completed unless shareholders of at least two-thirds of all outstanding shares of Gyrodyne common stock entitled to vote thereon vote in favor of such proposal. Whether or not you plan to attend the special meeting, I encourage you to promptly vote your shares by proxy by following the instructions beginning on page [•] of this proxy statement. If you are able to attend the meeting and wish to vote in person, you may withdraw your proxy at that time.

If you have any questions or need assistance voting your shares of Gyrodyne common stock, please call MacKenzie Partners, Inc., our proxy solicitor, toll-free at 1-800-322-2885.

Thank you for your continued support of Gyrodyne. I look forward to seeing you at the meeting.

Sincerely,

Frederick C. Braun III

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the plan of merger or the transactions contemplated thereby, passed upon the merits or fairness of the plan of merger and the transactions contemplated thereby, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [•], 2014 and is first being mailed to shareholders on or about [•], 2014.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
to be held on [•], 2014

One Flowerfield, Suite 24
Saint James, New York 11780

NOTICE IS HEREBY GIVEN, pursuant to the by-laws, that a special meeting of shareholders (the “special meeting”) of Gyrodyne Company of America, Inc. (the “Company” or “Gyrodyne”) will be held at Flowerfield Celebrations, Mills Pond Road, Saint James, New York 11780, on [•], 2014, at 11:00 a.m., Eastern Time.

At the special meeting, shareholders will be asked to consider and vote upon a proposal to authorize a proposed Plan of Merger (as described below) and the transactions contemplated thereby under the New York Business Corporation Law, including the merger of Gyrodyne and Gyrodyne Special Distribution, LLC (“GSD”) into Gyrodyne, LLC (“Gyrodyne, LLC”) (the “Proposal”), and to transact such other business as may properly come before the special meeting or any adjournment thereof.

Our board of directors unanimously recommends that you vote “FOR” the Proposal.

The proposal is described more fully in the proxy statement/prospectus accompanying this notice, which you are urged to read carefully. In particular, see sections titled “Risk Factors” and “Federal Income Tax Considerations” of this proxy/prospectus.

Our board of directors has fixed the close of business on [•], 2014 as the record date for determining shareholders entitled to receive notice of, and to vote at, the special meeting or any adjournment or postponement thereof. In addition to this notice, enclosed in this mailing are the proxy statement/prospectus, proxy card and attendance registration form.

To obtain an admittance card for the special meeting, please complete the enclosed attendance registration form and return it with your proxy card. If your shares are held by a bank or broker, you may obtain an admittance card by returning the attendance registration form your bank or broker forwarded to you. If you do not receive an attendance registration form, you may obtain an admittance card by sending a written request, accompanied by proof of share ownership, to the undersigned. For your convenience, we recommend that you bring your admittance card to the special meeting so you can avoid registration and proceed directly to the special meeting. However, if you do not have an admittance card by the time of the special meeting, please bring proof of share ownership to the registration area where our staff will assist you.

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YOUR VOTE IS IMPORTANT

The transactions contemplated by THE PLAN OF MERGER cannot be completed unless shareholders of at least two-thirds of all outstanding shares of Gyrodyne common stock ENTITLED TO VOTE THEREON vote in favor of THE proposal. if you abstain from voting, your abstention will have the same effect as a "no" vote for purposes of determining whether approval of THE proposal has been obtained. ACCORDINGLY, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU ARE URGED TO SIGN, DATE AND PROMPTLY RETURN THE PROXY CARD IN THE ENCLOSED ENVELOPE. GIVING YOUR PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE SPECIAL MEETING, BUT WILL HELP ASSURE A QUORUM AND AVOID FURTHER PROXY SOLICITATION COSTS. ATTENDANCE AT THE SPECIAL MEETING IS LIMITED TO SHAREHOLDERS, THEIR PROXIES AND INVITED GUESTS OF THE COMPANY. FOR IDENTIFICATION PURPOSES, "STREET NAME" SHAREHOLDERS WILL NEED TO BRING A COPY OF A BROKERAGE STATEMENT REFLECTING STOCK OWNERSHIP AS OF THE RECORD DATE.

By Order of the Board of Directors,

Peter Pitsiokos

Corporate Secretary

[•], 2014

In addition to delivering the proxy materials for the special meeting to shareholders by mail,
this proxy statement/ prospectus also is available at http:/ / www.gyrodyne.com/ proxy.php

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REFERENCES TO ADDITIONAL INFORMATION

This document incorporates by reference important business and financial information about Gyrodyne from documents that it has filed with the SEC but that are not being included in or delivered with this document. The SEC allows us to “incorporate by reference” information into this proxy statement/prospectus, which means that we can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is deemed to be part of this proxy statement/prospectus, except for any information superseded by information in this proxy statement/prospectus or incorporated by reference subsequent to the date of this proxy statement/prospectus. This proxy statement/prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us and our financial condition and are incorporated by reference into this proxy statement/prospectus.

The following Gyrodyne filings with the SEC are incorporated by reference:

•

- Gyrodyne’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013;

•

- [Gyrodyne’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014]; and

•

- Gyrodyne’s Current Reports on Form 8-K dated December 27, 2013, January 2, 2014, January 10, 2014 and March 18, 2014.

Information furnished under Items 2.02 or 7.01 (or corresponding information furnished under Item 9.01 or included as an exhibit) in any past or future current report on Form 8-K that we file with the SEC, unless otherwise specified in such report, is not incorporated by reference in this proxy statement/prospectus, nor are any other documents or information that is deemed to have been “furnished” and not “filed” with the SEC.

We also incorporate by reference into this proxy statement/prospectus additional documents that we may file with the SEC between the date of this proxy statement/prospectus and the date of the special meeting. These documents include periodic reports, such as Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, as well as Current Reports on Form 8-K and proxy soliciting materials.

You may read and copy any reports, statements or other information that we file with the SEC at the SEC’s public reference room at the following location: Station Place, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You also may obtain copies of those documents at prescribed rates by writing to the Public Reference Section of the SEC at that address. Please call the SEC at (800) SEC-0330 for further information on the public reference room. These SEC filings also are available to the public from commercial document retrieval services and at www.sec.gov. In addition, shareholders may obtain free copies of the documents filed with the SEC by Gyrodyne through the Investor Relations section of our website, www.gyrodyne.com, and the “SEC Filings” tab therein. The information provided on our website is not part of this proxy statement/prospectus, and therefore is not incorporated by reference herein.

You also may obtain any of the documents we file with the SEC, without charge, by requesting them in writing or by telephone from us at the following address:

Gyrodyne Company of America, Inc.
Attn: Investor Relations
One Flowerfield, Suite 24
Saint James, New York 11780
Telephone: (631) 584-5400
Facsimile: (631) 584-7075

If you would like to request documents from us, please do so by [•], 2014, to receive them before the special meeting. If you request any documents from us, we will mail them to you by first class mail, or another equally prompt method, within one business day after we receive your request.

If you have any questions concerning the special meeting, the proposal to be considered at the special meeting or this proxy statement/prospectus, or if you would like additional copies of this proxy statement/prospectus or need help voting your shares of Gyrodyne Common Stock, please contact our proxy solicitor: MacKenzie Partners, Inc., toll-free at 1-800-322-2885.

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ABOUT THIS DOCUMENT

Gyrodyne has supplied all information contained in, or incorporated by reference into, this proxy statement/prospectus relating to Gyrodyne. Gyrodyne, LLC has supplied all information contained in or incorporated by reference into this proxy statement/prospectus relating to Gyrodyne, LLC. GSD has supplied all information contained in, or incorporated by reference into, this proxy statement/prospectus relating to GSD. Each of Gyrodyne, Gyrodyne, LLC and GSD have contributed information relating to the transactions contemplated herein, including the merger.

This proxy statement/prospectus forms a part of a registration statement on Form S-4 (Registration No. 333-191820) filed by Gyrodyne, LLC with the SEC. It constitutes a prospectus of Gyrodyne, LLC under Section 5 of the Securities Act, with respect to the common shares representing limited liability company interests in Gyrodyne, LLC to be issued to holders of (i) Gyrodyne common stock, (ii) GSD common shares and (iii) Dividend Notes in the merger. It also constitutes a proxy statement under Section 14(a) of the Exchange Act and a notice of special meeting and action to be taken with respect to the Gyrodyne special meeting of shareholders at which Gyrodyne shareholders will consider and vote on the proposal to adopt the merger agreement and to authorize the transactions contemplated by the merger agreement, including the merger.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this document. This document is dated [•], 2014. You should not assume that the information contained in this document is accurate as of any date other than the date hereof. You should not assume that the information contained in any document incorporated by reference herein is accurate as of any date other than the date of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference into this document will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference into this document modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this document. Neither the mailing of this document to the shareholders of Gyrodyne, nor the taking of any actions contemplated hereby by Gyrodyne, Gyrodyne, LLC or GSD at any time will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

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SUMMARY TERM SHEET

This Summary Term Sheet, together with the following section entitled "Questions and Answers," highlights selected information from this proxy statement/prospectus and does not contain all of the information that may be important to you. You should read carefully the entire proxy statement/prospectus and the additional documents referred to in this proxy statement/prospectus for a more complete understanding of the matters being considered at the special meeting. This summary includes references to other parts of this proxy statement/prospectus to direct you to a more complete description of the topics presented in this summary. In this proxy statement/prospectus, "we," "us," "our," "Gyrodyne" and the "Company" refer to Gyrodyne Company of America, Inc., "Gyrodyne, LLC" refers to Gyrodyne, LLC and "GSD" refers to Gyrodyne Special Distribution, LLC. This proxy statement/prospectus is dated [•], 2014 and is first being mailed to shareholders on or about [•], 2014.

Gyrodyne Company of America, Inc. (see page •)

Gyrodyne, a self-managed and self-administered real estate investment trust (or REIT) formed under the laws of the State of New York, manages a diversified portfolio of real estate properties comprising office, industrial and service-oriented properties primarily in the New York metropolitan area. Prior to the payment of the First Special Dividend described below, Gyrodyne owned a 68 acre site approximately 50 miles east of New York City on the north shore of Long Island, which includes industrial and office buildings and undeveloped property that is the subject of development plans and is referred to in this proxy statement/prospectus as "Flowerfield." Prior to payment of the First Special Dividend described below, Gyrodyne also owned medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia. Gyrodyne [is/was] also a limited partner in the Grove, which in September 2013 sold its only asset, an undeveloped 3,700 plus acre property in Palm Beach County, Florida. Gyrodyne's Common Stock is traded on NASDAQ under the symbol GYRO. Gyrodyne's principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Gyrodyne, LLC (see page •)

Gyrodyne, LLC, a New York limited liability company and direct wholly-owned subsidiary of Gyrodyne, was formed on October 3, 2013 solely in connection with the transactions contemplated by the Plan of Liquidation and the Plan of Merger (each as described below). Gyrodyne, LLC has not commenced any operations, has only nominal assets solely related to its entry into the Plan of Merger and has no liabilities or contingent liabilities, nor any outstanding commitments, other than as set forth in the Plan of Merger. Gyrodyne, LLC's principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Gyrodyne Special Distribution, LLC (see page •)

Gyrodyne Special Distribution, LLC, a New York limited liability company and direct wholly-owned subsidiary of Gyrodyne, was formed on October 15, 2013 solely in connection with the transactions contemplated by the Plan of Liquidation and the Plan of Merger. As part of an internal restructuring, Gyrodyne contributed to GSD all of Gyrodyne's real estate properties: Flowerfield and the medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia, which are subject to an aggregate of approximately $14,000,000 in mortgages payable to a subsidiary of Gyrodyne, and certain assets directly related to such properties. Gyrodyne retains a non-economic interest in, and is the managing member of, GSD. GSD's principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Risk Factors (see page •)

There are a number of risks and uncertainties relating to the Plan of Liquidation, the Plan of Merger and the respective transactions contemplated thereby. In addition to the other information included in this proxy statement/prospectus and found in the Annexes attached hereto, including the matters addressed in "Cautionary Statement Concerning Forward-Looking Information," or incorporated in to this proxy

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statement/prospectus by reference, you should carefully consider the information about these risks set forth under "Risk Factors" beginning on page [•], together with the other information included or incorporated by reference in this proxy statement. These risks include, without limitation, the following:

- If our shareholders do not authorize the Plan of Merger, we may encounter difficulties in our business operations;
- If the Merger is consummated, we cannot assure you of the exact timing and amount of any distribution to our shareholders;
- Our board of directors may abandon or delay implementation of the Plan of Liquidation or the Plan of Merger even if the Plan of Merger is authorized by our shareholders;
- We may be the potential target of a reverse acquisition or other acquisition;
- Our directors and executive officers may have interests that are different from, or in addition to, those of our shareholders generally;
- Tax treatment of liquidating distributions may vary from shareholder to shareholder; and
- The corporate structure and interrelationships of Gyrodyne and GSD present risks of conflicts between the entities and their equity holders as long as they are operated as separate entities.

The Special Meeting (see page •)

Date, Time and Place

The special meeting will be held at Flowerfield Celebrations, Mills Pond Road, Saint James, New York 11780 on [•], 2014, at 11:00 a.m., Eastern Time.

Purpose

At the special meeting, shareholders will be asked to consider and vote upon a proposal to authorize a proposed Plan of Merger and the transactions contemplated thereby under the New York Business Corporation Law, including the merger of Gyrodyne and GSD into Gyrodyne, LLC (the "Proposal"), and to transact such other business as may properly come before the special meeting or any adjournment thereof:

Record Date; Stock Entitled to Vote; Quorum

All shareholders who hold shares of Gyrodyne Common Stock of record at the close of business on [•], 2014 (the "record date") are entitled to notice of and to vote at the special meeting. Each share of Gyrodyne Common Stock issued and outstanding on the record date is entitled to one vote at the special meeting on the proposal presented.

Shareholders do not have cumulative voting rights. A quorum will be present at the special meeting if a majority of the outstanding Gyrodyne Common Stock entitled to vote at the special meeting are represented in person or by proxy. On the record date, [1,482,680] shares of Gyrodyne Common Stock were issued and outstanding and held by [1,540] holders of record. On such date, [46,625] shares of Gyrodyne Common Stock were held by our directors, executive officers and their affiliates. This proxy statement/prospectus and the enclosed proxy card were mailed starting on or about [•], 2014.

Vote Required

An affirmative vote of the holders of at least two-thirds of all outstanding shares of Gyrodyne Common Stock entitled to vote thereon is required to authorize the Proposal. If you abstain from voting, your abstention will have the same effect as an “Against” vote for purposes of determining whether approval of the Proposal has been obtained. In such cases, broker non-votes also will have the same effect as an “Against” vote.

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Proxies

Except for certain items for which brokers are prohibited from exercising their discretion, a broker who holds shares in "street name" has the authority to vote on routine items when it has not received instructions from the beneficial owner. Where brokers do not have or do not exercise such discretion, the inability or failure to vote is referred to as a "broker non-vote." If the broker returns a properly executed proxy, the shares are counted as present for quorum purposes. If the broker crosses out, does not vote with respect to, or is prohibited from exercising its discretion, resulting in a broker non-vote, the effect of the broker non-vote on the result of the vote depends upon whether the vote required for that proposal is based upon a proportion of the votes cast (no effect) or a proportion of the votes entitled to be cast (effect of a vote against). If the broker returns a properly executed proxy, but does not vote or abstain with respect to a proposal and does not cross out the proposal, the proxy will be voted "FOR" the proposal and in the proxy holder's discretion with respect to any other matter that may come before the meeting or any adjournments or postponements thereof. Approval of the Proposal is a matter for which brokers are prohibited from exercising their discretion. Therefore, shareholders will need to provide brokers with specific instructions on whether to vote in the affirmative for or against the Proposal.

Background; The Tax Liquidation (see page [•])

Adoption of the Plan of Liquidation

Further to the Company's previously stated goal of providing one or more tax efficient liquidity events to its shareholders and taking into account, among other factors, the Company's receipt of a private letter ruling from the Internal Revenue Service (the "PLR") (as described below), our board of directors concluded that it is in the best interests of Gyrodyne and its shareholders to liquidate the Company for federal income tax purposes. See "Background; The Tax Liquidation — The Special Dividend." On that basis, on September 12, 2013, our board of directors adopted a Plan of Liquidation and Dissolution (the "Plan of Liquidation"), pursuant to which we intend to dispose of our remaining assets in an orderly manner designed to obtain the best reasonably available value for such assets and to complete the liquidation of the Company for federal income tax purposes within the two year period from the adoption of the Plan of Liquidation, as provided by Section 562(b)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code"). In this proxy statement/prospectus, we refer to such liquidation as the "Tax Liquidation."

The First Special Dividend (see page •)

On September 13, 2013, our board of directors declared the First Special Dividend, in the amount of $98,685,000, or $66.56 per Gyrodyne share, of which approximately $68,000,000, or $45.86 per share, was to be paid in cash. On such date, the Company announced that the balance of the First Special Dividend ($30,685,000) was payable in the form of cash proceeds from any further asset dispositions effected prior to payment of the dividend, Dividend Notes (as described below), interests in Gyrodyne, LLC or any other limited liability company to which Gyrodyne might transfer its remaining assets (or into which it may merge), or a combination of such forms at the discretion of our board of directors. Distribution of non-cash consideration was necessary because the Company did not have sufficient cash on hand to cover the full amount of the First Special Dividend.

In connection with the First Special Dividend, our board of directors requested the opinion of Valuation Research Corporation ("Valuation Research") as to the solvency of Gyrodyne after giving effect to the First Special Dividend. On September 13, 2013, at a meeting of our board of directors, Valuation Research delivered its opinion that, immediately after the completion of the First Special Dividend, (i) each of our fair value and the present fair saleable value of our aggregate assets exceeds the sum of our total liabilities (including, without limitation, the stated liabilities, the identified contingent liabilities and the Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)); (ii) we will be able to pay our debts (including our respective stated liabilities, identified contingent liabilities and the Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)), as such debts mature or otherwise become absolute or due; and (iii) we do not have unreasonably small capital.

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On December 19, 2013, our board of directors determined that the non-cash portion of the First Special Dividend would be paid by distribution of all of the equity interests in GSD and determined that, after consideration of a management presentation regarding the fair market value of the properties to be transferred to GSD, the aggregate value of the GSD Interests to be distributed as the First Special Dividend was $30,685,000 (an amount determined by our board of directors to be equal to the estimated fair market value of the properties, net of all liabilities encumbering such properties, including an aggregate of approximately $14,000,000 in mortgages payable to a subsidiary of Gyrodyne). Gyrodyne contributed to GSD 100 percent economic interest in all of Gyrodyne's real estate properties: Flowerfield and the medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia. We refer to such properties as the Contributed Properties.

The First Special Dividend was paid on December 30, 2013 to shareholders of record as of November 1, 2013. As required by NASDAQ rules governing special dividends of this magnitude, the ex-dividend date was set one business day following the payment date.

The Second Special Dividend (see page •)

The transfer of the Contributed Properties by Gyrodyne to GSD resulted in the recognition of approximately $28.4 million of capital gain income by Gyrodyne in 2013. Giving effect to offsetting deductions, Gyrodyne determined that it would have approximately $18 million in REIT income for 2013. In order to satisfy applicable REIT distribution requirements, on December 20, 2013, Gyrodyne declared an additional dividend (the Second Special Dividend), payable to Gyrodyne shareholders of record as of December 31, 2013 on January 31, 2014. The Second Special Dividend was paid in the form of interests in a global dividend note ("Dividend Notes") aggregating $16,150,000 ($10.89 per share) in principal amount. The Dividend Notes bear interest at 5.0% per annum, payable semi-annually on June 15 and December 15 of each year, commencing June 15, 2014, and may be payable in cash or in the form of additional Notes ("PIK Interest"). A copy of the form of the Dividend Notes is attached to this proxy statement/prospectus as Annex D, and this summary is qualified in its entirety by reference to such Annex D.

Revisions to the Merger Agreement (see page •)

On December 19, 2013, the board of directors determined that, having declared the First Special Dividend to achieve the benefits of the private letter ruling and the Second Special Dividend to make the required distribution of 2013 REIT income, that the entire non-cash portion of the First Special Dividend would be satisfied by issuance of all of the equity interests in GSD and that the Second Special Dividend would be paid in the form of Dividend Notes. The board also determined to amend the merger agreement to provide that both Gyrodyne and GSD would merge into Gyrodyne, LLC and that in such merger the interests in GSD distributed in the First Special Dividend, and the common shares of Gyrodyne would all be converted into equity interests of Gyrodyne, LLC, and the Dividend Notes issued in the Second Special Dividend would be redeemed with equity of Gyrodyne LLC, thereby resulting in a simplified capital structure and permitting holders of interests in GSD and holders of Dividend Notes as well as Gyrodyne shareholders to receive freely transferable common shares of Gyrodyne, LLC. The board also authorized the approval of the merger by Gyrodyne in its capacity as the sole member of GSD and Gyrodyne, LLC. The merger agreement provides that holders of common stock of Gyrodyne will receive approximately 15.2% of the common equity interests in Gyrodyne, LLC in the aggregate, holders of the Dividend Notes ($16,150,000) would receive approximately 29.2% of the common equity interests in Gyrodyne, LLC in the aggregate, and holders of shares of GSD would receive approximately 55.6% of the common equity interests of Gyrodyne, LLC in the aggregate. The board of directors determined these allocations based on the mathematical portion of the fair market value of GSD ($30,685,000) as determined by our board of directors, the principal amount of Dividend Notes ($16,150,000) and the assumed pro forma book value of Gyrodyne of $8,450,000 (approximately $5.70 per share). (The board recognized that the GSD interests and Dividend Notes were not transferrable, and the holders will not be able to readily realize value.) The merger will effect the final step in the tax liquidation of Gyrodyne while simplifying the corporate structure and interrelationships of Gyrodyne and GSD.

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The Plan of Merger (see page [•])

Adoption of the Plan of Merger

In connection with the adoption of the Plan of Liquidation, our board of directors has approved and recommends that you approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby.

The Plan of Merger is designed to facilitate the Tax Liquidation and to provide a simplified capital structure that results in holders of nontransferable GSD Interests and holders of nontransferable Dividend Notes as well as Gyrodyne shareholders holding freely transferable common shares of Gyrodyne, LLC, the entity which will hold and operate Contributed Properties, pending their sale or other disposition. In essence, having made the First Special Dividend to achieve the benefits of the PLR and the Second Special Dividend to make a required distribution of 2013 REIT income, the merger will effect the final step in the Tax Liquidation, while simplifying the corporate structure and interrelationships of Gyrodyne and GSD.

Following the merger, if implemented, it is the current intent of the board of directors that Gyrodyne, LLC would operate with a business plan to dispose of the Contributed Properties, and any other assets, in an orderly manner designed to obtain the best value reasonably available for such assets. If approved, each of Gyrodyne and GSD would be merged with and into Gyrodyne, LLC, which would be the surviving entity in the merger. Gyrodyne, LLC is intended to be a pass-through entity for federal income tax purposes and the common shares representing limited liability company interests in Gyrodyne, LLC ("Gyrodyne, LLC Shares") are intended to become publicly traded on NASDAQ under the symbol "GYRO." No assurance can be given that NASDAQ will permit trading of Gyrodyne, LLC Shares. The terms of the merger are set forth in the Amended and Restated Plan of Merger attached as Annex C to this proxy statement/prospectus (the "Plan of Merger").

At the special meeting, shareholders are being asked to vote "FOR" the Proposal to authorize the Plan of Merger. However, even if our shareholders approve the proposal to authorize the Plan of Merger, our board of directors has reserved the right, in its discretion, to abandon or delay implementation of the merger and any other transaction contemplated by the Plan of Merger, in order, for example, to permit us to pursue new strategic opportunities.

Effect of Authorization of the Plan of Merger

If our shareholders approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby, our board of directors will have the power to effect the Tax Liquidation by consummating the merger. Our board of directors would determine whether to consummate the merger exercising its best judgment based on circumstances existing at the time the merger is susceptible of being consummated, and could determine not to consummate the merger if it determined that a more favorable alternative to Gyrodyne and its shareholders then existed. Pursuant to the terms of the Plan of Merger and in accordance with New York law, each of Gyrodyne and GSD will be merged with and into Gyrodyne, LLC, whereupon the separate corporate existence of each of Gyrodyne and GSD will cease and Gyrodyne, LLC will be the surviving entity of the merger. The merger will result in holders of Gyrodyne Common Stock receiving approximately 15.2% of Gyrodyne, LLC Shares in the aggregate, holders of the Dividend Notes receiving approximately 29.2% of Gyrodyne, LLC Shares in the aggregate, and holders of GSD Interests receiving approximately 55.6% of Gyrodyne, LLC Shares in the aggregate, subject to adjustment in the discretion of the Gyrodyne board of directors. Thus, upon the effectiveness of the merger, subject to adjustment in the discretion of the Gyrodyne board of directors, each issued (i) share of Gyrodyne Common Stock (other than those that elect to exercise their appraisal rights) will be converted into one Gyrodyne, LLC Share, (ii) Dividend Note will be redeemed for approximately 1.92 Gyrodyne, LLC Shares and (iii) interest of GSD will be converted into approximately 3.66 Gyrodyne, LLC Shares, whereupon holders of such shares automatically will be admitted to Gyrodyne, LLC as members.

The determination of the board of directors as to the number of Gyrodyne, LLC Shares into which each share of Gyrodyne Common Stock and each GSD Interest will be converted, and for which each Dividend Note will be redeemed, will be announced at least ten days prior to the special meeting via press release, a copy of which will be filed with the SEC under cover of a Current Report on Form 8-K. Further, at the effective time of the merger, Gyrodyne, LLC will assume each of the liabilities and obligations of each of Gyrodyne and GSD, including Gyrodyne's Incentive Compensation Plan.

Pursuant to the Plan of Merger, each certificate (or evidence of shares in book-entry form) representing the number shares of Gyrodyne Common Stock or GSD Interests and the evidence of notes in book-entry form representing the Dividend Notes will be deemed for all purposes to represent the applicable number of Gyrodyne, LLC Shares into which such Gyrodyne Common Stock and GSD Interests is converted, or for which Dividend Notes are redeemed, in the merger, respectively, and such Gyrodyne Common Stock and GSD Interests will be converted, and such Dividend Notes will be redeemed, in the merger, without any action on the part of shareholders.

Effect on Gyrodyne and Gyrodyne Shareholders if the Plan of Merger is Not Authorized (see page •)

If our shareholders do not approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby, we will continue our business operations, which currently include managing GSD and holding mortgages on various GSD properties, as a self-managed and self-administered REIT. In light of our announced intent to liquidate, prospective employees, suppliers, tenants and other third parties may be less likely to form relationships or conduct business with us if they do not believe we will continue to operate as a going concern.

For a description of the tax consequences of such scenario, see "Federal Income Tax Considerations — If the Plan of Merger is Not Authorized."

Plan for Gyrodyne, LLC Subsequent to the Merger

Although consummation of the merger will complete the Tax Liquidation, our board of directors currently intends that, following the merger, Gyrodyne, LLC will operate with a business plan to dispose of the Contributed Properties in an orderly manner designed to obtain the best value reasonably available for such assets. Proceeds of such dispositions will be used to settle any claims, pending or otherwise, against Gyrodyne and to make distributions to holders of Gyrodyne, LLC Shares. Gyrodyne, LLC intends to effect a dissolution of Gyrodyne, LLC when it has completed the disposition of all of its real property assets, after which Gyrodyne, LLC will dissolve and a final distribution will be made. Under the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC, such dissolution may be effected upon the vote of holders a majority of the Gyrodyne, LLC Shares or, in the board's discretion and without any separate approval by the holders of the Gyrodyne, LLC Shares at any time the value of the Gyrodyne, LLC's assets, as determined by the board in good faith, is less than $1,000,000. We are unable to predict the precise nature, amount or timing of such distributions. The actual nature, amount and timing of all distributions will be determined by Gyrodyne, LLC, in its sole discretion, and will depend in part upon the ability to convert our remaining assets into cash and pay and settle our remaining liabilities and obligations.

Conditions to Completion of the Merger

In addition to approval of the Proposal by the holders of shares of Gyrodyne Common Stock in accordance with Section 903(a)(2)(A)(ii) of the New York Business Corporation Law, the completion of the Plan of Merger is subject to satisfaction or, if not prohibited by law, waiver of the following conditions:

•

- approval for listing on NASDAQ of Gyrodyne, LLC Shares, subject to official notice of issuance;

•

- the effectiveness of the registration statement, of which this proxy statement is a part, without the issuance of a stop order or initiation of any proceeding seeking a stop order by the U.S. Securities and Exchange Commission (the "SEC");

•

- no governmental authority shall have enacted, issued, promulgated, enforced or entered into law (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, conditions, makes illegal or otherwise prohibits the consummation of the transactions contemplated by the Plan of Merger;

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- all necessary material consents, waivers, approvals, authorizations or orders required to be obtained, and the making of all material filings required to be made, by any party hereto for the authorization, execution and delivery, and performance of the Plan of Merger, and the consummation by Gyrodyne, GSD and Gyrodyne, LLC of the merger, shall have been obtained or made; and

- holders of fewer than 5% of the outstanding shares of Gyrodyne Common Stock shall have perfected their statutory appraisal rights to obtain the "fair value" of their shares of Gyrodyne Common Stock.

Termination of the Plan of Merger

We may terminate the Plan of Merger at any time prior to consummation of the merger, even if our shareholders approve the proposal to authorize a merger pursuant to the Plan of Merger and the other conditions to the completion of the merger are satisfied or, if not prohibited by law, waived, or if our board of directors determines that, for any reason, the completion of the merger would be inadvisable or not in the best interests of Gyrodyne or its shareholders.

Description of Gyrodyne, LLC Shares

Gyrodyne, LLC Shares to be received in the Merger represent limited liability company interests in Gyrodyne, LLC. The holders of Gyrodyne, LLC Shares will be entitled to receive distributions and exercise the rights or privileges available to such holders under the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC, which is described below. Immediately after giving effect to the transactions contemplated by the Merger, it is expected that approximately 9,756,034 Gyrodyne, LLC Shares will be outstanding. Gyrodyne, LLC Shares are intended to become publicly traded on NASDAQ under the symbol "GYRO." No assurance can be given that NASDAQ will permit trading of Gyrodyne, LLC Shares.

Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC

Following completion of the merger, your rights as a holder of Gyrodyne, LLC Shares will be governed by the amended and restated limited liability company agreement of Gyrodyne, LLC (which will be effective immediately prior to or concurrently with the consummation of the merger) (the "Amended and Restated Limited Liability Company Agreement"). The articles of organization of Gyrodyne, LLC (the "Articles of Organization"), as in effect immediately prior to the consummation of the merger, will be the Articles of Organization after the consummation of the merger.

After the merger, it is anticipated that Gyrodyne, LLC will be managed by a board of directors with the same members as our board of directors, and have the same officers and management personnel as that of Gyrodyne prior to the merger. Further, it is anticipated that the board of directors will form the same committees with identical members and substantially similar governing charters as those of Gyrodyne prior to the merger. See "The Proposal — The Plan of Merger — Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC."

Comparison of Rights of Gyrodyne Shareholders and Holders of Gyrodyne, LLC Shares

Although, as a result of the merger, Gyrodyne shareholders will own Gyrodyne, LLC Shares and be subject to the governing documents of Gyrodyne, LLC and be governed by the New York Limited Liability Company Law, Gyrodyne, LLC's organizational documents and the rights of holders of Gyrodyne, LLC Shares will be substantially similar in all material respects to Gyrodyne's organizational documents and Gyrodyne shareholders' rights prior to the merger, other than (i) the differences noted in "Comparison of Rights of Holders of Common Stock and Holders of Gyrodyne, LLC Shares," including, among others, the differences incident to: holding limited liability company interests instead of corporate stock; the Board's ability to amend the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC and an ownership limitation of indefinite duration that prohibits members from holding Gyrodyne, LLC Shares

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representing in excess of 20% of the outstanding Gyrodyne, LLC Shares at any time as well as (ii) the differences in taxation described in “Federal Income Tax Considerations.” See “The Proposal — The Plan of Merger — Comparison of R of Gyrodyne Shareholders and Holders of Gyrodyne, LLC’s Shares” and “Federal Income Tax Considerations”

Comparison of Rights of Holders of GSD Interests and Holders of Gyrodyne LLC Shares

Although, as a result of the merger, holders of GSD Interests will own Gyrodyne, LLC Shares and be subject to the governing documents of Gyrodyne, LLC. Gyrodyne, LLC’s organizational documents and the rights of holders of Gyrodyne, LLC Shares will still be governed by the New York Limited Liability Company Law. Currently, GSD is managed by Gyrodyne and GSD Interests may not be assigned or transferred, voluntarily or involuntarily, and are not listed on any exchange. See “The Proposal — The Plan of Merger — Comparison of Rights of Holders of GSD Interests an Holders of Gyrodyne, LLC’s Shares.”

Recommendations of Our Board of Directors; Reasons for the Plan of Liquidation and the Plan of Merger

Board of Directors’ Recommendations (see page •)

Our board of directors unanimously approved and declared advisable the Plan of Merger and the transactions contemplated thereby. Our board of directors recommends that Gyrodyne shareholders vote “FOR” the proposal to authorize the Plan of Merger and the transactions contemplated thereby. See “The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merger.”

Reasons for the Plan of Merger and the Tax Liquidation

The Plan of Merger is designed to facilitate the Tax Liquidation and to provide a simplified capital structure that results in holders of nontransferable GSD Interests and holders of nontransferable Dividend Notes as well as Gyrodyne shareholders holding freely transferable common shares of Gyrodyne, LLC, the entity which will hold and operate Contributed Properties, pending their sale or other disposition. In essence, having made the First Special Dividend to achieve the benefits of the PLR and the Second Special Dividend to make a required distribution of 2013 REIT income, the merger will effect the final step in the Tax Liquidation, while simplifying the corporate structure and interrelationships of Gyrodyne and GSD.

The Tax Liquidation, if effected within two years from the Adoption Date, which may be so effected if the merger is approved and consummated, will allow Gyrodyne to report each of the GSD Interests and the $45.86 per share in cash distributed pursuant to the First Special Dividend, as well as the Dividend Notes issued pursuant to the Second Special Dividend, as a return of capital to shareholders up to each shareholder’s basis in its shares, rather than as capital gains.

For a discussion of the material factors considered by our board of directors in reaching its conclusions and the reasons why our board of directors unanimously determined that the Plan of Merger and transactions contemplated thereby, including the utilization of the merger to accomplish the Tax Liquidation, may be in the best interests of the Company and its shareholders, see “The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merger.”

Interests of the Company’s Directors and Executive Officers (see page •)

In considering the recommendation of our board of directors in favor of the proposal to authorize the Plan of Merger and the transactions contemplated thereby, you should be aware that consummation of the transactions contemplated thereby will result in the payment of certain pre-existing benefits to our directors and executive officers. See “Background; The Tax Liquidation — Interests of Our Directors and Executive Officers.”

Statutory Appraisal Rights

Pursuant to Section 910 of the New York Business Corporation Law, holders of Gyrodyne Common Stock have statutory appraisal rights, which may entitle them to receive the “fair value” of their shares if they dissent from the Proposal. In order to properly exercise dissenters’ rights, dissenting shareholders will be

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required to follow the procedure outlined in “The Proposal — The Plan of Merger — Statutory Appraisal Rights to Transactions Contemplated by the Plan of Merger” and “Statutory Appraisal Rights to Transactions Contemplated by the Proposal.”

Federal Income Tax Considerations (see page •)

Pursuant to the receipt of the PLR, we designated the First Special Dividend as a dividend paid with respect to our taxable year ending December 31, 2012, and paid an approximately 4% excise tax (equal to approximately $3,400,000), in connection with the payment of the First Special Dividend.

If the Proposal to authorize the Plan of Merger and the transactions contemplated thereby is approved and consummated, the Special Dividends, and any additional distributions of cash, will generally be treated as a return of capital and tax-free reduction of a recipient shareholder’s basis in its shares, with any distributions in excess of such shareholder’s basis constituting a capital gain. If the Plan of Merger is not authorized, the Special Dividends will instead be treated as a capital gain dividend to shareholders that received the Special Dividends. Certain foreign shareholders are subject to additional rules. For more information, see “Federal Income Tax Considerations.”

Accounting Treatment of the merger (see page •)

For accounting purposes, we expect that the merger will be treated as a transaction between entities under common control. The accounting basis used to record the consolidated assets and liabilities of Gyrodyne, LLC will be the liquidation value of Gyrodyne’s assets and liabilities in accordance with the liquidation basis of accounting.

Regulatory Matters (see page •)

No state or federal regulatory approval is required in connection with the Plan of Liquidation or the Plan of Merger.

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QUESTIONS AND ANSWERS

The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting, the Plan of Liquidation and the Plan of Merger. These questions and answers may not address all questions that may be important to you as a Gyrodyne shareholder. Please refer to the "Summary Term Sheet" preceding this section and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in this proxy statement/prospectus, all of which you should read carefully.

Q:

- Why am I receiving these materials?

A:

- Our board of directors is furnishing this proxy statement/prospectus and form of proxy card to Gyrodyne shareholders in connection with the solicitation of proxies to be voted at the special meeting of shareholders or at any adjournments or postponements of the special meeting.

Q:

- When and where is the special meeting?

A:

- The special meeting will be held at Flowerfield Celebrations, Mills Pond Road, Saint James, New York 11780 on ___, 2014, at 11:00 a.m., Eastern Time.

Q:

- Who is entitled to vote at the special meeting?

A:

- Only holders of record of shares of Common Stock at the close of business on the record date, __, 2014, are entitled to notice of and to vote at the special meeting. Each share of Common Stock issued and outstanding on the record date is entitled to one vote at the special meeting on the proposal presented. On the record date, [1,482,680] shares of Common Stock were issued and outstanding and held by [1,540] holders of record.

Q:

- May I attend the special meeting and vote in person?

A:

- Yes. All shareholders as of the record date may attend the special meeting and vote in person. Seating will be limited. To obtain an admittance card for the special meeting, please complete the enclosed attendance registration form and return it with your proxy card. If your shares are held in "street name" by a bank or broker, you may obtain an admittance card by returning the attendance registration form your bank or broker forwarded to you. If you do not receive an attendance registration form, you may obtain an admittance card by sending a written request, accompanied by proof of share ownership, to the undersigned. For your convenience, we recommend that you bring your admittance card to the special meeting so you can avoid registration and proceed directly to the special meeting. However, if you do not have an admittance card by the time of the special meeting, please bring proof of share ownership to the registration area where our staff will assist you.

Your vote is very important to us and it is important that your shares be represented at the special meeting. The Plan of Merger and the transactions contemplated thereby cannot be completed unless at least two-thirds of all outstanding shares of Common Stock entitled to vote thereon vote in favor of such proposal. Even if you plan to attend the special meeting in person, we encourage you to promptly vote your shares by proxy by following the instructions beginning on page [•] of this proxy statement/prospectus to ensure that your shares will be represented at the special meeting. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you hold your shares in "street name," because you are not the shareholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid proxy from your bank, broker or other nominee.
Q:

- What am I being asked to vote on at the special meeting?

A:

- At the special meeting, shareholders will be asked to consider and vote upon a proposal to authorize the Plan of Merger under the New York Business Corporation Law, including the merger of the Company into Gyrodyne, LLC, and to transact such other business as may properly come before the special meeting or any adjournment thereof.

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Q:

- What vote is required to approve the Proposal?

A:

- The authorization of the Plan of Merger and the transactions contemplated thereby requires the presence of a quorum and the affirmative vote of at least two-thirds of all outstanding shares of Common Stock entitled to vote thereon. If you abstain from voting, your abstention will have the same effect as an "Against" vote for purposes of determining whether authorization of the Plan of Merger has been obtained. In such cases, broker non-votes also will have the same effect as an "Against" vote.

Q:

- What is the Plan of Liquidation and what effects will it have on Gyrodyne?

A:

- Our board of directors adopted the Plan of Liquidation, pursuant to which we intend to dispose of our remaining assets in an orderly manner designed to obtain the best reasonably available value for such assets and to complete the Tax Liquidation of the Company within the two year period from the adoption of the Plan of Liquidation, as provided by Section 562(b)(1)(B) of the Code. At the special meeting, shareholders are being asked to approve the Proposal to authorize the Plan of Merger, which, if approved, would permit Gyrodyne to accomplish the Tax Liquidation by effecting the merger. However, even if the merger pursuant to the Plan of Merger is authorized by our shareholders, our board of directors has reserved the right, in its discretion, to abandon or delay implementation of the transactions contemplated by the Plan of Merger, in order, for example, to permit us to pursue new strategic opportunities.

Q:

- Do you have agreements to sell your assets?

A:

- As of the date of this proxy statement/prospectus, we have not entered into any binding agreements to sell our interests in any of our remaining assets.

Q:

- What happens if the Plan of Merger is not authorized?

A:

- If our shareholders do not approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby, we will continue our business operations as a self-managed and self-administered REIT. In light of our announced intent to liquidate, prospective employees, suppliers, tenants and other third parties may be less likely to form relationships or conduct business with us if they do not believe we will continue to operate as a going concern.

In addition, the tax consequences to those shareholders that received the Special Dividends may be impacted.

Q:

- Can the Plan of Liquidation be amended or abandoned?

A:

- Yes. Even if the shareholders approve the proposal to authorize the Plan of Merger, our board of directors may amend or abandon the Plan of Liquidation if it determines such action is in the best interest of the Company or the shareholders.

Q:

- What is the Plan of Merger and what effects will it have on Gyrodyne?

A:

- Pursuant to the terms of the Plan of Merger and in accordance with New York law, each of Gyrodyne and GSD will be merged with and into Gyrodyne, LLC, whereupon the separate corporate existence of each of Gyrodyne and GSD will cease and Gyrodyne, LLC will be the surviving entity of the merger. The merger will result in holders of Gyrodyne Common Stock receiving approximately 15.2% of Gyrodyne, LLC Shares in the aggregate, holders of the Dividend Notes receiving approximately 29.2% of Gyrodyne, LLC Shares in the aggregate, and holders of GSD Interests receiving approximately 55.6% of Gyrodyne, LLC Shares in the aggregate, subject to adjustment in the discretion of the Gyrodyne board of directors. Thus, upon the effectiveness of the merger, subject to adjustment in the discretion of the Gyrodyne board of directors, each issued (i) share of Gyrodyne Common Stock (other than those that elect to exercise their appraisal rights) will be converted into 0.152 Gyrodyne, LLC Share, (ii) Dividend Note will be redeemed for approximately 0.292 Gyrodyne, LLC Shares and (iii) interest of GSD will be converted into approximately 0.556 Gyrodyne, LLC Shares, whereupon holders of such shares automatically will be admitted to Gyrodyne, LLC as members.

The determination of the board of directors as to the number of Gyrodyne, LLC Shares into which each share of Gyrodyne Common Stock and each GSD Interest will be converted and for which each Dividend Note will be redeemed will be announced at least ten days prior to the special meeting via

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press release, a copy of which will be filed with the SEC under cover of a Current Report on Form 8-K. Further, at the effective time of the merger, Gyrodyne, LLC will assume each of the liabilities and obligations of each of Gyrodyne and GSD, including Gyrodyne's Incentive Compensation Plan.

Q:

- Can the Plan of Merger be amended or abandoned?

A:

- Even if the Plan of Merger, including the merger, is authorized by our shareholders, our board of directors has reserved the right, in its discretion, to abandon or delay implementation of the transactions contemplated by the Plan of Merger, in order, for example, to permit us to pursue new strategic opportunities.

Q:

- What are the recommendations of our board of directors?

A:

- Our board of directors unanimously approved and declared advisable the Plan of Merger. Our board of directors recommends that Gyrodyne shareholders vote "FOR" the proposal to authorize the Plan of Merger. See "The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merg

Q:

- Are there any interests in the liquidation that differ from my own?

A:

- Yes, some of our directors and officers have interests in the Plan of Liquidation and Plan of Merger that are different from your interests as a shareholder. In considering the recommendation of our board of directors in favor of the proposal to authorize the Plan of Merger, you should be aware that consummation of the transactions contemplated thereby will result in the payment of certain pre-existing benefits to our directors and executive officers. See "Background; The Tax Liquidation — Interests of Our Directors and Executive Officers."

Q:

- Am I entitled to statutory appraisal or dissenters' rights in connection with the Plan of Merger?

A:

- If the Plan of Merger is authorized and implemented, holders of shares of Common Stock who did not vote in favor of the proposal to authorize the Plan of Merger and who timely dissent and follow precisely the procedures in Sections 623 and 910 of the New York Business Corporation Law (see Annex E to this proxy statement/prospectus) will have certain rights to demand payment for the "fair value" of their shares of Common Stock. If Gyrodyne fails to make a timely offer to a dissenting shareholder or the dissenting shareholder and Gyrodyne cannot agree on the "fair value" within the statutory period, and if Gyrodyne fails to institute a judicial proceeding to fix "fair value" within the statutory period, any dissenting shareholders may seek judicial determination of the "fair value" in New York State Supreme Court in the judicial district in which the headquarters of Gyrodyne is located. Holders receiving payment for their shares of Common Stock in accordance with dissenter's rights will not also be entitled to receive Gyrodyne, LLC Shares. No appraisal or dissenters' rights are available to holders of GSD Interests or Dividend Notes in connection with the Plan of Merger. See "The Proposal — The Plan of Merger — Statutory Appraisal Rights to Transactions Contemplated by Plan of Merger" and "Statutory Appraisal Rights to Transactions Contemplated by the Proposal."

Q:

- How will the merger be treated for accounting purposes?

A:

- For accounting purposes, we expect that the merger will be treated as a transaction between entities under common control. The accounting basis used to record the consolidated assets and liabilities of Gyrodyne, LLC will be the liquidation value in accordance with the liquidation basis of accounting.

Q:

- What are the tax implications to shareholders of the approval of the Plan of Merger?

A:

- In general, if our shareholders approve the proposal to authorize the Plan of Merger, a shareholder will recognize, for federal income tax purposes, gain or loss equal to the difference between (i) the sum of the amount of cash and the fair market value of other property (as determined by our board of directors) distributed to such shareholder in the Special Dividends, if any, and in any other distributions we may make pursuant to the Tax Liquidation, whether by merger or otherwise (including the interests in Gyrodyne, LLC reached by such Shareholders pursuant to the Merger), and (ii) such shareholder's adjusted tax basis in its shares of Common Stock. Any gain will be recognized in such year(s) when the shareholder receives a distribution that, in the aggregate with all other distributions received pursuant to the Tax Liquidation, whether by merger or otherwise, is in excess of

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the shareholder’s basis in its shares of Common Stock; loss will be recognized only in the year in which the final distribution to the shareholder is made, and only if the shareholder has not received distributions equal to the shareholder’s basis in its shares of Common Stock.

For more information, see “Federal Income Tax Considerations.”

WE URGE EACH SHAREHOLDER TO CONSULT WITH ITS TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF THE PLAN OF MERGER.

Q:

- What constitutes a quorum?

A:

- If a majority of the shares outstanding on the record date are present at the special meeting, either in person or by proxy, we will have a quorum at the meeting, permitting the conduct of business at the meeting. As of the date of this proxy statement/prospectus, we had [1,482,680] shares of Common Stock issued and outstanding and entitled to a vote.

Q:

- What do I need to do now?

A:

- We encourage you to read carefully this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents to which we refer in this proxy statement/prospectus, and then vote your shares of Common Stock by proxy by following the instructions beginning on page [•] of this proxy statement/prospectus to ensure that your shares will be represented at the special meeting. If you hold your shares in “street name,” please refer to the voting instruction forms provided by your bank, broker or other nominee to vote your shares.

Q:

- What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A:

- If your shares are registered directly in your name with our transfer agent, Registrar and Transfer Company, you are considered, with respect to those shares, to be the “shareholder of record.” In this case, this proxy statement/prospectus and your proxy card have been sent directly to you by the Company.

If your shares are held through a bank, broker or other nominee, you are considered the “beneficial owner” of the shares of Common Stock held in “street name.” In that case, this proxy statement/prospectus has been forwarded to you by your bank, broker or other nominee, who is considered, with respect to those shares, to be the shareholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee how to vote your shares by following their instructions for voting. You also are invited to attend the special meeting; however, because you are not the shareholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid proxy from your bank, broker or other nominee.

Q:

- How do I vote my proxy?

A:

- Shareholders of record can vote by mail if they received a printed copy of the proxy card. Complete and return that proxy card in the reply envelope provided (which does not require postage if mailed in the U.S.). If you are a shareholder of record and you choose to vote by mail, your vote will be counted so long as it is received prior to the closing of the polls at the special meeting, but we urge you to complete, sign, date and return the proxy card as soon as possible.

If your shares are held through a bank, broker or other nominee, this proxy statement/prospectus has been forwarded to you by your bank, broker or other nominee. In order to vote, you should direct your bank, broker or other nominee how to vote your shares by following their instructions for voting.

Q:

- If my broker holds my shares in “street name,” will my broker vote my shares for me?

A:

- Except for certain items for which brokers are prohibited from exercising their discretion, a broker who holds shares in “street name” has the authority to vote on routine items when it has not received instructions from the beneficial owner. Where brokers do not have or do not exercise such discretion, the inability or failure to vote is referred to as a “broker non-vote.” If the broker returns a properly executed proxy, the shares are counted as present for quorum purposes. If the broker crosses out, does not vote with respect to, or is prohibited from exercising its discretion, resulting in a broker non-vote, the effect of the broker non-vote on the result of the vote depends upon whether the vote required for

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that proposal is based upon a proportion of the votes cast (no effect) or a proportion of the votes entitled to be cast (effect of a vote against). If the broker returns a properly executed proxy, but does not vote or abstain with respect to a proposal and does not cross out the proposal, the proxy will be voted “FOR” the proposal and in the proxy holder’s discretion with respect to any other matter that may come before the meeting or any adjournments or postponements thereof. Approval of the Proposal is a matter for which brokers are prohibited from exercising their discretion. Therefore, shareholders will need to provide brokers with specific instructions on whether to vote in the affirmative for or against the Proposal.

Q:

- May I change my vote after I have mailed my signed proxy card?

A:

- Any shareholder of record may revoke or change that shareholder’s proxy at any time before the proxy is voted at the special meeting by (1) sending a written notice of revocation of the proxy to our Corporate Secretary at One Flowerfield, Suite 24, Saint James, New York 11780, (2) properly delivering a subsequently dated proxy, or (3) voting in person at the special meeting. Please note that to be effective, your new proxy card or written notice of revocation must be received by the Corporate Secretary prior to the special meeting.

Q:

- What is a proxy?

A:

- A proxy is your legal designation of another person, referred to as a “proxy,” to vote your shares of Common Stock. The written document describing the matters to be considered and voted on at the special meeting is called a “proxy statement/prospectus.” The document used to designate a proxy to vote your shares of Common Stock is called a “proxy card.” Our board of directors has designated Frederick C. Braun III, Gary J. Fitlin and Peter Pitsiokos, and each of them, with full power of substitution, as proxies for the special meeting.

Q:

- If a shareholder gives a proxy, how are the shares voted?

A:

- The individuals named on the enclosed proxy card, or your proxies, will vote your shares in the way that you indicate. When completing the proxy card, you may specify whether your shares should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the special meeting.

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted “FOR” the Plan of Merger proposal. If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on your proxy card or his replacement) will vote your shares using his or her best judgment.

Q:

- What should I do if I receive more than one set of voting materials?

A:

- You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, date, sign and return each proxy card and voting instruction card that you receive.

Q:

- Who will count the votes?

A:

- The votes will be counted by an independent inspector of election appointed for the special meeting.

Q:

- Who will bear the costs of soliciting votes for the meeting?

A:

- We will bear the entire cost of the solicitation of proxies from our shareholders. The Company has retained MacKenzie Partners, Inc. to assist the Company in soliciting your proxy for an estimated fee of $40,000 plus reasonable out-of-pocket expenses. MacKenzie Partners expects that approximately 25 of its employees will assist in the solicitation. MacKenzie Partners will ask brokerage houses and other custodians and nominees whether other persons are beneficial owners of shares of Common Stock. If so, the Company will reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of shares of Common Stock.

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Q:

- Where can I find the voting results of the special meeting?

A:

- The Company intends to announce preliminary voting results at the special meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC following the special meeting. All reports Gyrodyne files with the SEC are publicly available when filed. See “Where Shareholders Can Find More Information.”

Q:

- When do you expect the Plan of Liquidation or the Plan of Merger to be effected?

A:

- Pursuant to the Plan of Liquidation, we intend to dispose of our remaining assets in an orderly manner designed to obtain the best reasonably available value for such assets and to complete the Tax Liquidation of the Company within the two year period from the adoption of the Plan of Liquidation, as provided by Section 562(b)(1)(B) of the Code. Even if the Plan of Merger is authorized by our shareholders, our board of directors has reserved the right, in its discretion, to abandon or delay implementation of the transactions contemplated by the Plan of Liquidation and the Plan of Merger, in order, for example, to permit us to pursue new strategic opportunities. However, if authorized on a timely basis, and our board of directors determines to consummate the merger, the Company currently plans to effect the merger by July __, 2014.

Q:

- Who can help answer my questions?

A:

- If you have any questions concerning the special meeting, the proposal to be considered at the special meeting or this proxy statement/prospectus, or if you would like additional copies of this proxy statement/prospectus or need help voting your shares of Common Stock, please contact MacKenzie Partners, Inc. at 1-800-322-2885.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus contain forward-looking statements about Gyrodyne within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements containing the words “believes,” “anticipates,” “estimates,” “expects,” “intends,” “plans,” “seeks,” “will,” “r “should,” “would,” “projects,” “predicts,” “continues” and similar expressions or the negative of these terms constitute forward-looking statements that involve risks and uncertainties. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and they are included in this proxy statement/prospectus for the purpose of invoking these safe harbor provisions. Such statements are based on current expectations and are subject to risks, uncertainties and changes in condition, significance, value and effect. Such risks, uncertainties and changes in condition, significance, value and effect could cause Gyrodyne’s actual results to differ materially from anticipated results, such as risks and uncertainties relating to the process of exploring strategic alternatives, risks associated with our ability to implement the Tax Liquidation, Plan of Liquidation or the Plan of Merger, the risk that the proceeds from the sale of our assets may be substantially below the Company’s estimates, the risk that the proceeds from the sale of our assets may not be sufficient to satisfy our obligations to our current and future creditors, the risk of shareholder litigation against the Tax Litigation, the Plan of Liquidation or the Plan of Merger and other unforeseeable expenses related to the proposed liquidation, the tax treatment of condemnation proceeds, the effect of economic and business conditions, risks inherent in the real estate markets of Suffolk and Westchester Counties in New York, Palm Beach County in Florida and Fairfax County in Virginia, the ability to obtain additional capital to develop the Company’s existing real estate and other risks detailed from time to time in the Company’s SEC reports. Except as may be required under federal law, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur.

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RISK FACTORS

In addition to the other information included in this proxy statement/prospectus and found in the Annexes attached hereto, including the matters addressed in “Cautionary Statement Concerning Forward-Looking Information,” or incorporated in to this proxy statement/prospectus by reference, you should carefully consider the following risk factors before deciding whether to vote in favor of the proposal to authorize the Plan of Merger and the transactions contemplated thereby. Additional risks and uncertainties not presently known to us or that are not currently believed to be material, if they occur, also may adversely affect the transactions contemplated by the Plan of Liquidation or the Plan of Merger. See “Where Shareholders Can Find More Information.”

There are risks and uncertainties associated with the transactions.

There are a number of risks and uncertainties relating to the Plan of Liquidation, the Plan of Merger and the respective transactions contemplated thereby. For example:

- the transactions may not be consummated (including as a result of a legal injunction) or may not be consummated as currently anticipated;
- there can be no assurance that approval of our shareholders will be obtained;
- there can be no assurance other conditions relating to implementation of the Plan of Merger will be satisfied or waived or that other events will not intervene to delay or result in our board of directors rescinding the Plan of Liquidation or terminating the Plan of Merger;
- if the transactions are not completed, the share price of shares of Common Stock may change to the extent that the current market price of Gyrodyne shares reflects an assumption that the transactions contemplated by the Plan of Liquidation and the Plan of Merger will be consummated;
- we may incur significant costs arising from efforts to engage in the transactions contemplated by the Plan of Liquidation and the Plan of Merger, and these expenditures may not result in the successful completion of such transactions; and
- even if the transactions contemplated by the Plan of Liquidation and the Plan of Merger are effected, achieving the anticipated benefits of the transactions is subject to a number of uncertainties. Failure to achieve anticipated benefits could result in increased costs and could materially adversely affect our business, financial condition and results of operations and the value of Gyrodyne to our shareholders.

If our shareholders do not authorize the Plan of Merger, we may encounter difficulties in our business operations.

Our board of directors adopted the Plan of Liquidation, pursuant to which we intend to dispose of our remaining assets in an orderly manner designed to obtain the best reasonably available value for such assets and to complete the Tax Liquidation. At the special meeting, shareholders are being asked to approve the Proposal to authorize the Plan of Merger, which, if approved, would permit us to accomplish the Tax Liquidation by effecting a merger with Gyrodyne, LLC. In the event that the Proposal is not approved, we will continue our business operations as a self-managed and self-administered REIT. In light of our announced intent to liquidate, prospective employees, suppliers, tenants and other third parties may be less likely to form relationships or conduct business with us if they do not believe we will continue to operate as a going concern.

If the Merger is consummated, we cannot assure you of the exact timing and amount of any distribution to our shareholders.

Although consummation of the merger will complete the Tax Liquidation, our board of directors currently intends that, following the merger, Gyrodyne, LLC will operate with a business plan to dispose of its current real property assets in an orderly manner designed to obtain the best value reasonably available for such assets. The liquidation process is subject to numerous uncertainties, may fail to create value to our shareholders and may not result in any remaining proceeds for distribution to our shareholders. The board of Gyrodyne, LLC may delay liquidation or determine not to liquidate such entity. The precise nature and

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timing of any distribution to our shareholders subsequent to the merger, if effected, will depend on and could be delayed by, among other things, sales of our non-cash assets, claim settlements with creditors, resolution of outstanding litigation matters, 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; and
- delays or unanticipated costs in our liquidation, including due to our inability to settle claims.

As a result, we cannot determine with certainty the amount or timing of distributions to our shareholders or to holders of Gyrodyne, LLC Shares.

Our board of directors may abandon or delay implementation of the Plan of Liquidation or the Plan of Merger even if the Plan of Merger is authorized by our shareholders.

Even if the merger pursuant to the Plan of Merger is authorized by our shareholders, our board of directors has reserved the right, in its discretion, to abandon or delay implementation of the transactions contemplated thereby and by the Plan of Liquidation, in order, for example, to permit us to pursue new strategic opportunities.

If our board of directors so abandons or delays, all distributions, including the Special Dividends, made to shareholders after the adoption of the Plan of Liquidation but prior to the abandonment or delay, may be treated as capital gain dividends to the extent such distribution do not exceed our actual net capital gain for the applicable taxable year. Dividends in excess of the Company’s earnings and profits would be tax-free to shareholders to the extent of their tax basis in their shares of Common Stock, and thereafter would be taxable as capital gains.

If our Common Stock were delisted from NASDAQ, shareholders may find it difficult to dispose of their shares.

If our Common Stock or, subsequent to the merger, Gyrodyne, LLC Shares were to be delisted from NASDAQ, trading of our Common Stock or, subsequent to the merger, Gyrodyne, LLC Shares most likely will be conducted in the over-the-counter market on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. Such trading will reduce the market liquidity of our Common Stock or, subsequent to the merger, Gyrodyne, LLC Shares. As a result, an investor would find it more difficult to dispose of, or obtain accurate quotations for the price of, our Common Stock or, subsequent to the merger, Gyrodyne, LLC Shares.

If the Plan of Merger is not authorized, the board may decide to pursue the Plan of Liquidation in another manner.

If the Plan of Merger is not approved, the board may determine not to withdraw the Plan of Liquidation but to continue to pursue a Tax Liquidation by other means, including a dissolution under New York law or a merger under different terms than those set forth in the Plan of Merger. In such event, Gyrodyne may suffer from a period of uncertainty (including, if authorization of our shareholders is required in connection with any such alternative transaction), costs of the liquidation may increase, and shareholders may be delayed in their receipt of liquidation proceeds and the amount of such proceeds may be reduced significantly.

We may not be able to settle all of our obligations to creditors at the amount we have estimated.

We have current and may incur future obligations to creditors. Our estimated distribution to shareholders takes into account all of our known obligations and our best estimate of the amount reasonably required to satisfy such obligations. As part of the wind-down process, we will attempt to settle those obligations with our creditors. We cannot assure you that we will be able to settle all of these obligations for the amount we have estimated for purposes of calculating the likely distribution to shareholders. If we are unable to reach

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an agreement with a creditor relating to an obligation, that creditor may bring a lawsuit against us. Amounts required to settle obligations or defend lawsuits in excess of the amounts estimated by us will reduce the amount of remaining proceeds available for distribution to shareholders.

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 holders of Gyrodyne, LLC Shares receive funds as distributions from Gyrodyne, LLC and there are not left sufficient funds to pay any creditors who seek payment of claims against Gyrodyne, GSD or Gyrodyne, LLC, holders of Gyrodyne, LLC Shares could be held liable for payments made to them and could be required to return all or a part of distributions made to them.

If the Plan of Merger is authorized, but the merger does not occur, shareholders may not be able to recognize a loss for federal income tax purposes until they receive a final distribution from us, which may be up to two years after our adoption of the Plan of Liquidation.

In general, if our shareholders approve the proposal to authorize the Plan of Merger and the Merger is consummated, a shareholder will recognize, for federal income tax purposes, gain or loss equal to the difference between (i) the sum of the amount of cash and the fair market value of other property distributed to such shareholder in the Special Dividends, if any, and in any other distributions we may make pursuant to the Tax Liquidation, whether by merger or otherwise, and (ii) such shareholder's adjusted tax basis in its shares of Common Stock. Liquidating distributions pursuant to the Plan of Liquidation and/or Plan of Merger may occur at various times and in more than one tax year. Any gain will be recognized in such year(s) when the shareholder receives a distribution that, in the aggregate with all other distributions received pursuant to the Tax Liquidation, whether by merger or otherwise, is in excess of the shareholder's basis in its shares of Common Stock; loss will be recognized only in the year in which the final distribution to the shareholder is made, and only if the shareholder has not received distributions equal to the shareholder's basis in its shares of Common Stock. Shareholders are urged to consult their tax advisors as to the specific tax consequences to them of a Tax Liquidation pursuant to the Plan of Liquidation and/or Plan of Merger.

We may be the potential target of a reverse acquisition or other acquisition prior to or after the merger.

Until the merger, we will continue to exist as a public company. Public companies that exist with limited operations have from time to time been the target of "reverse" acquisitions, meaning acquisitions of public companies by private companies in order to bypass the costly and time-intensive registration process to become publicly traded companies. In addition, we could become an acquisition target, through a hostile tender offer or other means, as a result of our cash holdings or for other reasons. In the event of a hostile acquisition bid, approval of the acquisition would be subject to our board of directors and/or shareholder approval. If we become the target of a successful acquisition, notwithstanding the shareholder authorization of the Plan of Merger, our board of directors could potentially decide to either delay or completely abandon the merger, and our shareholders may not receive any proceeds that would have otherwise been distributed in connection with the liquidation and may receive less than they would have received in the liquidation.

Following the merger, Gyrodyne, LLC similarly could become an acquisition target, which would delay or prevent the liquidation of the company's assets, thereby potentially delaying or reducing any proceeds that would have otherwise been distributed in connection with the liquidation.

Our directors and executive officers may have interests that are different from, or in addition to, those of our shareholders generally.

You should be aware of interests of, and the benefits available to, our directors and executive officers when considering the recommendation of our board of directors in favor of the proposal to authorize the Plan of Merger and the transactions contemplated thereby. Our board of directors and executive officers may have interests in the Plan of Liquidation and the Plan of Merger that may be in addition to, or different from, your interests as a shareholder. In addition, following the merger, our directors and executive officers will be entitled to continuing indemnification and liability insurance. For a more detailed discussion of the interests of our management, see pages [•] of this proxy statement/prospectus.

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We will continue to incur the expenses of complying with public company reporting requirements.

We have an obligation to continue to comply with the applicable reporting requirements of the Exchange Act and it is anticipated that Gyrodyne, LLC will continue to be subject to such requirements during the period its assets are liquidated even though compliance with such reporting requirements involves time and expense.

The board of directors of Gyrodyne, LLC may at any time turn management of its liquidation over to a third party, and some or all of our directors may resign from the board of directors of Gyrodyne, LLC at that time.

The board of directors of Gyrodyne, LLC may at any time turn certain aspects of our management over to a third party to complete the liquidation of our remaining assets and distribute the available proceeds to our shareholders. If management is turned over to a third party, the third party could have control over the liquidation process, including the sale or distribution of any remaining assets and such third party could charge significant fees related thereto, each of which could impact the nature, amount or timing of any liquidating distributions.

Tax treatment of liquidating distributions may vary from shareholder to shareholder.

The tax treatment of any liquidating distributions we make may vary from shareholder to shareholder, and the discussions in this proxy statement/prospectus regarding such tax treatment are general in nature. You should consult your tax advisor instead of relying on the discussions of tax treatment in this proxy for tax advice.

We have not requested a ruling from the Internal Revenue Service with respect to the anticipated tax consequences of the Plan of Liquidation or Plan of Merger, and we will not seek an opinion of counsel with respect to the anticipated tax consequences of any liquidating distributions. If any of the anticipated tax consequences described in this proxy statement/prospectus proves to be incorrect, the result could be increased taxation at the corporate and/or shareholder level, thus reducing the benefit to our shareholders and us from the liquidation and distributions. Tax considerations applicable to particular shareholders may vary with and be contingent upon the shareholder's individual circumstances.

Provisions of Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement, including its classified board of directors and 20% ownership limitation could make it more difficult for a third party to acquire Gyrodyne, LLC, discourage a takeover and adversely affect its members.

Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement contains certain provisions that may have the effect of making more difficult, delaying, or deterring attempts by others to obtain control of Gyrodyne, LLC, even when these attempts may be in the best interests of its members. These include provisions on maintaining a classified board of directors, limiting members' powers to remove directors and an ownership limitation that prohibits members from holding Gyrodyne, LLC Shares representing in excess of 20% of the outstanding Gyrodyne, LLC Shares at any time. These provisions and others that could be adopted in the future may have the effect of discouraging unsolicited takeover proposals and therefore may delay or prevent a change of control not approved by Gyrodyne, LLC's board of directors or may delay or prevent changes in Gyrodyne, LLC's control or management, including transactions in which holders of Gyrodyne, LLC Shares might otherwise receive a premium for their shares over then current market prices.

The corporate structure and interrelationships of Gyrodyne and GSD present risks of conflicts between the entities and their equity holders as long as they are operated as separate entities.

As a result of the First Special Dividend, Gyrodyne has been managing GSD pursuant to the terms of GSD's Amended and Restated Limited Liability Company Agreement, which provides that Gyrodyne, in its capacity as GSD's managing member, has unilateral authority, without seeking approval of holders of GSD shares, over the management of GSD, including as to the leasing and sale of the Contributed Properties and the execution of any agency and brokerage agreements to facilitate such leases and sales, investing in its real estate holdings through capital improvements and proceeding strategically with seeking to maximize the value of the undeveloped Flowerfield property. Under GSD's Amended and Restated Limited Liability Company Agreement, Gyrodyne is entitled to market-rate compensation for its services as well as

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reimbursement for any costs and expenses incurred by and properly allocable to GSD. In connection with such management services, Gyrodyne also is obligated to provide an initial liquidity facility to GSD in an amount not to exceed $2.5 million, which Gyrodyne may determine from time to time.

In carrying out its obligations under GSD's Amended and Restated Limited Liability Company Agreement, there may be instances where a conflict could arise between what is in the best interest of Gyrodyne and what is in the best interest of GSD. Although such agreement establishes applicable standards, there also may be actual or perceived conflicts between Gyrodyne and GSD in establishing actual compensation and reimbursement under those standards. Gyrodyne shareholders who sold their shares on or following the ex-dividend date of the First Special Distribution will continue to hold their GSD interests indefinitely because such interests are generally non-transferable. Accordingly, conflicts between Gyrodyne and GSE could result in conflicts could arise between Gyrodyne shareholders and those holders of GSD interests who no longer hold Gyrodyne shares.

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THE SPECIAL MEETING

We are furnishing this proxy statement/prospectus to you as part of the solicitation of proxies by our board of directors for use at the special meeting.

Date, Time and Place

The special meeting will be held at Flowerfield Celebrations, Mills Pond Road, Saint James, New York 11780 on [•], 2014, at 11:00 a.m., Eastern Time.

Purpose

At the special meeting, shareholders will be asked to consider and vote upon a proposal to authorize the Plan of Merger under the New York Business Corporation Law, including the merger of the Company into Gyrodyne, LLC, and to transact such other business as may properly come before the special meeting or any adjournment thereof.

Our board of directors unanimously recommends that you vote "FOR" the Proposal.

Record Date; Stock Entitled to Vote; Quorum

All shareholders who hold Common Stock of record at the close of business on the record date, May __, 2014, are entitled to notice of and to vote at the special meeting. Each share of Common Stock issued and outstanding on the record date is entitled to one vote at the special meeting on the proposal presented. Shareholders do not have cumulative voting rights. A quorum will be present at the special meeting if a majority of the outstanding Common Stock entitled to vote at the special meeting are represented in person or by proxy.

On the record date, [1,482,680] shares of Common Stock were issued and outstanding and held by [1,540] holders of record. On such date, [46,632] shares of Common Stock were held by our directors, executive officers and their affiliates. This proxy statement/prospectus and the enclosed proxy card were mailed starting on or about [•], 2014.

Votes Required

Proxies solicited by our board of directors will be voted in accordance with the instructions given therein. Where no instructions are indicated, proxies will be voted "FOR" authorization of the Plan of Merger.

An affirmative vote of the holders of at least two-thirds of all outstanding shares of Common Stock entitled to vote thereon is required to authorize the Proposal. If you abstain from voting, your abstention will have the same effect as an "Against" vote for purposes of determining whether approval of the Proposal has been obtained. In such cases, broker non-votes also will have the same effect as an "Against" vote.

Proxies

Except for certain items for which brokers are prohibited from exercising their discretion, a broker who holds shares in "street name" has the authority to vote on routine items when it has not received instructions from the beneficial owner. Where brokers do not have or do not exercise such discretion, the inability or failure to vote is referred to as a "broker non-vote." If the broker returns a properly executed proxy, the shares are counted as present for quorum purposes. If the broker crosses out, does not vote with respect to, or is prohibited from exercising its discretion, resulting in a broker non-vote, the effect of the broker non-vote on the result of the vote depends upon whether the vote required for that proposal is based upon a proportion of the votes cast (no effect) or a proportion of the votes entitled to be cast (effect of a vote against). If the broker returns a properly executed proxy, but does not vote or abstain with respect to the proposal and does not cross out the proposal, the proxy will be voted "FOR" the proposal and in the proxy holder's discretion with respect to any other matter that may come before the meeting or any adjournments or postponements thereof. Approval of the sale of all of the assets of a corporation and the dissolution of a corporation are both matters for which brokers are prohibited from exercising their discretion. Therefore, shareholders will need to provide brokers with specific instructions on whether to vote in the affirmative for or against the Plan of Merger proposal.

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At the time this proxy statement/prospectus was mailed to shareholders, management was not aware of any matter other than the matters described above that would be presented for action at the special meeting. The shares shall be voted in the discretion of the proxies on such other matters as may properly come before the meeting or any adjournment thereof.

In addition to sending you these materials, some of the Company's directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail, or in person. You may also be solicited by means of press releases issued by the Company and postings on the Company's website, www.gyrodyne.com. None of the Company's officers or employees will receive any extra compensation for soliciting you. The Company has retained MacKenzie Partners, Inc. to assist the Company in soliciting your proxy for an estimated fee of $40,000 plus reasonable out-of-pocket expenses. MacKenzie Partners expects that approximately 25 of its employees will assist in the solicitation. MacKenzie Partners will ask brokerage houses and other custodians and nominees whether other persons are beneficial owners of shares of Common Stock. If so, the Company will reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of shares of Common Stock.

Any shareholder executing the enclosed proxy card has the right to revoke it at any time prior to its exercise by delivering to the Company a written revocation or a duly executed proxy card bearing a later date, or by attending the special meeting and voting in person. However, if you are a shareholder whose shares are not registered in your own name, you will need appropriate documentation from your record holder to attend the special meeting and to vote personally at the special meeting.

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BACKGROUND

Gyrodyne Company of America, Inc.

Gyrodyne, a self-managed and self-administered real estate investment trust formed under the laws of the State of New York, manages a diversified portfolio of real estate properties comprising office, industrial and service-oriented properties primarily in the New York metropolitan area. Prior to the payment of the First Special Dividend described below, Gyrodyne owned a 68 acre site approximately 50 miles east of New York City on the north shore of Long Island, which includes industrial and office buildings and undeveloped property that is the subject of development plans and is referred to in this proxy statement/prospectus as “Flowerfield.” Prior to payment of the First Special Dividend described below, Gyrodyne also owned medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia. Gyrodyne is also a limited partner in the Grove, which in September 2013 sold its only asset, an undeveloped 3,700 plus acre property in Palm Beach County, Florida. Gyrodyne’s Common Stock is traded on NASDAQ under the symbol GYRO. Gyrodyne’s principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Background: Flowerfield and Other Properties; Condemnation Litigation

Following its inception in 1946 and for the next 25 years, Gyrodyne engaged in design, testing, development, and production of coaxial helicopters primarily for the U.S. Navy. Following a sharp reduction in the Company’s helicopter manufacturing business and its elimination by 1975, the Company began converting its vacant manufacturing facilities and established its rental property operation at its principal location, Flowerfield. The Company has since concentrated its efforts on the management and development of real estate. The Company subsequently completed its conversion to a REIT, effective May 1, 2006. As a REIT that converted from a regular C corporation, Gyrodyne is subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on all or a portion of any gain recognized from a sale of assets occurring during a specified period after the date of its conversion (the “recognition period,” and such tax, the “built-in gain tax”), to the extent of the built-in gain in those assets on the date of the conversion. The recognition period is generally 10 years.

On November 2, 2005, the State University of New York at Stony Brook (the “University”) filed an acquisition map with the Suffolk County Clerk’s office and vested title in approximately 245.5 acres of property at Flowerfield pursuant to the New York Eminent Domain Procedure Law (the “EDPL”). On March 27, 2006, the Company received payment from the State of New York in the amount of $26,315,000, which the Company had previously elected under the EDPL to accept as an advance payment for such property.

On May 1, 2006, the Company filed a Notice of Claim with the Court of Claims of the State of New York seeking $158 million in damages from the State of New York resulting from the eminent domain taking by the University of the 245.5 acres of the Flowerfield property (the “Condemnation Litigation”).

Thereafter, Gyrodyne acquired ten buildings in the Port Jefferson Professional Park, Port Jefferson Station, New York in June 2007, Cortlandt Medical Center in Cortlandt Manor, New York in July 2008 (and additional properties in Cortlandt Manor in August 2008 and May 2010), and the Fairfax Medical Center, Fairfax City, Virginia in 2009.

The Company has maintained an interest in the Grove, which originally represented a 20% limited partnership interest in the Grove. Based on four subsequent capital raises through 2009, each of which the Company chose not to participate in, the Company’s share was approximately 9.99% as of December 31, 2010, and has since been diluted to 9.32%. On March 18, 2011, the Grove’s lender, Prudential Industrial Properties, LLC (“Prudential”), commenced a foreclosure action against the Grove by filing a complaint in the Circuit Court of Palm Beach County to foreclose upon the Grove property, alleging that the Grove had defaulted on its loan from Prudential and that the Grove was indebted to Prudential in the amount of over $37 million in principal and over $8 million in interest and fees. On September 19, 2013, the Grove property was sold, the foreclosure lawsuit was dismissed and the Grove property was conveyed to Minto, a family-owned real estate development, construction and management company and the Grove’s debt to Prudential was repaid. The investment is held in a taxable REIT subsidiary of the Company with $0 value

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and the Company has a $1,315,000 deferred tax liability related to the Grove, which represents taxable losses not yet recorded pursuant to the equity method of accounting. Gyrodyne did not receive any distribution in connection with the sale of the Grove property. Under the agreement with Minto, the Grove may receive certain additional payments if certain development benchmarks are achieved by Minto, which could enable future distributions to Gyrodyne. Gyrodyne cannot predict whether these benchmarks will be achieved or as to the timing or amount of any further distributions by the Grove. Gyrodyne does anticipate it will be required to recognize its deferred tax liability during 2014.

In July 2012, the Company received $167,501,656.95 from New York State pursuant to judgments in the Company's favor in the Condemnation Litigation, which consisted of $98,685,000 in additional damages (the "2012 Proceeds"), $1,474,940.67 in costs, disbursements and expenses, and $67,341,716.28 in interest. As the interest portion was considered REIT taxable income for the 2012 taxable year (although not for purposes of the REIT gross income tests, pursuant to a private letter ruling received by the company in 2011), our board of directors determined that it was in the best interests of shareholders to distribute $56,786,644 in the form of a cash dividend. On November 19, 2012, our board of directors declared a special cash dividend of $38.30 per share, which was paid on December 14, 2012. The declaration of the dividend also required a cash payment to participants of the Company's Incentive Compensation Plan in the aggregate amount of $4,213,000 to be allocated and paid to Plan participants in accordance with Plan rules. As of December 31, 2012, the Company intended to defer, for federal income tax purposes, recognition of the $98,685,000 gain on receipt of the 2012 Proceeds by investing this amount in qualifying REIT properties.

Background: Strategic Review, PLR

In August 2012, the Company announced that it was undertaking a strategic review, which was designed to maximize shareholder value through one or more potential cash distributions and/or through a potential sale, merger or other strategic combination, consistent with the Company's stated goal of providing one or more tax efficient liquidity events to its shareholders. In August 2012, the Company retained Rothschild Inc. ("Rothschild"), as financial advisor, and Skadden, Arps, Slate, Meagher & Flom LLP, as legal advisor, and authorized a committee of its board of directors composed of four directors, Messrs. Bhatia, Levine, Macklin and Salour (the "Strategic Alternatives Committee"), to lead the strategic review process. Such directors were chosen because they previously had served as members of the Board's Investment Committee. Rothschild's mandate did not include services in connection with the merger and plan of liquidation. The Strategic Alternatives Committee had over 40 meetings in the August 2012 – August 2013 period and made regular reports on its process to the full board of directors. Commencing in October 2012, the Company solicited interest in proposals to acquire the Company from over 260 entities, and, in March 2013, an information memorandum was circulated to over 30 entities who had executed nondisclosure agreements. In the several months thereafter, members of our board of directors and management met with several bidders, permitted such bidders to conduct due diligence and indicative bids were received from a number of parties. Some of such indicative bids were for the whole Company and others contemplated the sale of a partial interest to a bidder who would assume control, but none of such bids were fully developed or contained value parameters and other terms acceptable to our board of directors and the Strategic Alternatives Committee.

Following a change in tax law in January 2013 reducing the recognition period applicable for the 2012 taxable year to 5 years, the Company applied for a private letter ruling, which we call the "PLR" in this proxy statement/prospectus, from the IRS in March 2013, concluding that the Company's receipt of the 2012 Proceeds occurred outside of the applicable recognition period for 2012, and therefore permitting the Company to distribute, by means of a dividend such as the First Special Dividend described below, the gains realized from its receipt of the 2012 Proceeds, subject to a 4% excise tax but without incurring the built-in gains tax.

On July 29, 2013, Rothschild, on behalf of the Strategic Alternatives Committee, provided the board with a summary of the evaluation process undertaken by the Strategic Alternatives Committee and the status of the proposals of four bidders for the Company (one for the entire entity and three "partial" bidders who proposed obtaining control while providing existing holders with a cash distribution and a continuing equity interest). The summary contained the Committee's recommendations that: (i) the Committee did not

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believe that status quo represented a value-maximizing scenario, (ii) to the extent the Company received a favorable PLR prior to September 15, 2013 (the last day the Company could declare a dividend distribution with respect to the 2012 Proceeds), the Company should distribute the maximum available cash (while leaving the Company with enough cash to effect a liquidation on an orderly basis and liquidate its remaining assets in an orderly, tax-efficient manner); (iii) if the IRS did not respond favorably to the PLR request on a timely basis, that the Company further explore entering into an agreement with one of the three "partial cash" bidders, and (iv) that a potential management plan to run the Company under a plan to invest the 2012 proceeds in triple net-lease properties was not an acceptable alternative in the Committee's view. The summary also concluded that the Company should discuss the foregoing recommendations with key shareholders under appropriate confidentiality provisions.

In a meeting on August 2, 2013, our board of directors met and considered the status of such bidding process as well as other business alternatives available to the Company, including continuing as an operating REIT, distributing a smaller portion of the 2012 Proceeds, and reinvesting all or part of the 2012 Proceeds in qualifying REIT property. At the meeting, the Strategic Alternatives Committee presented the July 29 summary report to the board and recommended that, if the Company received the PLR, the Company should seek to distribute up to $98.7 million, the full amount of the 2012 Proceeds, and that the Company also would need to provide for funding of that distribution amount plus an amount necessary to keep the Company operational during a liquidation process. The Strategic Alternatives Committee also presented the July 29 summary report to the board and recommended that, in the event that the Company did not receive the PLR, it be authorized to negotiate with bidders regarding potential transactions. The Strategic Alternatives Committee also recommended that the Company enter into confidentiality agreements with the Company's two largest shareholders. The Company did enter into such agreements and engaged in dialogue with such holders. During such dialogue, the Company, Rothschild and Skadden described the strategic process, the process which led to the PLR and the potential alternatives for the timing, process and amount of possible cash distributions to shareholders. In addition to participating in numerous calls and emails, our board of directors had lengthy informal working sessions on August 27, August 30, and September 6, 2013 as well, to consider the Company's strategic alternatives, including the impact thereon of the PLR described in the next paragraph. In connection with the August 30, 2013 meeting, Rothschild made a summary presentation which discussed the size of a potential cash distribution, the possible distribution of in-kind securities and the issues associated with borrowing money to fund a distribution. Rothschild noted that its summary reflected certain financing analyses provided by Company management and certain tax and legal considerations provided by counsel. Our board of directors concluded after the August 30 presentation that the Board should focus on the tradeoffs of returning cash to shareholders or investing it with a goal of generating enough income so that the resulting entity could trade on market fundamentals in the future. The presentation also indicated that the Company could seek to effectuate a plan of liquidation, and recommended that the Company continue to analyze whether to pursue a plan of liquidation and determine the amount of the targeted 2013 distribution.

On August 28, 2013, the Company received the PLR, which provides a favorable ruling from the IRS.

In the informal session held on September 6, 2013, our board of directors considered the financial effects of a range of distribution scenarios, ranging from no distribution and reinvestment in REIT qualified assets to a full distribution of the $98.7 million using funded debt. In doing so, it considered the impact of the 4% excise tax applicable to a 2013 distribution of the 2012 Proceeds, transaction costs and payments required to be made to the ICP participants as a result of a special dividend. At the September 6 meeting, Rothschild presented materials designed to facilitate a discussion with respect to the sizing of a potential cash distribution to shareholders, focusing on three alternative scenarios for distributing cash to shareholders: (i) distribute $45.0 million in cash to shareholders in 2013 and reinvest $53.7 million in replacement properties; (ii) distribute $98.7 million in a combination of cash and dividend notes in 2013; and (iii) distribute $98.7 million in a combination of cash and interests in a liquidating trust or a newly formed limited liability company. The presentation also discussed the possibility of a plan of liquidation, and considerations with respect to a partial cash distribution and a full cash distribution of the entire $98.7 million.

At its September 9, 2013 meeting, our board of directors discussed that, in light of the receipt of the PLR and the timeframe necessary to achieve the benefits thereof, and given the lack of any developed acceptable third party acquisition or other control transaction with a third party with respect to the Company, that it

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appeared unlikely any such transaction would be developed on a basis more favorable to shareholders than the distribution permitted by the PLR. Our board of directors continued to review the issues related to a significant distribution of cash to its shareholders, including whether such distribution should be as part of a Plan of Liquidation.

The Tax Liquidation; Adoption of the Plan of Liquidation

Further to the Company's previously stated goal of providing one or more tax efficient liquidity events to its shareholders and taking into account, among other factors, the Company's receipt of the PLR, our board of directors concluded that it was in the best interests of Gyrodyne and its shareholders to liquidate the Company for federal income tax purposes. On that basis, on September 12, 2013, our board of directors adopted the Plan of Liquidation, pursuant to which we intend to dispose of our remaining assets in an orderly manner designed to obtain the best reasonably available value for such assets and to complete the Tax Liquidation, including pursuant to a merger into Gyrodyne, LLC, within the two year period from the adoption of the Plan of Liquidation.

The First Special Dividend

On September 13, 2013, our board of directors declared the First Special Dividend, in the amount of $98,685,000, or $66.56 per Gyrodyne share, of which approximately $68,000,000, or $45.86 per share, was to be paid in cash. On such date, the Company announced that the balance of the First Special Dividend ($30,685,000) was payable in the form of cash proceeds from any further asset dispositions effected prior to payment of the dividend, Dividend Notes (as described below), interests in Gyrodyne, LLC or any other limited liability company to which Gyrodyne might transfer its remaining assets (or into which it might merge), or a combination of such forms at the discretion of our board of directors. Distribution of non-cash consideration was necessary because the Company did not have sufficient cash on hand to cover the full amount of the First Special Dividend.

On December 19, 2013, our board of directors determined that the non-cash portion of the First Special Dividend would be paid by distribution of all of the equity interests in GSD and determined that, after consideration of a management presentation regarding the estimated fair market value of the properties to be transferred to GSD, the aggregate estimated fair value of the GSD Interests to be distributed as the First Special Dividend was $30,685,000 (an amount determined by our board of directors to be equal to the estimated fair market value of the properties, net of all liabilities encumbering such properties, including an aggregate of approximately $14,000,000 in mortgages payable to a subsidiary of Gyrodyne). Gyrodyne contributed to GSD 100 percent of the economic interest in all of Gyrodyne's real estate properties: Flowerfield and the medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia. We refer to such properties as the Contributed Properties. The board determined to transfer the Contributed Properties to GSD and to make the non-cash portion of the First Special Dividend in GSD Interests in order to facilitate its ability to maximize recognition of built-in gains in the Contributed Properties while minimizing built-in gains tax at the corporate level.

The First Special Dividend was paid on December 30, 2013 to shareholders of record as of November 1, 2013. As required by NASDAQ rules governing special dividends of this magnitude, the ex-dividend date was set one business day following the payment date.

Payment of the First Special Dividend was NOT conditioned on the approval of the proposal to authorize the Plan of Merger. However, failure to complete the Tax Liquidation of Gyrodyne by the second anniversary of the adoption date of the Plan of Liquidation will impact the tax characteristics of the First Special Dividend to the recipients. See "Federal Income Tax Considerations."

In connection with the First Special Dividend, Gyrodyne incurred costs of $3.4 million for the 4% excise tax, $1.6 million for transaction costs, and $5.0 million for ICP payments.

Solvency Opinion

In connection with the First Special Dividend, our board of directors requested the opinion of Valuation Research Corporation as to the solvency of Gyrodyne after giving effect to the First Special Dividend. Valuation Research was chosen to provide the solvency opinion from a short list of well-known providers of

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solvency opinions provided by Gyrodyne's advisors. After reviewing the list, our board of directors selected Valuation Research based on a consideration of its qualifications, reputation and fees. Valuation Research has a reputation as a nationally recognized provider of solvency opinions. They are an unaffiliated independent third party that has not worked for Gyrodyne at any time during the last two (2) years. They have prepared hundreds of similar opinions including solvency opinions for real estate or asset intensive entities.

On September 13, 2013, at a meeting of our board of directors, Valuation Research delivered its opinion that, immediately after the completion of the First Special Dividend, (i) each of our fair value and the present fair saleable value of our aggregate assets, exceeds the sum of our total liabilities (including, without limitation, the stated liabilities, the identified contingent liabilities and the Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)); (ii) we will be able to pay our debts (including our respective stated liabilities, identified contingent liabilities and the Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)), as such debts mature or otherwise become absolute or due; and (iii) we do not have unreasonably small capital.

Prior to the meeting of our board of directors on September 13, 2013, at which our board of directors approved the First Special Dividend, Valuation Research engaged in various discussions with our management regarding its analysis with respect to the proposed solvency opinion to be delivered by Valuation Research. The topics of these discussions included the objectives of our Plan of Liquidation and the First Special Dividend, our past and current operations and financial condition, our most recent unaudited balance sheet, projected cash flows associated with our dissolution, our public filings with the SEC, our outstanding litigation and our stated liabilities and identified contingent liabilities.

Valuation Research was provided with annual financial projections from the Company for the fiscal years ending 2013 through 2016 (the "Forecast"). The Forecast included revenues estimated by management based on historical rental income generated by its properties. Management also considered its rental contracts, tenant mix and market factors in preparing its Forecast. Expenses including property operating expenses, selling, general and administration, depreciation and interest expenses were also considered in the Forecast as were normal capital expenditures. Management also provided cash flow projections for the same time period as well as monthly budgets for 2013.

In addition, Valuation Research was provided with appraisal reports for the Company's real estate assets prepared by Cushman & Wakefield dated as of December 1, 2012 (for the Port Jefferson and Flowerfield properties), October 1, 2012 (for the Fairfax property) and December 27, 2012 (for the Cortlandt Manor property). Valuation Research was also provided with a report compiled by Rothschild outlining broker opinions of value for the Company's real estate assets dated February 2013.

On September 13, 2013, Valuation Research delivered to our management and board of directors its opinion that, as of September 13, 2013, and based on the matters described in the opinion, assuming payment of, and after giving effect to the First Special Dividend, the following tests of solvency and capital adequacy are satisfied for Gyrodyne:

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- each of our fair value and the present fair saleable value of our aggregate assets, exceeds the sum of our total liabilities (including, without limitation, the, stated liabilities, the identified contingent liabilities and Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend));

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- each of our fair value and the present fair saleable value of our aggregate assets exceed our total liabilities (including our stated liabilities, identified contingent liabilities and Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)), by an amount greater than the amount identified to Valuation Research by us as the par value of our capital stock;
- we will be able to pay our debts (including our respective stated liabilities, identified contingent liabilities and the Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)), as such debts mature or otherwise become absolute or due; and
- we do not have unreasonably small capital.

The full text of the solvency opinion letter, which sets forth, among other things, assumptions made, matters considered and limitations on the review undertaken by Valuation Research in connection with the solvency opinion is attached to this proxy statement/prospectus as Annex B. Valuation Research Corporation's solvency opinion has several assumptions and limiting conditions. You are urged to read Valuation Research's solvency opinion letter in its entirety. The solvency opinion does not constitute a recommendation to you as to how you should vote in connection with the Plan of Merger. The solvency opinion does not address the relative merits of any other transactions or business strategies discussed by our board of directors as alternatives to the First Special Dividend or the underlying business decision of our board of directors to proceed with or affect the First Special Dividend, except with respect to the solvency of Gyrodyne immediately after the First Special Dividend. The solvency opinion is valid only for our pro forma capital structure immediately after and giving effect to the consummation of the First Special Dividend and is not valid for any subsequent dividend, share repurchase, debt or equity financing, restructuring or other actions or events not specifically referred to in the solvency opinion. Furthermore, the solvency opinion does not represent an assurance, guarantee, or warranty that we will not default on any of its debt obligations; Valuation Research does not make any assurance, guarantee, or warranty that any covenants, financial or otherwise, associated with any financing will not be broken in the future. A summary of Valuation Research's solvency opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Valuation Research's solvency opinion letter.

In rendering the Opinion, Valuation Research conducted such reviews, analyses and inquiries deemed necessary and appropriate under the circumstances. For instance, Valuation Research reviewed information concerning businesses similar to each of the Company, and investigated their financial performance. As of the date of the Opinion, Gyrdoyne was a REIT with ownership in three (3) medical office parks, a multitenant industrial park and 68 acres of vacant land available for future development. Valuation Research selected public REITS that had similar focus (medical offices and/or multitenant industrial). These companies included Medical Properties Trust Inc. (NYSE: MPW), BioMed Realty Trust Inc. (NYSE: BMR), Healthcare Realty Trust Incorporated (NYSE: HR), Health care REIT, Inc. (NYSE: HCN), Healthcare Trust of America, Inc. (NYSE: HTA) and HCP, Inc. (NYSE: HCP).

Additionally, among other things, Valuation Research:

- reviewed Gyrodyne's 10-K SEC filings for the fiscal years ended 2011 and 2012, as well as Gyrodyne's 10-Q SEC filings for the first and second quarter of 2013;

- reviewed appraisal reports for the Company's real estate assets prepared by Cushman & Wakefield dated as of December 1, 2012 (Port Jefferson and Flowerfield), October 1, 2012 (Fairfax) and December 27, 2012 (Cortlandt Manor);

- reviewed a report compiled by Rothschild summarizing broker opinions of value for the Company's real estate assets dated February 2013 but not containing any independent analysis by Rothschild;

- reviewed the Plan of Liquidation;

- reviewed a draft of the document outlining the terms of the Dividend Note (which is attached to this proxy statement/prospectus as Annex D);

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- reviewed a draft of the press release regarding the announcement of our board of directors declaration of the First Special Dividend dated September 13, 2013;
- reviewed a draft of the resolutions of our board of directors of Gyrodyne dated September 13, 2013;
- reviewed operating assumptions and forecasts for the Company for the fiscal years ending 2013 through 2016 (the “Forecast”), which included sources and uses of cash and earnings and cash flow assumptions for the Company;
- had discussions with Management concerning the past, present, and future operating results, financial condition and legal affairs of the Company, among other subjects;
- visited the Company’s Flowerfield real estate asset located in Long Island, New York and the Port Jefferson real estate asset located in Jefferson Station, New York;
- reviewed the industry in which the Company operates, which included an analysis of certain companies deemed comparable to the Company by Valuation Research as well as a review of analyst reports involving companies deemed comparable to the Company by Valuation Research;
- obtained a written representation from a responsible officer of the Company that there are no Identified Contingent Liabilities;
- obtained a written representation from a responsible officer of the Company that there have not been any material adverse changes in the assets or liabilities of the Company, on a consolidated basis, between June 30, 2013 (the date of the most recent audited balance sheet made available to Valuation Research) and the date hereof, that would reasonably be expected to materially affect, without limitation, the Company’s business operations or conditions (financial or otherwise);
- received a written representation from a responsible officer of the Company that the financial forecasts prepared by the Company, on a consolidated and pro-forma basis, and provided to Valuation Research reflect Management’s best estimates, and are reasonable and have been prudently prepared;

- performed a cash flow and debt repayment analysis for the Company;
- developed indications of value for the Company using generally accepted valuation methodologies; and
- conducted such other reviews, analyses and inquiries and considered such other economic, industry, market, financial and other information and data deemed appropriate by Valuation Research.

The following is a summary of the material analyses performed by Valuation Research in connection with its solvency opinion.

Solvency Analysis. In conducting its review and arriving at its solvency opinion, Valuation Research relied on and assumed, without independent verification, that the financial forecasts and projections provided to them by our management have been reasonably prepared and reflect our management's best currently available estimates. Valuation Research did not make any independent appraisal of any of our properties or assets. The opinion of Valuation Research is based on business, economic, market and other conditions as they existed and could be evaluated by Valuation Research as of September 13, 2013.

Valuation Summary — Balance Sheet Analysis. Valuation Research estimated the fair value and fair saleable value of our aggregate assets using information including financial forecasts that were provided by our management, prior appraisals and other data provided to Valuation Research or using publicly available data. Valuation Research also conducted due diligence interviews with our senior management and our outside legal advisors with regard to our stated liabilities and identified contingent liabilities. Valuation Research noted that, assuming payment of and after giving effect to the First Special Dividend, the estimated fair value and present fair saleable value of our aggregate assets exceeded our estimated total liabilities (including our stated liabilities, identified contingent liabilities and Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend) by approximately $19.2 million

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to $25.7 million, or 34.4% to 41.2% of our fair value or present fair saleable value of our aggregate assets. Valuation Research also noted that the excess was greater than the amount identified to Valuation Research by us as the aggregate par value of our capital stock of our issued capital stock plus any additional amounts that our board of directors has determined to be capital. Based on the preceding sentence, Valuation Research concluded that each of our fair value and the present fair saleable value of our aggregate assets, exceeds the sum of our total liabilities (including, without limitation, the stated liabilities, the identified contingent liabilities and Dividend Notes (if issued in an amount not exceeding the non-cash portion of the First Special Dividend)) and statutory capital by approximately $17.7 million to $24.2 million, or 31.7% to 38.8% of our fair value or present fair saleable value of our aggregate assets.

Cash Flow Analysis. Valuation Research reviewed the projected cash flows provided by our management associated with our dissolution as prepared by management. Valuation Research noted that, taking into account a starting cash balance of $92.3 million, assuming payment of and after giving effect to the First Special Dividend, estimated cash inflows (including net proceeds expected from the sale of real estate) exceeded estimated cash outflows over the projection period, by at least $6.2 million. Based on the excess net cash inflow, Valuation Research concluded that we will be able to pay our respective debts as they mature, and we will have adequate capital to pay our obligations and dissolution costs as they come due.

Terms of the Financial Arrangement with Valuation Research. Pursuant to its letter agreement with us, Valuation Research has been paid $250,000 for its services in connection with rendering the solvency opinion. If an additional solvency opinion is required in connection with closing this transaction, we have agreed to pay Valuation Research an additional fee. We have not paid Valuation Research any other consideration in the last two years. We also have agreed to reimburse Valuation Research for its out-of-pocket expenses and to indemnify and hold harmless Valuation Research and its affiliates and any person, director or any person controlling Valuation Research or its affiliates, for losses, claims, damages, expenses and liabilities relating to or arising out of services provided by Valuation Research in rendering its opinion. The terms of the fee arrangement with Valuation Research, which we and Valuation Research believe are customary for opinions of this nature, were negotiated at arm's-length between Valuation Research and us, and our board of directors was aware of the fee arrangement.

Initial Adoption of the Plan of Merger and Changes to Internal Structure

In a meeting held on October 9, 2013, the Board determined that in order to most clearly and directly accomplish its goal of distribution of the $98.7 million as a return of capital to shareholders, and in light of relevant consideration of issues of business continuity, shareholder liquidity and timeliness of execution, the Company would pursue the Tax Liquidation by means of a merger of the Company into Gyrodyne, LLC. The Board determined that accomplishing the Tax Liquidation by means of the merger would allow continuation of Gyrodyne's operations as Gyrodyne, LLC, thereby allowing disposal of the medical office properties and steps related to the disposal of the Flowerfield property to be undertaken in an orderly manner designed to obtain the best reasonably available value for the assets. The Board also believed that the Merger was more readily understandable to its shareholders, while avoiding the potential negative inferences that could be drawn by prospective counterparties who could seek to take advantage of the Company had it been operating under a plan of dissolution. At such meeting, it also determined that, if the merger into Gyrodyne, LLC was not completed by December 31, 2013, the most likely in-kind distribution in the First Special Dividend would be of nontransferable interests in GSD. In order to achieve the full benefits of the First Special Dividend, the Company needed to make a distribution of in-kind assets with a value of at least $30,685,000 in the aggregate.

In order to facilitate the First Special Dividend and the merger pursuant to the Plan of Merger, in October 2013 the Company determined to contribute all of its interests in the Contributed Properties to a new subsidiary entity, GSD, a limited liability company, of which Gyrodyne was the sole member prior to the issuance of interests to Gyrodyne shareholders in the First Special Dividend.

The Second Special Dividend

The transfer of the Contributed Properties by Gyrodyne to GSD resulted in the recognition of approximately $28.4 million of capital gain income by Gyrodyne in 2013. Giving effect to offsetting deductions, Gyrodyne determined that it would have approximately $18 million in REIT income for 2013.

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In order to satisfy applicable REIT distribution requirements, on December 20, 2013, Gyrodyne declared an additional dividend (the Second Special Dividend), payable on January 31, 2014 to Gyrodyne record shareholders as of December 31, 2013. The Second Special Dividend was paid in the form of interests in a global dividend note ("Dividend Notes") aggregating $16,150,000 ($10.89 per share) in principal amount.

Dividend Notes

A copy of the form of the global note evidencing the Dividend Notes is attached to this proxy statement/prospectus as Annex D, and this summary is qualified in its entirety by reference to such Annex D. The Dividend Notes bear interest at 5.0% per annum, payable semi-annually on June 15 and December 5 of each year, commencing June 15, 2014, and payable in cash or in the form of additional Notes ("PIK Interest").

The Company may, in its sole discretion, at any time and from time to time without premium or penalty, prepay all or any portion of the outstanding principal amount of, or interest on, the Dividend Notes. In connection with each prepayment of principal under the Dividend Notes, the Company also is obligated to pay all accrued and unpaid interest thereunder. The Company is required to effect any optional prepayment on a pro rata basis, provided that such restriction does not apply to, and the Company may redeem from a holder one or more Dividend Notes with an aggregate principal amount of $10,000 or less. The Company is permitted to repurchase Dividend Notes on a voluntary basis in a transaction with one or more holders from time to time on such terms as the Company determines, in its sole discretion, and such repurchase shall not be required to be effected on a pro rata basis.

Upon the first to occur of (i) a sale or (ii) a complete liquidation of the Company, the Company shall pay, in cash or in kind, the outstanding principal amount of the Dividend Notes, together with all accrued and unpaid interest on the principal amount being repaid. In the case of a complete liquidation, the valuation of any interest distributed in-kind in redemption of the Dividend Notes shall be made in good faith by our board of directors of the Company and shall be conclusively binding on the Holders.

The Dividend Notes are registered on the books of the Company and may not be assigned or transferred, voluntarily or involuntarily. Any attempted assignment or transfer shall be void, except as provided in the following sentence, in which case the Dividend Notes may be transferred only on the books of the Company. The Company will permit transfers pursuant to the laws of bankruptcy, inheritance, descent or distribution, or to the successor to any holder that is a corporate or other entity. If a transfer is requested, the Company may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and the Company may require a holder to pay any taxes and fees required by law. The Company need not exchange or register the transfer of any Dividend Note or portion of a Dividend Note selected for redemption, except for the unredeemed portion of any Dividend Note being redeemed in part.

For so long as any of the Dividend Notes are outstanding, the Company is prohibited from making any payments with respect to its capital stock, including paying dividends thereon or making distributions in respect thereof, except (i) as specifically permitted under the Plan of Liquidation and (ii) such distributions as are required for the Company to qualify as, and maintain its qualification as, a REIT or to avoid the payment of federal or state income or excise tax.

The Dividend Notes are subordinate to the prior payment in full of all senior debt (whether outstanding on the date of issuance or thereafter created, incurred, assumed or guaranteed) (other than unasserted contingent indemnification obligations and any unasserted contingent expense reimbursement obligations that, at such time, have not been incurred) ("Senior Debt"), which subordination is for the benefit of the holders of Senior Debt. The Dividend Notes contain certain provisions with respect to amendments, defaults and remedies and other terms and will be governed by New York law.

Payment of the Second Special Dividend was NOT conditioned on the approval of the proposal to authorize the Plan of Merger. However, failure to complete the Tax Liquidation of Gyrodyne by the second anniversary of the adoption date of the Plan of Liquidation will impact the tax characteristics of the Second Special Dividend to the recipients. See "Federal Income Tax Considerations."

Revisions to the Merger Agreement

On December 19, 2013, the board of directors determined that, having declared the First Special Dividend to achieve the benefits of the PLR and the Second Special Dividend to make the required distribution of

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2013 REIT income, that the entire non-cash portion of the First Special Dividend would be satisfied by issuance of all of the equity interests in GSD and that the Second Special Dividend would be paid in the form of Dividend Notes. The board also determined to amend the merger agreement to provide that both Gyrodyne and GSD would merge into Gyrodyne, LLC and that in such merger the interests in GSD distributed in the First Special Dividend and the common shares of Gyrodyne would be converted into, and the Dividend Notes issued as the Second Special Dividend would be redeemed for, an equity interest of Gyrodyne, LLC, thereby resulting in a simplified capital structure and permitting holders of interests in GSD and holders of Dividend Notes as well as Gyrodyne shareholders to receive freely transferable common shares of Gyrodyne, LLC. The board also authorized the approval of the merger by Gyrodyne in its capacity as the sole member of GSD and Gyrodyne, LLC. The merger agreement provides that holders of common stock of Gyrodyne will receive approximately 15.2% of the common equity interests in Gyrodyne, LLC in the aggregate, holders of the Dividend Notes ($16,150,000) would receive approximately 29.2% of the common equity interests in Gyrodyne, LLC in the aggregate, and holders of shares of GSD would receive approximately 55.6% of the common equity interests of Gyrodyne, LLC in the aggregate. The board of directors determined these allocations based on the mathematical portion of the fair market value of GSD ($30,685,000) as determined by our board of directors, the principal amount of Dividend Notes ($16,150,000) and the assumed pro forma book value of Gyrodyne of $8,450,000 (approximately $5.70 per share). (The board recognized that the GSD interests and Dividend Notes were not transferrable, and the holders will not be able to readily realize value.) The merger will effect the final step in the tax liquidation of Gyrodyne while simplifying the corporate structure and interrelationships of Gyrodyne and GSD.

Management Services Arrangements

Under GSD's Amended and Restated Limited Liability Company Agreement, Gyrodyne, in its capacity as managing member of GSD, is entitled to market-rate compensation for its services as well as reimbursement for any costs and expenses incurred by and properly allocable to GSD. Gyrodyne also is obligated to provide an initial liquidity facility to GSD in an amount not to exceed $2.5 million, which Gyrodyne may determine from time to time.

Taking into account a number of factors, including a management services benchmarking study commissioned by Gyrodyne, our board intends to implement a management services arrangement under which GSD will pay certain fees to or reimburse Gyrodyne as follows:

- GSD will reimburse Gyrodyne for 85% of Gyrodyne's General and Administrative (G&A) Expenses and pay a fee to Gyrodyne equal to 8.5% of such reimbursed amount; plus
- GSD will reimburse Gyrodyne for all rental expenses, whether value added (such as contractor and payroll expenses) or non-value added (such as such as utilities and taxes) paid by Gyrodyne in respect of the Contributed Properties; plus
- GSD will pay a fee to Gyrodyne equal to 8.5% of all value added rental expenses paid by Gyrodyne in respect of the Contributed Properties, but no fee will be payable in respect of non-value added rental expenses; plus
- GSD will reimburse 100% (without mark-up) of any bonuses (under the Bonus Plan (See "Interests of Our Directors and Executive Officers — Bonus Plan") or otherwise) paid by Gyrodyne to its employees and directors and related payroll taxes on account of any sales of the Contributed Properties; plus

- Gyrodyne will be entitled to interest at the rate of 5.0% per annum on any funds advanced by Gyrodyne pursuant to the liquidity facility made available to GSD.

The foregoing management services arrangements are subject to change pending further analysis and completion of documentation of such arrangements and formal adoption by our board. Upon such adoption of definitive documentation with respect to the management services arrangements, Gyrodyne will file a current report on Form 8-K containing disclosure of the terms of such arrangements as so adopted, which disclosure will identify any modifications of the foregoing.

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Interests of Our Directors and Executive Officers

Members of our board of directors and one of our executive officers may have interests in the approval of the proposal to authorize the Plan of Merger that are different from, or are in addition to, the interests of our shareholders generally. Our board of directors was aware of these interests and considered them, among other matters, in approving the Plan of Merger.

In connection with any liquidating distributions, members of our board of directors and our executive officers who hold shares of our Common Stock will be entitled to the same cash distributions as our shareholders based on their ownership of shares of our Common Stock, which is detailed below.

Golden Parachute Compensation

SEC rules would require us to disclose and conduct an advisory vote on the compensation that would be payable to our named executive officers based on or that otherwise relates to the Plan of Merger. Consummation of the merger, however, will not trigger any payments under either Gyrodyne's Incentive Compensation Plan or under its executive employment agreements. See "The Proposal: Authorization of the Plan Of Merger — Structure and Completion of the Merger — Gyrodyne Incentive Arrangements, Benefit Plans and Pension Plans". Accordingly, there are no payments to approve in connection with the Plan of Merger and we are not asking our shareholders to conduct such vote. At our last annual meeting held on December 27, 2013, our shareholders approved, on a non-binding advisory basis, the compensation of the Company's named executive officers.

The following describes existing arrangements under which our officers and directors may be entitled to receive special payments, with certain exceptions, upon a merger, acquisition, consolidation, or sale or other disposition of all or substantially all of our assets.

On May 17, 2013, the Company entered into new employment agreements with Frederick C. Braun III and Gary J. Fitlin, respectively (the "Employment Agreements"), each dated May 15, 2013 and effective April 1, 2013, pursuant to which Messrs. Braun and Fitlin continued to serve as President and Chief Executive Officer and as Senior Vice President and Chief Financial Officer, respectively. Pursuant to the Employment Agreements, each of Mr. Braun and Mr. Fitlin earn a bonus equal to $125,000 if he is employed by the Company as of the effective date of a change-in-control (the "Change-in-Control Bonus"). The Employment Agreements define a change-in-control as the first to occur of a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as each such term is defined under Section 409A of the Code. Pursuant to the terms of the Employment Agreements, there is no required minimum period of employment, and either the Company or the executive may terminate at any time, with or without cause. If the executive is terminated without cause, the Company must provide him with at least 60 days' prior written notice of termination, and must pay him (i) the pro rata share of his base salary through those 60 days, (ii) the Change-in-Control Bonus, and (iii) severance pay equal to six months' base salary from the date of termination. If the executive is terminated for cause (as defined in the Employment Agreements), he will be paid the pro rata share of his base salary through the date of termination. Each of the executives may also terminate upon 60 days' prior written notice.

The Company established an incentive compensation plan in 1999, and our board of directors approved amendments to the plan on February 2, 2010 which are set forth in an Amended and Restated Incentive Compensation Plan dated as of February 2, 2010 (as amended, the "Incentive Compensation Plan"), a copy of which was included as an exhibit to the Company's Current Report on Form 8-K, filed with the SEC on February 8, 2010. Our board of directors approved the amendments to the Incentive Compensation Plan to better align the interests of the participants with those of the Company's shareholders as the Company pursued its strategic plan to position itself over a reasonable period of time for one or more liquidity events that will maximize shareholder value. Full-time employees and members of our board of directors are eligible to participate, and rights of all participants vested immediately on February 2, 2010.

Peter Pitsiokos, along with each of our directors, is a participant in the Incentive Compensation Plan. Neither Frederick C. Braun III (the Company's Chief Executive Officer), who joined the Company in February 2013, nor Gary Fitlin (the Company's Chief Financial Officer), who joined the Company in 2009,

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is a participant in the Incentive Compensation Plan. Each of Stephen V. Maroney, the Company's former Chief Executive Officer and a director who resigned in August 2012, and Naveen Bhatia, a former director who resigned in September 2013, is a participant in the Incentive Compensation Plan.

Benefits under the Incentive Compensation Plan are realized upon either a change-in-control of the Company, or upon the issuance by the Company of an "Excess Dividend" following certain asset sales.

"Change-in-control" is defined to include one or more sales or transfers by the Company during the twelve-month period ending on the date of the most recent transfer of assets having a total gross fair market value equal to or more than 90% of the total gross fair market value of all of the assets of the Company immediately before such transfer or transfers. In the event of a change-in-control, the Incentive Compensation Plan provides for a cash payment equal to the difference between the Incentive Compensation Plan's "establishment date" price of $15.39 per share and the per share price of the Common Stock on the closing date, multiplied by the equivalent of 110,000 shares of Common Stock (such number of shares subject to adjustments to reflect changes in capitalization).

An "Excess Dividend" is defined as a dividend in excess of income from operations, paid to shareholders following certain sales of assets, in which the sale of assets equals or exceeds 15 percent of the total gross fair market value of all assets of the Company immediately prior to the sales. In the event of an Excess Dividend, the Company shall pay to the plan participants a "Disposition Dividend" which in the aggregate is equal to the Excess Dividend paid per share multiplied by the number of Incentive Compensation Units in the plan, currently 110,000. This Disposition Dividend is allocated to the plan participants according to their weighted percentages, as described below.

Payments under the Incentive Compensation Plan may be deemed to be a form of deferred compensation (within the meaning of Section 409A of the Code), and if the Incentive Compensation Plan fails certain tests, the Company may have certain income tax withholding obligations under Section 409A and face interest and penalties if it fails to, or has failed to, fulfill these obligations.

For any individual who becomes a participant with an effective date after December 31, 2009, the average trading price of the Company's stock for the 10 trading days ending on the trading day prior to the participant's initial date of participation will replace the price of $15.39 for the purpose of calculating the benefit. Currently, Peter Pitsiokos is the only executive officer who is a participant in the Incentive Compensation Plan, as is each of the directors. Neither Frederick C. Braun III (the Company's Chief Executive Officer), who joined the Company in February 2013, nor Gary Fitlin (the Company's Chief Financial Officer), who joined the Company in 2009, is a participant in the Incentive Compensation Plan. The payment amount would be distributed to eligible participants based upon their respective weighted percentages (ranging from 0.5% to 18.5%). Stephen V. Maroney, the Company's former Chief Executive Officer who resigned in August 2012 and Peter Pitsiokos, the Company's Chief Operating Officer, are currently entitled to 18.5% and 13.5%, respectively, of any distribution under the Incentive Compensation Plan with the balance being distributable to other eligible employees (11.5%) and members of our board of directors (56.5%), except that the amount payable to Mr. Maroney is subject to a limitation under the Incentive Compensation Plan that prevents former officers and/or directors from benefiting from any post-departure increase in the valuation of the Company. See "Compensation Discussion and Analysis." There are currently 110,000 units granted under the Incentive Compensation Plan, equal to 110,000 shares of Common Stock.

In July 2012, the Company received $167,530,657 from the State of New York in payment of the judgments in the Company's favor in the Company's condemnation litigation with the State; as of December 31, 2013 the Company intended to defer recognition of $98,685,000 for federal income tax purposes and recognize $68,845,657 as REIT taxable income in 2012. On November 19, 2012, the Company declared a special cash dividend of $56,786,644 or $38.30 per share of Common Stock, which was paid on December 14, 2012, to shareholders of record on December 1, 2012, and approved an aggregate payment of $4,213,000 as required under the terms of the Incentive Compensation Plan to be allocated and paid to individual participants in accordance with the rules of the Incentive Compensation Plan. On September 13, 2013, our board of directors declared the First Special Dividend, consisting of $98,685,000 or $66.56 per share of Common

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Stock, payable on December 30, 2013 to shareholders of record as of November 1, 2013, and approved an aggregate payment of up to $7,321,600 as required under the terms of the Incentive Compensation Plan to be allocated and paid to individual participants in accordance with the rules of the Incentive Compensation Plan.

Bonus Plan

In connection with the determination by our board of directors that it is in the best interests of Gyrodyne and its shareholders to dispose of Gyrodyne's remaining assets and to complete the liquidation of Gyrodyne for federal income tax purposes and that, following the merger, if approved and consummated, Gyrodyne, LLC would operate with a business plan to dispose of the Contributed Properties, and any other assets, in each case in an orderly manner designed to obtain the best value reasonably available for such assets, at a board meeting held on April 21, 2014, our board of directors determined to develop a new bonus plan designed to recognize the nature and scope of the responsibilities related to such business plan, to reward and incent performance in connection therewith, to align the interests of directors, executives and employees with our shareholders and to retain such persons during the term of such plan.

The new bonus plan would include a bonus pool that would be funded with an amount equal to 5% of the specified appraised value of each of the Contributed Properties (to be set forth in the plan), when the gross selling price of such a property is equal to or greater than 100% of its appraised value. Additional funding of the bonus pool would occur on a property-by-property basis when the gross sales price of a property is in excess of its appraised value as follows: 10% on the first 10% of appreciation, 15% on the next 10% of appreciation and 20% on appreciation greater than 20%. Furthermore, if a specified property is sold on or before a designated date to be specified in the plan, an additional amount equal to 2% of the gross selling price of such property also would be funded into the bonus pool. The bonus pool would be distributable in the following proportions to the named participants in the bonus plan for so long as they are directors or employees of Gyrodyne, GSD or Gyrodyne, LLC: 15% for the Chairman, 50% for the directors other than the chairman (10% for each of the five directors) and 35% (the "Employee Pool") for the Company's executives and employees. Such share of Bonus Pool is earned only upon the completion of the sale of a property at a gross selling price equal to or greater than its appraised value and is paid to the named beneficiaries of the Bonus Pool or their designees only as and when cash dividends/distributions are paid to the equityholders of one or more of Gyrodyne, GSD or Gyrodyne, LLC. All allocations to individual beneficiaries of the Employee Pool shall be determined from time to time by the Board of Directors of Gyrodyne or its successor in consultation with its President.

Upon adoption of definitive documentation with respect to the bonus plan, Gyrodyne will file a current report on Form 8-K containing disclosure of the terms of such plan as so adopted, which disclosure will identify any modifications of the foregoing.

If the merger is not approved or otherwise not consummated, it is expected that the foregoing bonus payments made by Gyrodyne will be reimbursed by GSD under the terms of GSD's Amended and Restated Limited Liability Company Agreement, pursuant to which Gyrodyne is entitled to market-rate compensation for its services as well as reimbursement for any costs and expenses incurred by and properly allocable to GSD (See "Management Services Arrangements").

Indemnification and Insurance

In connection with the Tax Liquidation of the Company pursuant to the Plan of Liquidation, we will continue to indemnify our directors and officers to the maximum extent permitted in accordance with applicable law, our Restated Certificate of Incorporation, as amended ("Certificate of Incorporation") and Amended and Restated By-laws ("By-laws"), and any contractual arrangements, for actions taken in connection with the Plan of Liquidation and the winding up of our business and affairs. Our board of directors is authorized to obtain and maintain insurance as may be necessary, appropriate or advisable to cover such indemnification obligations, including seeking an extension in time and coverage of our insurance policies currently in effect. If the Plan of Merger is consummated, such obligations will be assumed by and become obligations of Gyrodyne LLC.

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As a result of these benefits, our directors generally could be more likely to vote to approve the Plan of Merger than our other shareholders.

Other than as set forth above, it is not currently anticipated that the Plan of Liquidation or the Plan of Merger will result in any material benefit to any of our executive officers or to directors who participated in the vote to adopt the Plan of Merger.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

Set forth below is selected consolidated financial data of Gyrodyne for each of the five years ended December 31, 2013, which we are providing to assist you in your analysis of the financial aspects of the merger. Neither GSD nor Gyrodyne, LLC has any independent assets or operations.

The following is a summary of selected statement of operations and balance sheet data for each of the periods indicated. The selected financial data presented below for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 are derived from our audited consolidated financial statements and related notes.

The selected consolidated financial data presented below should be read in conjunction with our consolidated financial statements and the notes to the consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2013, which are incorporated herein by reference. The historical results included below and elsewhere in this proxy statement/prospectus are not necessarily indicative of the future performance of Gyrodyne, GSD or Gyrodyne, LLC. We have not presented historical financial information for Gyrodyne, LLC because it was formed in October 2013 and has no operations, assets or liabilities other than those incident to its formation and the Plan of Merger. GSD was formed in October 2013 and had operations for one day, December 31, 2013. GSD was included in the consolidated financial statements of Gyrodyne.

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	2013	2012	2011	2010	2009
Statement of Operations Data					
Total gross revenues	$5,029,969	$4,989,108	$5,519,704	$5,550,863	$4,834,416
Total rental expenses	2,514,530	2,308,036	2,347,400	2,218,589	1,953,613
Condemnation income/(costs)	(2,360)	167,370,518	(333,308)	(109,354)	(1,307,184)
Mortgage interest expense	5,748	965,506	1,193,875	1,117,963	942,986
Federal tax provision (benefit)	(61,553,442)	61,649,000	—	109,000	(4,130,000)
Net income (loss)	46,055,205	99,048,253	(1,124,665)	(1,081,465)	1,522,890
Net loss from Non-controlling Interests in GSD, LLC	8,001				
Net income (loss) Attributable to Gyrodyne	46,063,206	99,048,253	(1,124,665)	(1,081,465)	1,522,890
Balance Sheet Data					
Real estate operating assets, net	$30,357,365	$32,533,102	$32,976,274	$33,071,570	$32,267,032
Land held for development	$2,382,313	2,274,312	2,166,066	2,041,037	1,925,429
Total assets	50,981,788	134,518,999	47,806,589	39,768,219	36,105,005
Mortgages including interest rate swap	—	5,013,415	21,143,780	21,845,279	18,164,266
Cash distribution paid	67,995,704	56,786,652	—	—	—
Total equity	27,997,481	64,768,002	23,987,799	14,961,340	14,633,741
Total Gyrodyne stockholders' equity	9,365,095	64,768,002	23,987,799	14,961,340	14,633,741
Other Data					
Funds from operations (1)	$(14,470,658)	$(5,712,917)	$(179,490)	$(233,911)	$(1,892,197)
Adjusted funds from operations (1)	209,943	(48,911)	183,201	(124,557)	(585,013)

	2013	2012	2011	2010	2009
Cash flows provided by (used in):					
operating activities	(8,105,339)	161,712,775	(477,273)	(346,936)	(1,705,447)
investing activities	(1,437)	(5,010,995)	(905,834)	(1,524,192)	(6,269,146)
financing activities	(73,009,119)	(72,913,052)	9,617,579	3,143,864	7,637,486
Net increase (decrease) in cash and cash equivalents	(81,115,895)	83,788,728	8,234,472	1,272,736	(337,107)
Medical property					
Rentable square footage	130,910	131,125	131,113	130,648	127,213
Occupancy Rate	83%	78%	88%	95%	89%
Industrial property					
Rentable square footage	130,426	128,586	128,141	127,062	127,062
Occupancy	84%	85%	83%	81%	83%
Cash dividend declared per share	$45.86	$38.30	—	—	—
2013 Net income (loss) per common share attributable to Gyrodyne – basic and diluted	31.07	66.80	(0.84)	(0.84)	1.18
Funds from operations (FFO) per common share	(9.76)	(3.86)	(0.13)	(0.18)	(1.46)
Company Adjusted funds from operations (“AFFO”) per common shares	0.14	(0.03)	0.13	(0.09)	(0.45)
Basic and diluted weighted average common shares outstanding	1,482,680	1,482,680	1,340,706	1,290,039	1,290,039

(1)

- The Company calculates funds from operations (“FFO”) in accordance with the White paper on FFO approved by the Board of governors of NAREIT (national Association of Real Estate Investment Trusts) excluding the FFO adjustment for impairment charges. NAREIT recently approved the adjustment to FFO for impairment charges; however the Securities and Exchange Commission did not approve such adjustment. As a result, the Company does not exclude impairment charges from FFO.

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The white paper defines FFO as net income or loss calculated in accordance with accounting principles generally accepted in the U.S. (“GAAP”), excluding extraordinary items, as defined by GAAP, and gains and losses attributable to the sale of depreciable operating property, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Under accounting principles generally accepted in the U.S., under the Plan of Liquidation, we expect that the merger will be accounted for under the liquidation basis of accounting whereby Gyrodyne, LLC's consolidated assets will be stated at their estimated net realizable value and consolidated liabilities, including those estimated costs associated with implementing the Plan of Liquidation, will be stated at their estimated settlement amounts. Accordingly, the condensed consolidated financial statements of Gyrodyne, LLC immediately following the merger will be substantially different compared to the consolidated financial statements of Gyrodyne immediately prior to the merger.

Comparative Historical Per Share Data and Pro Forma Net Assets Per Share Data

The following tables set forth selected historical per share data for Gyrodyne and selected unaudited pro forma per share data after giving effect to the merger. You should read this information in conjunction with the "Selected Historical Financial Data" and the information appearing under "— Unaudited Pro Forma Net Assets Per Share" included elsewhere in this proxy statement/prospectus and the historical financial statements and related notes that are incorporated in this proxy statement/prospectus by reference. In addition, taking into account on a pro forma basis the effect of the merger and the Plan of Liquidation, the consolidated financial statements of Gyrodyne, LLC after the merger will not be identical to those of Gyrodyne prior to the merger. Since the condensed consolidated financial statements of Gyrodyne, LLC will be substantially different compared to those of Gyrodyne, the unaudited pro forma condensed consolidated financial information is presented for informational purposes only and are subject to a number of estimates, assumptions and uncertainties and do not purport to represent what our statement of net assets and statement of changes in net assets would have been if the transactions had occurred as of the dates indicated, or what such results will be for any future periods. The unaudited pro forma condensed consolidated financial information is based on certain assumptions, which are described in the accompanying notes and which management believes are reasonable.

Historical Data Per Share

The historical book value per share data attributable to Gyrodyne presented below is computed by dividing total stockholders' equity of $9,365,095, $64,768,002, $23,987,799, and $14,961,340 on December 31, 2013, December 31, 2012, December 31, 2011, and December 31, 2010, respectively, by the number of shares outstanding on those dates.

	Year Ended December 31, 2013	**Year Ended December 31, 2012**	**Year Ended December 31, 2011**	**Year Ended December 31, 2010**
Net Income (Loss) per common share:				
Basic & Diluted	$ 31.07	$ 66.80	$ (0.84)	$ (0.84)
Distributions declared per common share:	—	—	—	—
Special Dividend distributed per common share	66.56	$ 38.30	—	—
Special Dividend declared in December 2013 distributed in January 2014	10.89	—	—	—
Book value per share:	$ 6.32	$ 43.68	$ 17.89	$ 11.60

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Unaudited Pro Forma Net Assets Per Share

The unaudited pro forma net assets per share information is computed using pro forma net assets after giving effect to the merger, and dividing by the weighted average shares outstanding during each period presented. The unaudited pro forma net assets give effect to the merger, but exclude non-recurring charges and credits directly attributable to the merger.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Net assets per common share:			
Basic & Diluted	$ 29.36	$ 27.86	$ 30.80
Distributions declared per common share:	—	—	—
Special Dividend per common share (A)	—	—	—

(A)

- Pro forma financial information assumes the merger/liquidation took place on December 31, 2011, therefore the net assets, as well as the net assets per share assumes that each of the special dividend of $38.30 per share paid in December 2012 and the cash portion of the First Special Dividend of $45.86 per share and the non-cash portion of the First Special Dividend of $20.70 per share and the Second Special Dividend of Dividend Notes of $10.89 per share already have been paid.

Unaudited Pro Forma Condensed Consolidated Financial Data

The following unaudited pro forma condensed consolidated financial data should be read in conjunction with “Selected Historical Financial Data” included elsewhere in this proxy statement/prospectus, and the historical financial statements of Gyrodyne and the notes thereto incorporated by reference into this proxy statement/prospectus.

The unaudited pro forma statement of net assets gives effect to the merger as if the merger had occurred on December 31, 2013.

The unaudited pro forma statement of changes in net assets for the year ended December 31, 2012 are presented as if the Special Dividend and the merger had each occurred on January 1, 2012. The unaudited pro forma condensed consolidated financial information was derived from the historical Gyrodyne unaudited balance sheet, as of December 31, 2013, the historical Gyrodyne audited statement of operations for the years ended December 31, 2013 and December 31, 2012, and by applying certain pro forma adjustments.

The total transaction costs for 2012 and 2013 are estimated to be approximately $8.0 million, of which approximately $3.4 million relates to the excise tax payable as a result of the Special Dividend.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only and are subject to a number of estimates, assumptions and uncertainties and do not purport to represent what such financial information would have been if the Special Dividend and the merger had occurred as of the dates indicated, or what such results will be for any future periods. The unaudited pro forma condensed consolidated financial information is based on certain assumptions, which are described in the accompanying notes and which management believes are reasonable.

The pro forma statement of net assets and statement of changes in net assets should be reviewed in conjunction with the tables titled pro forma balance sheet and pro forma statement of operations and the related notes there to.

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GYRODYNE, LLC AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS
(Liquidation Basis)
December 31, 2013 (unaudited)

		Liquidation Basis December 31, 2013
Assets		
Real estate held for sale	$	42,629,000
Cash and cash equivalents		10,198,628
Investment in Marketable Securities		3,380,864
Rent Receivable		95,829
Prepaid Expenses and Other Assets		441,851
Total Assets		56,746,172
Liabilities		
Accounts payable		1,710,257
Accrued liabilities		396,204
Deferred rent liability		93,922
Tenant security deposits payable		474,111
Deferred income taxes		1,315,000
Estimated liquidation and operating costs net of receipts		9,225,417
Total Liabilities		13,214,911
Net assets in liquidation	$	43,531,261
Gyrodyne, LLC shares o/s		1,482,680
Net assets per share		29.36

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GYRODYNE, LLC AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Liquidation Basis)
Year Ended December 31, 2012 (unaudited)

		Year ended December 31, 2012
Gyrodyne Company of America Stockholders' Equity at December 31, 2011	$	23,987,799
Cash dividend distribution in 12/13		(67,995,704)
ICP payment in 12/13 partially pd in 1/14		(5,044,600)
Stockholders' Equity Balance Prior to Merger		(49,052,505)
Effects of Adopting the Merger and Liquidation Basis of Accounting:		
Change in Fair Value of Real Estate Investments (a)		7,486,660
Operating receipts in excess of estimated liquidation and operating costs (b)		141,465,529
Cash dividend distribution 12/12		(56,786,652)
Other decreases in net assets		
Change in value of deferred rent (c)		(137,220)
Change in value of prepaid other (d)		(610,994)
Change in pension asset (e)		(1,064,843)
Total Effects of Adoption the Liquidation Basis of Accounting		90,352,480
Net Assets in Liquidation, at January 1, 2012		41,299,975
Changes in Fair Value of Assets and Liabilities:		
Change in market value of securities (f)		74,287
Change in fair value of pension liability (e)		(497,278)
Change in assets and liabilities due to activity in assets (g)		434,043
Total changes in Net assets in Liquidation		11,052
Net Assets in Liquidation, December 31, 2012	$	41,311,027

See accompanying notes to unaudited pro forma statement of changes in net assets

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Gyrodyne, LLC and Subsidiaries

Notes to Pro Forma Condensed Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2012 (unaudited)
(a)

- The fair value of the real estate was determined by a combination of self-contained appraisals prepared by a national valuation company that specializes in real estate and management's expertise in real estate. The valuation methodology on our income producing real estate was an income capitalization approach based on current rent rolls, lease expiration dates, renewal rates and assumed vacancy rates and capitalization rates. The capitalization rates ranged from 7.5 to 9.5 depending on the property and its location. With respect to our excess land and the Flowerfield Industrial Park, we relied upon a market value approach. In addition, the Company relied upon management's internal valuation based on discounted cash flows which utilized its own values and metrics under the aforementioned assumptions.

(b)

- Operating receipts in excess of operating and liquidation costs based on 2012 and 2013 actual results plus a 3 year model including operating results and liquidation and dissolution costs through 2016, which liquidation and operating costs include an estimated payment of $3,150,000 under the Bonus Plan (See "Interests of Our Directors and Executive Officers — Bonus Plan") assuming all properties were sold at appraised value within the target period specified in the plan. If one or more properties are sold in excess of appraised value, the Bonus Pool will be funded with incremental funds at the rates described on page [•]. In such event, the excess of sales price over appraised value (less selling costs and the incremental payment to the bonus pool) will increase the amount payable to equityholders.

(c)

- To write off deferred rent as it has no estimated net realizable value.

(d)

- To write off of prepaid assets as they have no estimated net realizable value.

(e)

- The Company terminated the pension plan in late 2013 and is awaiting the IRS clearance letter. Based on the results of the actuarial computations including the impact of the increase in the IRS discount rate for 2013, the Company reduced the liability and or asset to expected funding requirements to complete the liquidation and satisfy the related lump sum elections and or the purchase of annuities.

(f)

- The guidance emphasizes that fair-value is a market-based measurement, not an entity-specific measurement. Therefore, a fair-value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, the guidance establishes a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). In instances where the determination of the fair-value measurement is based on inputs from different levels of the fair-value hierarchy, the level in the fair-value hierarchy within which the entire fair-value measurement falls is based on the lowest level input that is significant to the fair-value measurement in its entirety. Our assessment of the significance of a particular input to the fair-value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

(g)

- To record changes in estimated net realizable value of other assets and changes in settlement amounts of liabilities.

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GYRODYNE, LLC AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Liquidation Basis)
Year Ended December 31, 2013 (unaudited)

		Year Ended December 31, 2013
Gyrodyne Company of America Net Assets in Liquidation at December 31, 2012	$	41,311,027
Changes in fair value of assets and liabilities:		
Change in market value of securities (a)		(139,461)
Change in previous assets (b)		1,454,053
Change in assets and liabilities due to activity in liabilities(c)		905,642
Total Changes in Net Assets in Liquidation		2,220,234
Net Assets in Liquidation, December 31, 2013	$	43,531,261

Gyrodyne, LLC and Subsidiaries

Notes to Pro Forma Condensed Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2013 (unaudited)
(a)

- The guidance emphasizes that fair-value is a market-based measurement, not an entity-specific measurement. Therefore, a fair-value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, the guidance establishes a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). In instances where the determination of the fair-value measurement is based on inputs from different levels of the fair-value hierarchy, the level in the fair-value hierarchy within which the entire fair-value measurement falls is based on the lowest level input that is significant to the fair-value measurement in its entirety. Our assessment of the significance of a particular input to the fair-value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

(b)

- The Company terminated the pension plan in late 2013 and is awaiting the IRS clearance letter. Based on the results of the actuarial computations including the impact of the increase in the IRS discount rate for 2013, the Company reduced the liability and or asset to expected funding requirements to complete the liquidation and satisfy the related lump sum elections and or the purchase of annuities.

(c)

- To record changes in estimated net realizable value of other assets and changes in settlement amounts of liabilities.

The below tables reflect pro forma financial statements in a financial reporting format for companies who are not in a plan of liquidation. The column titled ‘‘pro forma adjustments’’ reflect the adjustments necessary under the merger and to adopt the liquidation basis of accounting. Furthermore, the related notes provide further detail of the related adjustment. The tables and related notes will present the impact on historical reporting from the merger. Following the merger, the Company’s financial statements will be the Statement of Net Assets and Statement of Changes in Net Assets.

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Unaudited Pro Forma Condensed Consolidated Balance Sheet December 31, 2013

	Gyrodyne Co of America, Inc.	Gyrodyne, LLC	Pro Forma Adjustments		Pro Forma Adjusted Totals
Assets					
Real Estate:					
Rental property:					
Land	$ 4,621,293	$ —			
Building and improvements	32,626,185	—			
Machinery and equipment	344,733	—			
	37,592,211	—			
Less Accumulated Depreciation	(7,234,846)	—			
	30,357,365	—			
Land held for development:					
Land	558,466	—			
Land development costs	1,823,847	—			
	2,382,313	—			
Total Real Estate, net	32,739,678	—	$ 9,889,322	(a)	$ 42,629,000
Cash and Cash Equivalents	13,048,827	—	(2,850,199)	(b)	10,198,628
Investment in Marketable Securities	3,380,864	—	—		3,380,864
Rent Receivable, net of allowance for doubtful accounts of $73,000 and $64,000 (@12/12) respectively	95,829	—	—		95,829
Deferred Rent Receivable	215,709	—	(215,709)	(c)	—
Prepaid Expenses and Other Assets	892,074	—	(450,223)	(d)	441,851
Prepaid Pension Costs	608,807	—	(608,807)	(e)	—
Total Assets	$ 50,981,788	$ —	$ 5,764,384		$ 56,746,172
Liabilities and Stockholders’ Equity					
Accounts payable	$ 1,710,257	$ —	—		$ 1,710,257
Accrued liabilities	396,204	—	—		396,204
Deferred rent liability	93,922	—	—		93,922
Tenant security deposits payable	474,111	—	—		474,111
Deferred income taxes	1,315,000	—	—		1,315,000
Estimated liquidation and operating costs net of receipts	—	—	9,225,417	(f)	9,225,417

	Gyrodyne Co of America, Inc.	Gyrodyne, LLC	Pro Forma Adjustments		Pro Forma Adjusted Totals
ICP payable	2,850,199		(2,850,199)	(g)	—
Dividend notes payable	16,144,614	—	(16,144,614)	(h)	—
Total Liabilities	22,984,307	—	(9,769,396)		13,214,911
Commitments and Contingencies					
Stockholders' Equity:					
Common stock, $1 par value; authorized 4,000,000 shares; 1,723,888 shares issued; 1,482,680 shares outstanding, respectively	1,723,888	—	—		1,723,888
Additional paid-in capital	17,753,505	—	—		17,753,505
Accumulated other comprehensive loss	118,789	—	—		118,789
Balance of undistributed income from other than gain or loss on sales of properties	(8,693,390)	—	34,166,166	(i)	25,472,776
	10,902,792	—	34,166,166		45,068,958
Less Cost of Shares of Common Stock Held in Treasury; 241,208	(1,537,697)	—	—		(1,537,697)
Total Gyrodyne Stockholders' Equity	9,365,095	—	34,166,166		43,531,261
Non-controlling interest in GSD, LLC	18,632,386	—	(18,632,386)	(j)	—
Total Stockholders' Equity	27,997,481	—	15,533,780		43,531,261
Total Liabilities and Stockholders' Equity	$ 50,981,788	$ —	$ 5,764,384		$ 56,746,172

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Unaudited Pro Forma Condensed Consolidated Statements of Operations

	Year Ended December 31, 2013				
	Gyrodyne Co of America, Inc.	Gyrodyne, LLC	Pro Forma Adjustments		Pro Forma Adjusted Totals
Revenues					
Rental income	$ 4,487,083	$ —	$ (9,724)	a	$ 4,477,359
Rental income – tenant reimbursements	542,886	—	—		542,886
Total Rental income	5,029,969	—	(9,724)		5,020,245
Expenses					
Rental expenses	2,514,530	—	1,140,616	b	3,655,146
General and administrative expenses	11,551,674	—	46,717	c	11,598,391
Strategic alternative expenses	3,637,123	—	—		3,637,123
Depreciation	953,725	—	(953,725)	d	—
Impairment Charges	2,100,000	—	(2,100,000)	e	—
Total	20,757,052	—	(1,866,392)		18,890,660
Other Income (Expense):					
Interest income	236,954	—	—		236,954
Interest expense	(5,748)	—	—		(5,748)
Total	231,206	—	—		231,206
Net Income (Loss) Before Condemnation and Provision for Income Taxes	(15,495,877)	—	1,856,668		(13,639,209)
Income (expense) on condemnation	(2,360)	—	—		(2,360)
Interest income on condemnation	—	—	—		—
Net Income (Loss) Before Provision (Benefit) for Income Taxes	(15,498,237)	—	1,856,668		(13,641,569)
Provision (Benefit) for Income Taxes	(61,553,442)	—	61,553,442	f	—
Net Income (Loss)	46,055,205	—	(59,696,774)		(13,641,569)
Net Loss from Non-Controlling Interest in GSD, LLC	8,001	—	(8,001)	g	—
Net Income (loss) Attributable to Gyrodyne	$ 46,063,206	$ —	$ (59,704,775)		$ (13,641,569)

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Unaudited Pro Forma Condensed Consolidated Statements of Operations

	Year Ended December 31, 2012				
	Gyrodyne Co of America, Inc.	Gyrodyne, LLC	Pro Forma Adjustments		Pro Forma Adjusted Totals
Revenues					
Rental income	$ 4,448,402	$ —	$ (88,212)	a	$ 4,360,190
Rental income – tenant reimbursements	540,706	—			540,706
Total Rental income	4,989,108	—	(88,212)		4,900,896
Expenses					
Rental expenses	2,308,036	—	512,687	b	2,820,723
General and administrative expenses	6,561,910	—	(286,420)	c	6,275,490
Strategic alternative expenses	1,013,043	—	—		1,013,043
Depreciation	900,095	—	(900,095)	d	—
Total	10,783,084	—	(673,828)		10,109,256
Other Income (Expense):					
Interest income	86,217	—	—		86,217
Interest expense	(965,506)	—	—		(965,506)
Total	(879,289)	—	—		(879,289)
Net Income (Loss) Before Condemnation and Provision for Income Taxes	(6,673,265)	—	585,616		(6,087,649)
Income (expense) on condemnation	100,028,802	—	—		100,028,802
Interest income on condemnation	67,341,716	—	—		67,341,716
Net Income Before Provision (Benefit) for Income Taxes	160,697,253	—	585,616		161,282,869
Provision (Benefit) for Income Taxes	61,649,000	—	(61,649,000)	e	—
Net Income	$ 99,048,253	$ —	$ 62,234,616		$ 161,282,869

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Gyrodyne, LLC and Subsidiaries

Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet
December 31, 2013

(a)		
• Total Real Estate, net The fair value of the real estate was determined by a combination of self-contained appraisals prepared by a national valuation company that specializes in real estate and management's expertise in real estate. The valuation methodology on our income producing real estate was an income capitalization approach based on current rent rolls, lease expiration dates, renewal rates and assumed vacancy rates and capitalization rates. The capitalization rates ranged from 7.5 to 9.5 depending on the property and its location. With respect to our excess land and the Flowerfield Industrial Park, we relied upon a market value approach. In addition, the Company relied upon management's internal valuation based on discounted cash flows which utilized its own values and metrics under the aforementioned assumptions.	$	9,889,322
(b)		
• Cash and Cash Equivalents Balance of the payment under the incentive compensation plan (ICP) to members, including a former member, of the Board of Directors triggered by the dividend	$	(2,850,199)
(c)		
• Deferred Rent Receivable To write off deferred rent as it has no estimated net realizable value	$	(215,709)
(d)		
• Prepaid Expenses and Other Assets To write off of prepaid assets as they have no estimated net realizable value	$	(450,223)
(e)		
• Prepaid Pension Costs Pension liability was a GAAP measurement based on the actuarial reports of a going concern. The Company did not make a funding contribution during 2012 or 2013. The Company terminated the pension plan in late 2013 and is awaiting the IRS clearance letter. Based on the results of the actuarial computations including the impact of the increase in the IRS discount rate for 2013, the Company reduced the liability and or asset to expected funding requirements to complete the liquidation and satisfy the related lump sum elections and or the purchase of annuities.	$	(608,807)
(f)		
• Estimated liquidation and operating costs net of receipts The estimated final liquidation costs are based on a multi-year financial model incorporating the operating results and liquidation and dissolution costs through December 31, 2016, the estimated date of completing the business liquidation and dissolution of the Company, which liquidation and operating costs include an estimated payment of $3,150,000 under the Bonus Plan (See "Interests of Our Directors and Executive Officers — Bonus Plan") assuming all properties were sold at appraised value within the target period specified in the plan. If one or more properties are sold in excess of appraised value, the Bonus Pool will be funded with incremental funds at the rates described on page [-]. In such event, the excess of sales price over appraised value (less selling costs and the	$	(9,225,417)

incremental payment to the bonus pool) will increase the amount payable to equityholders. Methodologies on the income approach include forecasting income based on lease expiration dates, annual contracted rent escalations, renewal assumptions and the timing on the sale of properties.

(g)

• ICP Payable		
ICP payment shown as paid under liquidation basis	$	2,850,199
(h)		
• Dividend Notes Payable		
Under the merger dividend notes are assumed to be redeemed for shares of Gyrodyne, LLC	$	16,144,614
(i)		
• Balance of Undistributed Income		
Net impact on equity of above adjustment	$	34,166,166

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(j)

• Non-controlling interest in GSD, LLC

Book value of the noncash dividend distributed in the form of shares of GSD on December 30, 2013, adjusted to include the one day operating results of GSD	$	(18,632,386)

Gyrodyne, LLC and Subsidiaries

Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations
Year Ended December 31, 2013

(a)

• Rental Income

Change in deferred rent receivable	$	9,724

(b)

• Rental Expenses

Capital Expenditures are written off as the value is already included in the fair value of the real estate	$	997,585
Write off of deferred leasing costs, net		143,031
	$	1,140,616

(c)

• General and administrative expenses

Office depreciation	$	6,495
Amortization of loan administration fees		40,222
	$	46,717

(d)

$ (953,725)

• Depreciation

(e)

$ (2,100,000)

• Impairment charge

(f)

• Provision (Benefit) for Income Taxes

Reversal of benefit for income taxes	$	61,553,442

(g)

$ (8,001)

• To eliminate non-controlling interest in GSD, LLC

Gyrodyne, LLC and Subsidiaries

Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations
Year Ended December 31, 2012

(a)

• Rental Income		
Change in deferred rent receivable	$	(88,212)
(b)		
• Rental Expenses		
Capital Expenditures are written off as the value is already included in the fair value of the real estate	$	563,202
Write off of deferred leasing costs, net		(50,515)
	$	512,687
(c)		
• General and administrative expenses		
Office depreciation	$	(5,965)
Amortization of loan administration fees		(280,455)
	$	(286,420)
(d)		
	$	(900,095)
• Depreciation		
(e)		
• Provision (Benefit) for Income Taxes		
Reversal of provision for income taxes	$	(61,649,000)

Note 1 — Basis of pro forma presentation

The Company’s unaudited pro forma condensed consolidated financial information is presenting the conversion of financial statements based on historical cost converted to financial statements based on the

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liquidation basis of accounting. Under the liquidation basis of accounting the consolidated financial statements are no longer presented (except for periods prior to the adoption of the liquidation basis of accounting): a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows. The consolidated statement of net assets and the consolidated statement of changes in net assets are the principal financial statements presented under the liquidation basis of accounting. Under the liquidation basis of accounting, all of Gyrodyne, LLC and Subsidiaries' assets have been stated at their estimated net realizable value and are based on current contracts, estimates and other indications of sales value net of estimated selling costs. All liabilities of the Gyrodyne, LLC and Subsidiaries, including those estimated costs associated with implementing the Plan of Liquidation, have been stated at their estimated settlement amounts. These amounts are presented in the pro forma condensed consolidated statement of net assets. There can be no assurance that these estimated values will be realized. Such amounts should not be taken as an indication of the timing or amount of future distributions or our actual dissolution. The valuation of assets at their net realizable value and liabilities at their anticipated settlement amount represent estimates, based on present facts and circumstances, of the net realizable value of the assets and the costs associated with carrying out the Plan of Liquidation. The actual values and costs associated with carrying out the Plan of Liquidation are expected to differ from amounts reflected in the pro forma condensed consolidated financial statements because of the plan's inherent uncertainty. These differences may be material. In particular, the estimates of our costs will vary with the length of time necessary to complete the Plan of Liquidation. Accordingly, it is not possible to predict with certainty the timing or aggregate amount which may ultimately be distributed to stockholders and no assurance can be given that the distributions will equal or exceed the estimate presented in the pro forma condensed consolidated statement of net assets in liquidation.

Note 2 — Pro forma adjustments

	December 31, 2013	December 31, 2012	December 31, 2011
GAAP Stockholders Equity	$ 27,997,481	$ 64,768,002	$ 23,987,799
Fair value real estate	9,889,322	7,821,586	7,486,660
Cash due to special dividend & incentive compensation Plan	(2,850,199)	(73,040,304)	(129,826,956)
Change in other current assets	(665,932)	(548,704)	(748,214)
Charge in Prepaid Pension Costs	(608,807)	—	(1,064,843)
Estimated receipts net of liquidation and operating costs	—	—	141,465,529
Estimated liquidation and operating costs net of receipts	(9,225,417)	(19,735,631)	—
Pension costs	—	492,656	—
Deferred taxes	—	61,553,422	—
Incentive compensation plan payable	2,850,199	—	—
Dividend notes payable	16,144,614	—	—
Net Assets – Pro forma	$ 43,531,261	$ 41,311,027	$ 41,299,975

Selected Unaudited Pro Forma Consolidated Financial and Other Data

The Financial Information presents Gyrodyne's Net Assets and Changes in Net Assets, including per share data, after giving effect to the consummation of the merger and associated Plan of Liquidation. The statements set forth the information as if the merger had become effective on December 31, 2013, with respect to the Statement of Net Assets information, and as of January 1, 2012, with respect to the Statement of Changes in Net Assets for the year ended December 31, 2012 and Statement of Changes in Net Assets for the year ended December 31, 2013. As previously discussed, the pro forma financial data presented are based on the liquidation basis of accounting.

The information is based on, and should be read together with, the historical financial statements, including the notes thereto, of Gyrodyne that have been presented in prior filings with the SEC, and the more detailed unaudited pro forma financial information, including the notes thereto, appearing elsewhere in this joint

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proxy statement/prospectus. See “Where You Can Find More Information” and “Unaudited Pro Forma Combined Condensed Consolidated Financial Statements.”
We anticipate the merger to provide the most efficient strategy for maximizing shareholder value through one or more tax efficient liquidity events. Company pro forma information, while helpful in illustrating the financial characteristics of the resulting combined company under one set of assumptions, does not reflect benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our company been combined during these periods.
Comparative Per Share Data
The table presents, for the periods indicated, selected historical per share data for Gyrodyne common shares as well as unaudited pro forma per share amounts for Gyrodyne common shares and unaudited pro forma per share equivalent amounts, assuming the issuance of 1,482,680 Gyrodyne, LLC common shares in the merger. The unaudited pro forma amounts included in the table are presented as if the merger had been effective for the periods presented, and are based on the liquidation basis of accounting.
You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and accompanying notes of Gyrodyne, incorporated into this proxy statement/prospectus by reference and the unaudited pro forma consolidated financial information and accompanying discussions and notes. Please see “Where You Can Find More Information”. The unaudited pro forma amounts in the table are presented for informational purposes only. You should not rely on the unaudited pro forma amounts as being indicative of the financial results that would have been achieved had the companies actually been consolidated during the periods presented or the future results that the consolidated companies will experience. The unaudited pro forma financial information is based on certain assumptions, which are described in the accompanying notes and which management believes are reasonable.
Dividend Policies
Gyrodyne’s board of directors determines the time and amount of dividends to shareholders. Future Gyrodyne dividends will be authorized at the discretion of Gyrodyne’s board of directors and will depend on Gyrodyne’s actual cash flow, its financial condition, its capital requirements, the actual and contingent liabilities that are or will be incurred to complete its liquidation and the remaining amounts available for liquidating distributions, and for the period prior to the merger, the distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as Gyrodyne’s board of directors may deem relevant.
Gyrodyne common shareholders will continue to receive liquidating special dividends as authorized by Gyrodyne’s board of directors and declared by Gyrodyne. The merger agreement permits Gyrodyne to pay special dividends following the liquidation of each of its assets after adjusting the proceeds received for any amounts needed to cover the liabilities or contingent liabilities to complete its liquidation. The Company’s ICP will continue to result in liabilities and related payments to its participants under the plan in conjunction with any liquidating dividends, pursuant and limited to the provisions of the Plan.
Merger Fees, Costs and Expenses
All expenses incurred in connection with the merger agreement, the merger and the related transactions are included in the estimated liquidation and operating costs to complete the liquidation.
Pre-Merger Dividend
Gyrodyne Company of America, prior to the merger will pay a special dividend to the holders of Gyrodyne common stock in order to satisfy its REIT distribution requirement and avoid entity-level income tax but will incur excise taxes of approximately 4% on its final taxable year ending with the merger.

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Gyrodyne, LLC

Notes to Unaudited Pro Forma Condensed Consolidated Statement of Net Assets
December 31, 2013

In the proposed merger, each Gyrodyne Company of America stockholder will receive 1.0 common shares of Gyrodyne, LLC in exchange for each share of Gyrodyne Company of America that the stockholder owns immediately prior to the effective date of the merger.

The Unaudited Pro Forma Condensed Consolidated Statement of Net Assets and Statement of Changes in Net Assets are prepared under the liquidation basis of accounting. Under the liquidation basis of accounting the consolidated financial statements are no longer presented (except for periods prior to the adoption of the liquidation basis of accounting): a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows. The consolidated statement of net assets and the consolidated statement of changes in net assets are the principal financial statements presented under the liquidation basis of accounting. Under the liquidation basis of accounting, all of Gyrodyne, LLC and Subsidiaries' assets have been stated at their estimated net realizable value and are based on current contracts, estimates and other indications of sales value net of estimated selling costs. All liabilities of the Gyrodyne, LLC and Subsidiaries, including those estimated costs associated with implementing the Plan of Liquidation, have been stated at their estimated settlement amounts. These amounts are presented in the pro forma condensed consolidated statement of net assets. There can be no assurance that these estimated values will be realized. Such amounts should not be taken as an indication of the timing or amount of future distributions or our actual dissolution. The valuation of assets at their net realizable value and liabilities at their anticipated settlement amount represent estimates, based on present facts and circumstances, of the net realizable value of the assets and the costs associated with carrying out the Plan of Liquidation. The actual values and costs associated with carrying out the Plan of Liquidation are expected to differ from amounts reflected in the pro forma condensed consolidated financial statements because of the plan's inherent uncertainty. These differences may be material. In particular, the estimates of our costs will vary with the length of time necessary to complete the Plan of Liquidation. Accordingly, it is not possible to predict with certainty the timing or aggregate amount which may ultimately be distributed to stockholders and no assurance can be given that the distributions will equal or exceed the estimate presented in the pro forma condensed consolidated statement of net assets in liquidation.

MARKET PRICE AND DIVIDEND DATA

Markets and Historical Market Prices for Gyrodyne Common Stock

Neither Gyrodyne, LLC Shares nor GSD Interests are currently traded or listed on any stock exchange or market. Gyrodyne Common Stock is traded under the symbol “GYRO” on NASDAQ and we expect Gyrodyne, LLC Shares to trade on NASDAQ under the symbol “GYRO” following the merger. On September 13, 2013, the last trading day completed prior to announcement of the Plan of Liquidation, the closing price per share of Gyrodyne Common Stock was $71.03. Since such date, Gyrodyne has distributed $45.86 in cash per share and made in-kind dividends of $20.70 per share in GSD interests and $10.89 per share in Dividend Notes. On May 7, 2014, the most recent trading day for which prices were available, the closing price closing price per share of Gyrodyne Common Stock was $5.05.

The following table presents the reported high and low sale prices of Gyrodyne Common Stock on NASDAQ for the periods presented and as reported in the report. You should obtain a current stock price quotation for Gyrodyne Common Stock. The historical trading prices of Gyrodyne Common Stock are not necessarily indicative of the future trading prices of Gyrodyne, LLC Shares because, among other things, the current stock price of Gyrodyne Common Stock does not necessarily take into account the changes in Gyrodyne’s form of organization to a limited liability company structure as a result of the merger or the other transactions described in this proxy statement/prospectus.

Period from January 1, 2013 to May 7, 2014

	Sales Price	
	High	**Low**
From April 1, 2014 to May 7, 2014	$ 6.13	5.04
Quarter Ended March 31, 2014	$ 12.75	6.00

Year Ended December 31, 2013

	Sales Price	
Quarter Ended	**High**	**Low**
December 31, 2013	$ 77.48	$ 12.43
September 30, 2013	$ 80.04	$ 69.29
June 30, 2013	$ 74.10	$ 69.01
March 31, 2013	$ 76.00	$ 71.36

Year Ended December 31, 2012

	Sales Price	
Quarter Ended	**High**	**Low**
December 31, 2012	$ 114.80	$ 68.01
September 30, 2012	$ 115.22	$ 107.00
June 30, 2012	$ 116.40	$ 97.86
March 30, 2012	$ 106.00	$ 96.61

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Year Ended December 31, 2011

	Sales Price	
Quarter Ended	High	Low
December 31, 2011	$ 110.01	$ 54.99
September 30, 2011	$ 70.00	$ 52.03
June 30, 2011	$ 76.34	$ 63.52
March 31, 2011	$ 82.94	$ 69.75

Dividends

There was a special cash dividend declared on Gyrodyne Common Stock during the year ended December 31, 2012 and none in 2011. If regular dividends are declared in a quarter, those dividends will be paid during the subsequent quarter. There was a special dividend declared in the amount of $38.30 per share to shareholders of record as of December 1, 2012 and paid on December 14, 2012 resulting in a total dividend distribution of $56,786,652. On September 13, 2013, our board of directors declared the First Special Dividend in the amount of $98,685,000, or $66.56 per Gyrodyne share, of which approximately $68,000,000, or $45.86 per share, was paid in cash and the balance of which was paid in the form of GSD Interests. The First Special Dividend was paid on December 30, 2013. On December 21, 2013, our board of directors declared the Second Special Dividend in the amount of $16,150,000, or $10.89 per Gyrodyne to holders of record on December 31, 2013. The Second Special Dividend was paid on January 31, 2014. Future dividend declarations, if any, are at the discretion of our board of directors and will depend on our actual cash flow, our financial condition, capital requirements and such other factors as the board of directors deems relevant.

If the Plan of Merger is approved, the Tax Liquidation is expected to be concluded prior to the second anniversary of the adoption date of the Plan of Liquidation, by a merger of Gyrodyne and GSD with and into Gyrodyne, LLC, which would be the surviving entity, with Gyrodyne shareholders and holders of GSD Interests receiving interests in Gyrodyne, LLC pursuant to the merger. The proportionate interests of all of Gyrodyne shareholders and holders of GSD Interests shall be fixed on the basis of their respective holdings at the close of business on the final record date, and after such date, any distributions made by us shall be made solely to Gyrodyne shareholders and holders of GSD Interests of record on the close of business on the final record date, except to reflect permitted transfers. Our board of directors is, however, currently unable to predict the precise nature, amount or timing of this distribution or any other distributions pursuant to the Plan of Liquidation or otherwise. The actual nature, amount and timing of all distributions will be determined by our board of directors or a trustee designated by our board of directors, in its sole discretion. See “The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merger.”

YOU ARE URGED TO READ THE SECTION TITLED “FEDERAL INCOME TAX CONSIDERATIONS,” AND TO CONSULT YOUR TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU OF THE SPECIAL DIVIDEND, LIQUIDATION FOR TAX PURPOSES AND PLAN OF MERGER IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES.

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THE PROPOSAL: AUTHORIZATION OF THE PLAN OF MERGER

The discussion of the Plan of Merger and the transactions contemplated thereby contained in this section summarizes the material terms of the Plan of Merger and the transactions contemplated thereby, including the possible merger of the Company into Gyrodyne, LLC. Although we believe that the description covers the material terms of the transactions contemplated by the Plan of Merger, this summary may not contain all of the information that is important to you. For a more complete understanding of the Plan of Merger and the transactions contemplated thereby, we urge you to read carefully this proxy statement/prospectus, the Plan of Merger, a copy of which is attached to this proxy statement/prospectus as Annex C, and the other documents referred to herein (including the annexes).

Parties to the Merger

Gyrodyne Company of America, Inc.

Gyrodyne, a self-managed and self-administered REIT formed under the laws of the State of New York, is the managing member of Gyrodyne Special Distribution, LLC, an entity formed in October 2013 which, as of the First Special Dividend, owns Flowerfield, a 68 acre site approximately 50 miles east of New York City on the north shore of Long Island, which includes industrial and office buildings and undeveloped property which is the subject of development plans, as well as medical office buildings in Port Jefferson Station, New York, Cortlandt Manor, New York and Fairfax, Virginia. Gyrodyne is also a limited partner in the Grove. Gyrodyne's Common Stock is traded on NASDAQ under the symbol "GYRO." Gyrodyne's principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Gyrodyne, LLC

Gyrodyne, LLC, a New York limited liability company and direct wholly-owned subsidiary of Gyrodyne, was formed on October 3, 2013 solely in connection with the transactions contemplated by the Plan of Liquidation and the Plan of Merger. Gyrodyne, LLC has not commenced any operations, has only nominal assets solely related to its entry into the Plan of Merger and has no liabilities or contingent liabilities, nor any outstanding commitments, other than as set forth in the Plan of Merger. Gyrodyne, LLC's principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Gyrodyne Special Distribution, LLC

GSD, a New York limited liability company, was formed on October 15, 2013 in connection with the transactions contemplated by the Plan of Liquidation and the Plan of Merger. As part of an internal restructuring, all of Gyrodyne's real estate assets were contributed to GSD in December 2013. As part of the First Special Dividend, all of the economic interest in GSD was distributed to the shareholders of Gyrodyne. Gyrodyne is the managing member of GSD. GSD's principal executive offices are located at One Flowerfield, Suite 24, Saint James, New York 11780 and its telephone number is (631) 584-5400.

Adoption of the Plan of Merger

In connection with the adoption of the Plan of Liquidation, our board of directors has approved and recommends that you approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby. The Plan of Merger is designed to facilitate the Tax Liquidation. Following the merger, if implemented, it is the current intent of the board that the company would operate with a business plan to dispose of its current real property assets in an orderly manner designed to obtain the best value reasonably available for such assets. If approved, each of Gyrodyne and GSD would be merged with and into Gyrodyne, LLC, which would be the surviving entity in the merger. Gyrodyne, LLC is intended to be a pass-through entity for federal income tax purposes and Gyrodyne, LLC Shares are intended to become publicly traded on NASDAQ under the symbol "GYRO" if the merger is effected as a result of the transactions described in this proxy statement/prospectus. No assurance can be given that NASDAQ will permit trading of Gyrodyne, LLC Shares. The terms of the merger are set forth in the Plan of Merger attached as Annex C to this proxy statement/prospectus.

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At the special meeting, shareholders are being asked to vote "FOR" the Proposal to authorize the Plan of Merger. However, even if our shareholders approve the proposal to authorize the Plan of Merger, our board of directors has reserved the right, in its discretion, to abandon or delay implementation of the merger and any other transaction contemplated by the Plan of Merger, in order, for example, to permit us to pursue new strategic opportunities.

Effect of Authorization of the Plan of Merger

If our shareholders approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby, our board of directors will have the power to effect the Tax Liquidation by consummating the merger. Our board of directors would determine whether to consummate the merger exercising its best judgment based on circumstances existing at the time the merger is susceptible of being consummated, and could determine not to consummate the merger if it determined that a more favorable alternative to Gyrodyne and its shareholders then existed. Pursuant to the terms of the Plan of Merger and in accordance with New York law, each of Gyrodyne and GSD will be merged with and into Gyrodyne, LLC, whereupon the separate corporate existence of each of Gyrodyne and GSD will cease and Gyrodyne, LLC will be the surviving entity of the merger. Upon the effectiveness of the merger, each share of Common Stock will be converted into such number of validly issued common shares of Gyrodyne, LLC as shall be determined by the Board of Directors of and each common share of GSD will be converted into such number of validly issued common shares of Gyrodyne, LLC as shall be determined by the Board of Directors of Gyrodyne, whereupon holders of such shares automatically will be admitted to Gyrodyne, LLC as members. The determination of the Board of Directors as to the number of shares of Gyrodyne, LLC into which each Common Share and each common share of GSD will be converted will be announced at least ten days prior to the special meeting via press release, a copy of which will be filed with the SEC under cover of a Current Report on Form 8-K. Further, at the effective time of the merger, Gyrodyne, LLC will assume each of the liabilities and obligations of each of Gyrodyne and GSD, including Gyrodyne's Incentive Compensation Plans.

Effect on Gyrodyne and Gyrodyne Shareholders if the Plan of Merger is Not Authorized

If our shareholders do not approve the proposal to authorize the Plan of Merger and the transactions contemplated thereby, we will continue our business operations as a self-managed and self-administered REIT. In light of our announced intent to liquidate and the impact of the Special Dividend, prospective employees, suppliers, tenants and other third parties may refuse to form relationships or conduct business with us if they do not believe we will continue to operate as a going concern.

Plan for Gyrodyne, LLC Subsequent to the Merger

It is the current intent of the board of directors that, although the consummation of the merger will complete the Tax Liquidation, following the merger Gyrodyne, LLC will operate with a business plan to dispose of its current real property assets in an orderly manner designed to obtain the best value reasonably available for such assets. Proceeds of such dispositions will be used to settle any claims, pending or otherwise, against Gyrodyne and to make distributions to holders of Gyrodyne, LLC Shares. When all properties of Gyrodyne, LLC are disposed of, it is intended Gyrodyne, LLC will dissolve and a final distribution will be made.

Our board of directors is, however, currently unable to predict the precise nature, amount or timing of such distributions, other than the Special Dividend. The actual nature, amount and timing of all distributions will be determined by Gyrodyne, LLC's board of directors, in its sole discretion, and will depend in part upon our ability to convert our remaining assets into cash and pay and settle our remaining liabilities and obligations. See "The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merger."

Sales of our assets by Gyrodyne, LLC could take the form of individual sales of assets, sales of groups of assets organized by business, type of asset or otherwise, a single sale of all or substantially all of our assets, or some other form of sale. Sales of assets will be made on such terms as are approved by Gyrodyne, LLC's board of directors in its sole discretion. The assets may be sold to one or more purchasers in one or more transactions over a period of time.

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It is not anticipated that any further shareholder votes will be solicited with respect to the approval of the specific terms of any particular sales of assets approved by Gyrodyne, LLC's board of directors. The prices at which Gyrodyne, LLC will be able to sell our various assets depends largely on factors beyond our control, including, without limitation, the condition of financial markets, the availability of financing to prospective purchasers of the assets, U.S. and foreign regulatory approvals, public market perceptions, and limitations on transferability of certain assets. In addition, we may not obtain as high a price for a particular asset as we might secure if we were not in liquidation. Uncertainties as to the precise value of our non-cash assets and the ultimate amount of our liabilities make it impracticable to predict the aggregate net value ultimately distributable to shareholders in the liquidation of Gyrodyne, LLC. Claims, liabilities and expenses from operations, including operating costs, salaries, income taxes, payroll and local taxes, legal, accounting and consulting fees and miscellaneous office expenses, although currently declining, will continue to be incurred following shareholder approval of the Plan of Merger. Certain professional fees, such as legal expenses and the fees of outside financial advisors have recently increased, however, as a result of the strategic review, the PLR and the liquidation process. These expenses will reduce the amount of assets available for ultimate distribution to shareholders, and, while a precise estimate of those expenses cannot currently be made, management and our board of directors believe that available cash and amounts received on the sale of assets will be adequate to provide for our obligations, liabilities, expenses and claims (including contingent liabilities) and to make cash distributions to shareholders and holders of Gyrodyne, LLC Shares. However, no assurances can be given that available cash and amounts received on the sale of assets will be adequate to provide for our obligations, liabilities, expenses and claims and to make cash distributions to shareholders and holders of Gyrodyne, LLC Shares. If such available cash and amounts received on the sale of assets are not adequate to provide for our obligations, liabilities, expenses and claims, distributions of cash and other assets to our shareholders and holders of Gyrodyne, LLC Shares will be reduced and could be eliminated. See "The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merger."

Following is a table showing management's estimate of cash proceeds and outlays and of our ultimate distribution to shareholders and holders of Gyrodyne, LLC Shares as of the date of this proxy statement/prospectus. The following estimates are not guarantees and they do not reflect the total range of possible outcomes. For a discussion of the risk factors related to the Plan of Liquidation and any potential proceeds which we may be able to distribute to shareholders and holders of Gyrodyne, LLC Shares, see "The Proposal — The Plan of Merger — Recommendation of our Board of Directors; Reasons for the Plan of Merger."

Estimated Distribution to Shareholders (including Estimated Distribution to holders of Gyrodyne, LLC Shares)

Under various analyses, assuming the merger is effected and completion of the liquidation of Gyrodyne, LLC's assets took until December 31, 2016, and giving effect to its estimated cash flow from operation of its existing properties until their sale, the Company expects Gyrodyne, LLC would have a cash balance of approximately $45.4 million at the end of December 31, 2016.

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Estimated Cash Proceeds and Outlays; Indicated Distribution Range
(In millions except Shares Outstanding and per share Amounts)

Proceeds			
Cash at end of liquidation period (December 31, 2016)	$	7.6	(a)
Gross Real Estate Proceeds		45.0	(b)
Gross Cash	$	52.6	
Uses			
Real Estate Selling Costs		2.7	(c)
Deferred Taxes on Grove		1.3	(d)
Incentive Bonus Plan for Directors and Employees		3.2	(e)
Total Uses	$	7.2	
Estimated Distributable Cash	$	45.4	
Shares outstanding		1,482,680	
Estimated per share distribution, net of the special dividend	$	30.59	
Special dividend – cash portion	$	45.86	
Total distributions	$	76.45	

(a)

- Cash Balance represents the 12/31/2013 balance, including securities, less the liquidating and operating costs net of receipts for the three year period ending 12/31/2016.

(b)

- The estimated gross proceeds from the sale of the real estate assets. The fair value of the real estate was determined by a combination of self-contained appraisals prepared by a national valuation company that specializes in real estate and management's expertise in real estate. The valuation methodology on our income producing real estate was an income capitalization approach based on current rent rolls, lease expiration dates, renewal rates and assumed vacancy rates and capitalization rates. The capitalization rates ranged from 7.5 to 9.5 depending on the property and its location. With respect to our excess land and the Flowerfield Industrial Park, we relied upon a market value approach. In addition, the Company relied upon management's internal valuation based on discounted cashflows which utilized its own values and metrics under the aforementioned assumptions.

(c)

- The estimated brokerage fees and other sales related costs of the real estate portfolio are estimated to be 6% of the gross proceeds.

(d)

- The payment of the deferred tax liability related to a limited partnership investment in "The Grove".

(e)

- The estimated payment under the Bonus Plan (See "Interests of Our Directors and Executive Officers — Bonus Plan") assuming all properties were sold at appraised value within the target period specified in the plan. If one or more properties are sold in excess of appraised value, the Bonus Pool will be funded with incremental funds at the rates described on page [•]. In such event, the excess of sales price over appraised value (less selling costs and the incremental payment to the bonus pool) will increase the amount payable to equityholders.

Accounting Treatment of the Merger

For accounting purposes, we expect that the merger will be treated as a transaction between entities under common control. The accounting basis used to record the consolidated assets and liabilities of Gyrodyne, LLC will be the liquidation value of Gyrodyne's assets and liabilities in accordance with the liquidation basis of accounting.

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Conditions to Completion of the Merger

In addition to approval of the Proposal by the holders of shares of Common Stock in accordance with Section 903(a)(2)(A)(ii) of the New York Business Corporation Law, the completion of the Plan of Merger is subject to satisfaction or, if not prohibited by law, waiver of the following conditions:

- approval for listing on NASDAQ of Gyrodyne, LLC Shares, subject to official notice of issuance;
- the effectiveness of the registration statement, of which this proxy statement is a part, without the issuance of a stop order or initiation of any proceeding seeking a stop order by the SEC;
- no governmental authority shall have enacted, issued, promulgated, enforced or entered into law (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, conditions, makes illegal or otherwise prohibits the consummation of the transactions contemplated by the Plan of Merger;
- all necessary material consents, waivers, approvals, authorizations or orders required to be obtained, and the making of all material filings required to be made, by any party hereto for the authorization, execution and delivery, and performance of the Plan of Merger, and the consummation by Gyrodyne, GSD and Gyrodyne, LLC of the merger, shall have been obtained or made; and
- holders of fewer than 5% of the outstanding shares of Common Stock shall have perfected their statutory appraisal rights to obtain the “fair value” of their shares of Common Stock.

Gyrodyne is not aware of any material consents, waivers, approvals, authorizations or orders or any materials filings related to the Merger that have not been obtained or made. In addition, even if all of the foregoing conditions are satisfied, our board of directors has the right to cancel or defer the merger even if our shareholders of Gyrodyne vote to approve the merger and the other conditions to the consummation of the merger are satisfied or waived.

Termination of the Plan of Merger

The Plan of Merger provides that it may be terminated and the merger abandoned at any time prior to its completion, before or after approval of the merger by the shareholders of Gyrodyne or the sole member of Gyrodyne, LLC, by the mutual consent of our board of directors and the sole member of Gyrodyne, LLC.

We have no current intention of abandoning the merger subsequent to the special meeting if shareholder approval is obtained and the other conditions to the merger are satisfied or, if not prohibited by law, waived. However, our board of directors reserves the right to cancel or defer the merger even if our shareholders of Gyrodyne vote to approve the merger and the other conditions to the completion of the merger are satisfied or waived. See “Risk Factors — Our Board of Directors may abandon or delay implementation of the Plan of Liquidation or the Plan of Merger even if the Plan of Merger is authorized by our shareholders.”

Description of Gyrodyne, LLC Shares

Gyrodyne, LLC Shares to be received in the Merger represent limited liability company interests in Gyrodyne, LLC. The holders of Gyrodyne, LLC Shares will be entitled to receive distributions and exercise the rights or privileges available to such holders under the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC, which is described below. Immediately after giving effect to the transactions contemplated by the Merger, it is expected that approximately 9,756,034 Gyrodyne, LLC Shares will be outstanding. Gyrodyne, LLC Shares are intended to become publicly traded on NASDAQ under the symbol "GYRO." No assurance can be given that NASDAQ will permit trading of Gyrodyne, LLC Shares.

Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC

The discussion of the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC contained in this section summarizes the material terms of the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC. Although we believe that the description covers the material terms of

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the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC, this summary may not contain all of the information that is important to you. For a more complete understanding of the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC, we urge you to read carefully this proxy statement/prospectus, the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC, a copy of which is attached to this proxy statement/prospectus as Annex F, and the other documents referred to herein (including the annexes).

Organization and Duration

Our wholly-owned subsidiary, a limited liability company, was formed on October 3, 2013 as Gyrodyne, LLC and will remain in existence until dissolved in accordance with its Limited Liability Company Agreement, dated October 3, 2013. Gyrodyne, LLC intends to adopt its Amended and Restated Limited Liability Company Agreement immediately prior to or concurrently with the consummation of the merger. The Articles of Organization, as in effect immediately prior to the consummation of the merger, will be the Articles of Organization after the consummation of the merger.

Purpose

Under its Amended and Restated Limited Liability Company Agreement, Gyrodyne, LLC will be permitted to engage in any business activity that lawfully may be conducted by a limited liability company organized under New York law and, in connection therewith, to exercise all of the rights and powers conferred upon us pursuant to the agreements relating to such business activity; provided, however, that Gyrodyne, LLC’s management shall not cause the Company to engage, directly or indirectly, in any business activity that Gyrodyne, LLC’s board of directors determines would cause us to be treated as an association taxable as a corporation for federal income tax purposes.

Agreement to be Bound by Limited Liability Company Agreement; Power of Attorney

Upon receiving Gyrodyne, LLC Shares, you will be admitted as a member of Gyrodyne, LLC and will be deemed to have agreed to be bound by the terms of its Amended and Restated Limited Liability Company Agreement. Pursuant to this agreement, each member and each person who acquires Gyrodyne, LLC Shares from a member grants to certain of its officers and its board of directors (and, if appointed, a liquidator) a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants certain of Gyrodyne, LLC’s officers and board of directors the authority to make certain amendments to, and to make consents and waivers under and in accordance with, its Amended and Restated Limited Liability Company Agreement.

Ownership Limitation

Members of Gyrodyne, LLC may not hold Gyrodyne, LLC Shares representing in excess of 20% of the outstanding Gyrodyne, LLC Shares at any time. If a member of Gyrodyne, LLC exceeds 20% ownership, at any time for any reason whatsoever, including but not limited to additional contributions by members, purchases or other acquisitions by members, mergers, consolidations, acquisitions, or other business combinations involving the member, then Gyrodyne, LLC Shares in excess of such 20% ownership limit shall be transferred by such member to an irrevocable trust formed and administered by Gyrodyne, LLC and of which such member shall be the beneficiary. Such LLC Shares held in trust shall have no voting rights when held in the trust and shall be disregarded in computing any required votes under the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC.

At the end of each fiscal quarter, or at such other earlier date as determined by the board of directors of Gyrodyne, LLC, Gyrodyne, LLC, on behalf of the trust, shall have the option to purchase such Gyrodyne, LLC Shares from the trust at a price determined by an independent appraiser or to offer such Gyrodyne, LLC Shares to third parties, including to other member of Gyrodyne, LLC in proportion to their relative ownership percentage, or to other persons at the appraised price. However, in the event such a member’s ownership percentage including Gyrodyne, LLC Shares held beneficially in the trust on behalf of such member, at any time becomes less than the 20% ownership limit due to the sale of Gyrodyne, LLC Shares

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by such member or due to additional issuances of Gyrodyne, LLC Shares by Gyrodyne, LLC, then the trust (to the extent such member's Gyrodyne, LLC Shares have not been sold pursuant) has an obligation to return such Gyrodyne, LLC Shares up to the 20% ownership limit.

Duties of Officers and Board of Directors

Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide that its business and affairs shall be managed under the direction of its board of directors, which shall have the power to appoint our officers. Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement further provides that the authority and function of its board of directors and officers shall be identical to the authority and functions of a board of directors and officers of a corporation organized under the New York Business Corporation Law, except as expressly modified by the terms of the Amended and Restated Limited Liability Company Agreement.

Prior to the merger, Gyrodyne, LLC will be managed by Gyrodyne, which will own all interests in Gyrodyne, LLC other than the Distributed Interests. The percentage interest in Gyrodyne, LLC represented by the Distributed Interests will be announced prior to their distribution, following completion of additional valuation work by Gyrodyne.

After the merger, it is anticipated that Gyrodyne, LLC will be managed by a board of directors with the same members of our board of directors, and have the same officers and management personnel, as that of Gyrodyne prior to the merger. Further, it is anticipated that the board of directors will form the same committees with identical members and substantially similar governing charters as those of Gyrodyne prior to the merger.

Election of Members of Gyrodyne, LLC's Board of Directors

At its first annual meeting of members following the consummation of the merger, certain members of Gyrodyne, LLC's board of directors will be re-elected by its members on a staggered basis.

Removal of Members of Gyrodyne, LLC's Board of Directors

Any director may be removed, with or without cause, by holders of a majority of the total voting power of all of our outstanding shares then entitled to vote at an election of directors.

Size of Board of Directors

Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide that Gyrodyne, LLC's board of directors shall consist of not less than three (3) nor more than seven (7) directors, who need not be members of Gyrodyne, LLC. Within these limits, the number of directors of Gyrodyne, LLC shall be fixed from time to time by resolution of the board of directors.

Costs and Expenses

Following consummation of the merger, all of Gyrodyne, LLC's expenses, including all expenses incurred by or attributable solely to Gyrodyne, including expenses incurred in connection with the merger, will be accounted for as expenses of Gyrodyne, LLC.

Limited Liability

The New York Limited Liability Company Law provides that a member who receives a distribution from a New York limited liability company and knew at the time of the distribution that the distribution was in violation of the New York Limited Liability Company Law shall be liable to the company for the amount of the distribution for three years. Under the New York Limited Liability Company Law, a limited liability company may not make a distribution to a member if, after the distribution, all liabilities of the company, other than liabilities to members on account of their shares and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. For the purpose of determining the fair value of the assets of a company, the New York Limited Liability Company Law provides that the fair value of property subject to liability for which recourse of

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creditors is limited shall be included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under the New York Limited Liability Company Law, an assignee who becomes a substituted member of a company is liable for the obligations of his assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to him at the time the assignee became a member and that could not be ascertained from the Amended and Restated Limited Liability Company Agreement.

Limitations on Liability and Indemnification of Our Directors and Officers

Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement, will indemnify each of its board of directors, officers and employees to the fullest extent permitted by law, against all expenses, liabilities and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) arising from the performance of any of their obligations or duties in connection with their service to Gyrodyne, LLC or its Amended and Restated Limited Liability Company Agreement, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made party by reason of being or having been one of our directors or officers, except by reason of acts or omissions constituting fraud, willful misconduct or gross negligence.

In addition, none of Gyrodyne, LLC's board of directors shall be liable to Gyrodyne, LLC or its members for monetary damages for breach of fiduciary duty as a director, except if a judgment or other final adjudication adverse to such director establishes that such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that such director personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Sections 409(c) and 609 of the New York Limited Liability Company Law. If the New York Limited Liability Company Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of Gyrodyne, LLC, in addition to the limitation on personal liability provided in its Amended and Restated Limited Liability Company Agreement, shall be limited to the fullest extent permitted by the amended New York Limited Liability Company Law.

Amendment of Our Amended and Restated Limited Liability Company Agreement

Gyrodyne, LLC's board of directors will generally be able to make amendments to the Amended and Restated Limited Liability Company Agreement without the approval of the members of Gyrodyne, LLC, except for certain amendments described below.

Amendments that do not require a member vote include:

- a change in its name, the location of its principal place of business, its registered agent or its registered office;
- the admission, substitution, withdrawal or removal of members in accordance with its Amended and Restated Limited Liability Company Agreement;
- the merger of Gyrodyne, LLC or any of its subsidiaries into, or the conveyance of all of its assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in its legal form into another limited liability entity;
- a change that the Gyrodyne, LLC board of directors determines to be necessary or appropriate for it to continue as a company in which its members have limited liability under the laws of any state or to ensure that neither it, its operating subsidiaries nor any of its respective subsidiaries will be treated as an association taxable as a corporation for federal income tax purposes other than as Gyrodyne, LLC specifically so designates;

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- an amendment that is necessary, in the opinion of its board of directors, based upon the advice of counsel, to prevent it, its board of directors or officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940, or “plan asset” regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;

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- an amendment that its board of directors determines to be necessary or appropriate for the authorization of additional securities, rights to acquire securities or rights with respect to its current securities;
- any amendment expressly permitted in its Amended and Restated Limited Liability Company Agreement to be made by its board of directors acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of its Amended and Restated Limited Liability Company Agreement;
- any amendment that its board of directors determines to be necessary or appropriate for the formation by it of, or its investment in, any real estate or related interest, as otherwise permitted by its Amended and Restated Limited Liability Company Agreement;
- a change in its fiscal year or taxable year and related changes;
- the designation of a new tax matters partner;
- merger, conversion or conveyance effected in accordance with its Amended and Restated Limited Liability Company Agreement; and
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, Gyrodyne, LLC's board of directors will be able to make amendments to its Amended and Restated Limited Liability Company Agreement without the approval of any member or assignee if our board of directors determines that those amendments:

- do not adversely affect the members (including treatment of shares compared to another member) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any

federal or state statute;

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- are necessary or appropriate to facilitate the trading of shares or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the shares are or will be listed for trading, compliance with any of which its board of directors deems to be in the best interests of it and its members;

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- are necessary or appropriate for any action taken by its board of members relating to splits or combinations of shares under the provisions of its Amended and Restated Limited Liability Company Agreement; or

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- are required to effect the intent expressed in this proxy statement/prospectus, the intent of the Tax Liquidation, including the merger, or the intent of the provisions of its Amended and Restated Limited Liability Company Agreement or are otherwise contemplated by its Amended and Restated Limited Liability Company Agreement.

Holders of at least 75% of the outstanding Gyrodyne, LLC Shares would have to vote affirmatively in order to approve any amendment having the effects as described above.

Any other amendments to Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement would require written approval of the holders of the number of shares required to approve the amendment or call a meeting of its member to consider and vote upon the proposed amendment. Such amendment must be approved by holders of a majority of the total voting power of Gyrodyne, LLC Shares.

Merger, Sale or Other Disposition of Assets

Gyrodyne, LLC's board of directors is generally prohibited, without the prior approval of holders of a majority of the outstanding Gyrodyne, LLC Shares, from causing it to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approving on our behalf the sale, exchange or other disposition of all or substantially all of the assets of our subsidiaries, provided

that its board of directors may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without that approval. Gyrodyne, LLC's board of directors also may sell all or substantially all of our assets under a foreclosure or other realization upon the encumbrances above without that approval.
If the conditions specified in the Amended and Restated Limited Liability Company Agreement are satisfied, Gyrodyne, LLC's board of directors may merge the Company or any of its subsidiaries into, or convey all of its assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity, in each case without any approval of its members.
Termination and Dissolution
Gyrodyne, LLC will continue as a limited liability company until terminated under its Amended and Restated Limited Liability Company Agreement. Gyrodyne, LLC will dissolve upon: (1) the election of its board of directors to dissolve us, if approved by holders of a majority of the outstanding Gyrodyne, LLC Shares or, in the board's discretion and without any separate approval by the holders of the Gyrodyne, LLC Shares at any time the value of the Gyrodyne, LLC's assets, as determined by the board in good faith, is less than $1,000,000; (2) the sale, exchange or other disposition of all or substantially all of its assets; or (3) the entry of a decree of judicial dissolution.
Books and Reports
Gyrodyne, LLC is required to keep appropriate books of its business at its principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and financial reporting purposes, its fiscal year is the calendar year. Gyrodyne, LLC has agreed to use reasonable efforts to furnish to you tax information (including Schedule K-1) as promptly as possible, which describes your allocable share of its income, gain, loss and deduction for our preceding taxable year. In preparing this information, Gyrodyne, LLC will use various accounting and reporting conventions to determine your allocable share of income, gain, loss and deduction. Delivery of this information by Gyrodyne, LLC will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from an investment in which it holds an interest. It is therefore possible that, in any taxable year, members of Gyrodyne, LLC will need to apply for extensions of time to file their tax returns.
Advance Notice Requirements for Member Proposals and Director Nominations.
Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide advance notice procedures for members seeking to bring business before its annual meeting of members or to nominate candidates for election as at its annual meeting of members. Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will also specify certain requirements regarding the form and content of a member's notice. These provisions might preclude our members from bringing matters before its annual meeting of members or from making nominations for directors at its annual meeting of members if the proper procedures are not followed. Gyrodyne, LLC expects that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of Gyrodyne, LLC.
Comparison of Rights of Gyrodyne Shareholders and Holders of Gyrodyne, LLC's Shares
Comparison of Certain Characteristics of a New York Corporation and a New York Limited Liability Company
The shareholders of Gyrodyne will become members of Gyrodyne, LLC, a newly-formed New York limited liability company. The following is a summary of certain differences between the provisions of the New York Business Corporation Law and the New York Limited Liability Company Law and the relevant sections of Gyrodyne's governing documents or Gyrodyne, LLC's amended and restated limited liability company agreement where those documents supersede the New York Business Corporation Law or the New York Limited Liability Company Law.

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The following discussion summarizes the material differences between the current rights of Gyrodyne's shareholders and the rights they will have as Gyrodyne, LLC members when they receive Gyrodyne, LLC Shares in the merger but does not purport to be a complete statement of all such differences, or a complete description of the specific provisions referred to in this summary. The identification of specific differences is not intended to indicate that other equally or more significant differences do not exist. The following comparison of shareholders' rights is necessarily a summary and is not intended to be complete or to identify all differences that may, under given situations, be material to Gyrodyne, LLC members. This summary is qualified in its entirety by reference to New York Business Corporation Law, New York Limited Liability Company Law, Gyrodyne's Certificate of Incorporation, as amended, and By-laws and Gyrodyne, LLC's Articles of Organization and Amended and Restated Limited Liability Company Agreement.
The New York Limited Liability Company Law generally permits greater flexibility in the conduct of a company's affairs in that in many instances it defers to the limited liability company agreement, which can vary the statutory requirements.

Capitalization

Gyrodyne's Certificate of Incorporation authorizes the issuance of 4,000,000 shares of Common Stock, par value $1.00. A change in the number of authorized shares would require an amendment to Gyrodyne's Certificate of Incorporation and shareholder approval. The Company's Certificate of Incorporation and By-laws and the New York Business Corporation Law describe the rights attributed to such shares.
Under the New York Limited Liability Company Law, there is no requirement that a company set forth the number and type of interests it is authorized to issue. Therefore, there is no restriction on the number of membership interests Gyrodyne, LLC may issue or on the characteristics and relative rights of such interests, except as may be provided in Gyrodyne, LLC's Limited Liability Company Agreement.

Preemptive Rights

Generally, the New York Business Corporation Law provides holders of the Company's common stock with the preemptive right to subscribe for any new or increased shares of the common stock issued by the board of directors unless such rights are specifically excluded in the Company's Certificate of Incorporation. The Amended and Restated Limited Liability Company Agreement that Gyrodyne intends to adopt prior to or concurrently with the consummation of the merger will specifically exclude any such preemptive rights.

Dissenters' Rights Generally

Generally, the New York Business Corporation Law and New York Limited Liability Company Law provides that, upon compliance with the applicable requirements and procedures, a dissenting shareholder has the right to receive the fair value of his or her shares if he or she objects to: (i) certain mergers, (ii) a consolidation, (iii) a disposition of assets requiring shareholder approval or (iv) certain amendments to the Certificate of Incorporation which adversely affect the rights of such shareholder.

Rights and Options

The New York Business Corporation Law requires shareholder approval of any plan pursuant to which rights or options are to be granted to directors, officers or employees. Neither the New York Limited Liability Company Law nor will Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement require member approval of such plans, although various other relevant legal considerations such as those contained in the Code and Exchange Act may make shareholder approval of certain rights or option plans necessary or desirable.

The Board

New York Business Corporation Law states that a company's board of directors must consist of one or more directors. The number of directors constituting Gyrodyne board of directors may be fixed by the by-laws, or by action of the shareholders or of the Gyrodyne board of directors under the specific provisions of a by-law adopted by the shareholders. Gyrodyne's By-laws provide that the number of board of directors all be determined by resolutions of Gyrodyne board of directors or by the shareholders at the

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annual meeting, but shall not be less than three (3) or more than nineteen (19). The Gyrodyne board of directors is divided into three (3) classes of directors serving staggered terms of office with each class to consist, as nearly as possible, of one-third of the total number of directors constituting the entire Gyrodyne board of directors. As of September 27, 2013, the Gyrodyne board of directors consists of six (6) directors.

New York Limited Liability Company Law provides that if the articles of organization provide that management of the limited liability company will be vested in a manager or managers or class or classes of managers, then the management of the limited liability will be vested in one or more managers, which may also be called directors. The articles of organization or operating agreement of a limited liability company may fix the number of directors. Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide that the number of directors shall be determined only by resolution of the board of directors, but shall not be less than three (3) or more than seven (7). Following the consummation of the merger, it is expected that Gyrodyne, LLC will have six (6) directors.

Removal of Directors

The Company's By-laws permit the removal of a member of our board of directors at any time, but only for "cause," by an affirmative of two-thirds vote of our board of directors then in office or the shareholders at a special meeting called for that purpose.

Similarly, Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide that a member of the board of directors may be removed only for "cause," as defined therein, by an affirmative of two-thirds vote of the outstanding Gyrodyne, LLC Shares.

Amending the Governing Documents

The New York Business Corporation Law provides that the Company's Certificate of Incorporation can be amended when authorized by a vote of the board of directors followed by a vote of holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders. Under certain circumstances, the holders of shares of a class must also authorize an amendment when that class would be adversely affected by such amendment. The Company's By-laws can be amended by a two-thirds vote of our board of directors when such amendment is proposed by a shareholder. When such amendment is proposed by our board of directors, it may be authorized by two-thirds vote of the shareholders or adopted by a two-thirds vote of our board of directors.

Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide, generally, that it may be amended by vote of the majority of the board of directors.

Limitation on Liability of Directors and Officers; Indemnification

The Company's By-laws provide that if a director, officer or employee of the Company is made party to a civil or criminal action or proceeding in any matter arising out of the performance by such person of his duties for, on behalf of, or at the request of the Company, then the Company may, to the full extent permitted by law, advance to such person all sums necessary and appropriate to conduct their defense and indemnify such person for all sums paid by him, including attorneys' fees, in connection with the action.

Gyrodyne, LLC's Amended and Restated Limited Liability Company Agreement will provide, generally, that no directors or officers of Gyrodyne, LLC will be personally liable to Gyrodyne, LLC or any of Gyrodyne, LLC's members for any loss suffered by Gyrodyne, LLC due to an act or omission performed or omitted by such directors or officers unless such actions or omissions were in bad faith or involved intentional misconduct, a knowing violation of law or such director or officer gained financially from such act or omission. All directors and officers of Gyrodyne, LLC are entitled to indemnification from Gyrodyne, LLC for any loss, damage or claim, including attorneys' fees, suffered as a result of any act or omission by such director or officer, if his conduct did not constitute fraud, gross negligence, knowing breach of Gyrodyne, LLC's Limited Liability Company Agreement or willful or wanton misconduct. In the event such indemnification is found to be unenforceable as against public policy, Gyrodyne, LLC's Limited Liability Company Agreement provides for contribution among parties in accordance with their relative fault.

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Comparison of Rights of Holders of GSD Interests and Holders of Gyrodyne LLC Shares

Distributed Interests

The GSD Interests have legal and economic characteristics identical to those of Gyrodyne, LLC Shares as set forth in "The Proposal — The Plan of Merger — Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC except as to the management of GSD and the transferability and assignment of GSD Interests as described in this section.

For a more complete understanding of the Amended and Restated Limited Liability Company Agreement of GSD, we urge you to read carefully this proxy statement/prospectus, the Amended and Restated Limited Liability Company Agreement of GSD, a copy of which is filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 27, 2013, and the other documents referred to herein (including the annexes).

Management

Through the latest of December 31, 2014, the date of termination of the Plan of Merger and the date up on which all required actions have been taken under applicable law to permit unrestricted transferability thereof, GSD will be managed by Gyrodyne.

Transferability and Assignment

GSD Interests will be recorded on the books of GSD but will not be certificated and at the time of the Special Dividend through the latest of December 31, 2014, the date of termination of the Plan of Merger and the date up on which all required actions have been taken under applicable law to permit unrestricted transferability thereof, such interests will be recorded on the books of GSD but may not be assigned or transferred, voluntarily or involuntarily, by the registered holder and will not be listed on any exchange. Any attempted assignment or transfer driving this period shall be void, except as provided in the following sentence, in which case the Distributed Interests may be transferred only on the books of GSD. GSD will permit transfers pursuant to the laws of bankruptcy, inheritance, descent or distribution, or to the successor to any holder that is a corporate or other entity. If a transfer is requested, GSD may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and GSD may require a holder to pay any taxes and fees required by law.

Structure and Completion of the Merger

Capital Stock

Upon the effectiveness of the merger, holders of shares of Common Stock of Gyrodyne and GSD Interests will receive common shares representing limited liability company interests in Gyrodyne, LLC, which we refer to in this proxy statement/prospectus as "Gyrodyne, LLC Shares." Each share of Common Stock will be converted into such number of validly issued common shares of Gyrodyne, LLC as shall be determined by the Board of Directors of Gyrodyne and announced at least ten days prior to the special meeting and each common share of GSD will be converted into such number of validly issued common shares of Gyrodyne, LLC as shall be determined by the Board of Directors of Gyrodyne and announced at least ten days prior to the special meeting, whereupon holders of such shares automatically will be admitted to Gyrodyne, LLC as members.

The Plan of Merger provides that each share of Gyrodyne Common Stock owned by Gyrodyne as treasury stock will be automatically converted without any other consideration into a Gyrodyne, LLC Share. Shares of Gyrodyne Common Stock owned by shareholders with respect to which statutory appraisal has been properly demanded under New York law, unless the holder will have failed to perfect or will have effectively withdrawn or lost rights to statutory appraisal, will be cancelled. Such shareholders will instead be entitled to the statutory appraisal rights provided under New York law as described in this proxy statement/prospectus under the section titled "— Statutory Appraisal Rights to Transactions Contemplated by the Merger" and "Statutory Appraisal Rights to Transactions Contemplated by the Proposal." If, after

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completion of the merger, any shareholder fails to perfect, or effectively withdraws or loses, his, her or its demand for statutory appraisal, such shareholder's shares will be deemed to have been converted into and become exchangeable for, as of the effective time, Gyrodyne, LLC Shares.

The Plan of Merger provides that each limited liability company interest in Gyrodyne, LLC issued and outstanding immediately prior to the effective time will cease to be outstanding, will be automatically canceled and retired, and each person or entity that was a member of Gyrodyne, LLC immediately prior to the merger will automatically cease to be a member of Gyrodyne, LLC. Any consideration paid by a member of Gyrodyne, LLC prior to the merger for any Gyrodyne, LLC Shares shall be returned to such member in connection with such cancelation and retirement.

Gyrodyne Incentive Arrangements, Benefit Plans and Pension Plans

Consummation of the merger will not trigger any payments to participants under any contracts or arrangements, including under Gyrodyne's Incentive Compensation Plan or under its executive employment agreements.

The Incentive Compensation Plan's definition of "change-in-control", which is a trigger for payments, contains an explicit exclusion if any such transaction is consummated with a "Related Person" to Gyrodyne, as such term is defined in Section 409A of the Internal Revenue Code. Under such definition, Gyrodyne and Gyrodyne LLC are "Related Persons" because the majority of equity by value of post-merger Gyrodyne LLC will be deemed to be owned directly or indirectly by Gyrodyne's pre-merger shareholders, and consequently the merger will not trigger any payments under the Incentive Compensation Plan.

Similarly, the $125,000 bonus payable upon a "change-in-control" under the employment agreement of each of Mr. Braun and Mr. Fitlin, our Chief Executive Officer and Chief Financial Officer, respectively, will not be triggered upon consummation of the merger. "Change-in-control" is defined in these agreements as either a "change in ownership or effective control" of Gyrodyne, or a "change in the ownership of a substantial portion of the assets" of Gyrodyne, as such terms are defined in Section 409A of the Code.

The merger does not qualify as a "change-in-control" under 409A, since it does not result in (A) a "change in ownership" of Gyrodyne (because Gyrodyne will not survive the merger, (B) a change in effective control of Gyrodyne (which would require acquisition of voting power in Gyrodyne, not Gyrodyne LLC), or (C) a "change in ownership of a substantial portion of the assets" of Gyrodyne (since the merger qualifies as a transfer to a related party as described above, it cannot be deemed to constitute a change in ownership of the assets of Gyrodyne).

It is the current intent of the board of directors that Gyrodyne, LLC will operate with a business plan to dispose of its current real property. Proceeds of such dispositions will be used to settle any claims, pending or otherwise, against Gyrodyne and to make distributions to holders of Gyrodyne, LLC Shares. When all properties of Gyrodyne, LLC are disposed of, it is intended Gyrodyne, LLC will dissolve and a final distribution will be made. Such dispositions may trigger payments under the Incentive Compensation Plan either because of the magnitude of the post-disposition dividend or because a disposition constitutes a "change-in-control." See "Background; The Tax Liquidation — Interests of Our Directors and Executive Officers." Similarly, the $150,000 "change-in-control" bonuses contained in the employment agreements of Messrs. Braun and Fitlin will be triggered by the implementation of the intended plan to dispose of the Company's current real property if one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions.

Exchange of Stock Certificates

Upon the effectiveness of the merger, each certificate (or evidence of shares in book-entry form) representing shares of Gyrodyne Common Stock will be deemed for all purposes to represent the same number of shares of such series of Gyrodyne, LLC Shares into which such shares will be converted and exchanged in the merger, without any action on the part of shareholders.

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At the completion of the merger, Gyrodyne will close its stock transfer books, and no subsequent transfers of Gyrodyne Common Stock will be recorded on its books.

Representations and Warranties

The Plan of Merger contains representations and warranties by Gyrodyne and Gyrodyne, LLC. These representations and warranties have been made solely for the benefit of the other party to the Plan of Merger and (i) have been qualified by disclosures that were made to the other party in connection with the entry into the Plan of Merger, which disclosures may not be reflected in the Plan of Merger; (ii) may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and (iii) were made only as of the date of the Plan of Merger or such other date or dates as may be specified in the Plan of Merger and are subject to more recent developments which may not be publicly disclosed. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

The representations and warranties made by both Gyrodyne and Gyrodyne, LLC relate to, among other things, (i) corporate organization, standing and similar corporate matters; (ii) capital structure; and (iii) approval and authorization of the Plan of Merger.

Indemnification

The Plan of Merger provides that, upon the effective time of the merger, Gyrodyne, LLC will, to the fullest extent permitted by law and as provided in the governance documents of Gyrodyne and any of its subsidiaries immediately prior to the effective time, indemnify and hold harmless, and provide the advancement and reimbursement of reasonable expenses to, all past and present directors and officers of Gyrodyne or any of its subsidiaries.

Closing

The closing of the merger will take place at such time, date and place as Gyrodyne, GSD and Gyrodyne, LLC may agree but in no event will the closing occur prior to (i) the satisfaction or, to the extent not prohibited by law, waiver of the conditions set forth in the Plan of Merger (other than conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or, to the extent not prohibited by law, waiver of those conditions) (see “— Conditions to Completion of the Merger”) and (ii) a date that is at least twenty days after the mailing of their proxy statement/prospectus (which constitutes the notice of statutory appraisal rights). No appraisal or dissenters’ rights are available to holders of GSD Interests in connection with the Plan of Merger. See “— Statutory Appraisal Rights” and “Statutory Appraisal Rights to Transactions Contemplated by the Proposal.” The merger will become effective at the time the certificate of merger is filed with the Secretary of State of the State of New York or at such later time as is specified in the certificate of merger.

Recommendation of Our Board of Directors; Reasons for the Plan of Merger

Board of Directors’ Recommendation regarding the Plan of Merger

Our board of directors unanimously determined that it is in the best interests of the Company, and declared it advisable, to enter into the Plan of Merger. Our board of directors recommends that Gyrodyne shareholders vote “FOR” the proposal to authorize the Plan of Merger and the transactions contemplated thereby.

Reasons for the Plan of Merger

Our board of directors believes that authorization of the Plan of Merger and the transactions contemplated thereby will provide the most effective method of accomplishing the Tax Liquidation. If the proposal to authorize the Plan of Merger and the transactions contemplated thereby is approved, then, pursuant to the Plan of Merger and in accordance with New York law, each of Gyrodyne and GSD would be merged with and into Gyrodyne, LLC, whereupon the separate corporate existence of each of Gyrodyne and GSD will cease and Gyrodyne, LLC will be the surviving entity of the merger.

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The following list contains some of the factors that our board of directors considered in connection with its adoption of and entry into the Plan of Merger:

- the ability to make a distribution such as the Special Dividend in 2013 with return of capital tax treatment to Gyrodyne shareholders pursuant to the PLR and the possibility of accomplishing the Tax Liquidation in 2013, which did not appear to be a possibility if a statutory dissolution has been pursued as the means to accomplish the Tax Liquidation;

- the preference for a merger structure, which was more readily understandable by shareholders, in accomplishing the Tax Liquidation to enable continued operation of the Contributed Properties under Gyrodyne, LLC, while simplifying the corporate structure and interrelationships of Gyrodyne and GSD, which could result in conflicts between the entities and their equity holders as long as they are operated as separate entities;

- the Board’s belief that accomplishing the Tax Liquidation via a statutory dissolution would lead to shareholder confusion and the potential negative inferences that could be drawn by prospective counterparties who could seek to take advantage of the Company had it been operating under a plan of dissolution;

- the ability of Gyrodyne shareholders to retain an interest in a tradable equity security;

- the extensive process in which the Company engaged to explore its strategic alternatives and our inability to find a strategic buyer for the Company, to find a purchaser for our existing assets or to identify an appropriate alternative to reinvest our cash resources in a manner that provided an acceptable level of return, in light of the related risks and the need to maintain a management structure capable of identifying and implementing such reinvestments, thereby indicating a low probability that we would be presented with or otherwise identify, within a reasonable period of time under current circumstances, any viable opportunities to engage in an attractive alternative transaction;

- the substantial accounting, legal and other expenses associated with being a small publicly-traded company in light of our expected revenues, which expenses would be eliminated with the dissolution of Gyrodyne, LLC following disposal of the Contributed Properties;

- the terms and conditions of the Plan of Merger, including that our board of directors may abandon the transactions contemplated thereby in the event that it determines that, in light of new proposals presented or changes in circumstances, the merger is not advisable and in the best interests of the Company and its shareholders;

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- the fact that the New York Business Corporation Law requires that the Plan of Merger be approved by the affirmative vote of holders of two-thirds of all outstanding shares of Common Stock entitled to vote thereon; and

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- our shareholders are entitled to exercise appraisal rights in the event the Plan of Merger is authorized and a shareholder does not wish to hold Gyrodyne, LLC Shares. See "— Statutory Appraisal Rights to Transactions Contemplated by the Plan of Merger" and "Statutory Appraisal Rights to Transactions Contemplated by the Proposal."

Our board of directors also identified and considered potentially negative factors involved in the merger of the Company pursuant to the Plan of Merger, including the following:

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- the fact that, although tradable, the interests in Gyrodyne, LLC may not be listed for trading on NASDAQ and may be illiquid;

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- the fact that we expect to incur costs to complete the merger and other merger-related transactions, including that a substantial amount of such costs will be incurred by us whether or not the merger is completed;

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- the diversion of our management's time and attention away from the day-to-day operations of our businesses; and

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- the fact that the expected benefits of the merger may not be realized for a variety of reasons, including as a result of authorities disagreeing with our conclusions on the tax treatment of the merger or changing applicable tax laws and regulations with potentially retroactive effect.

The foregoing discussion of the information and positive and negative factors considered and given weight by our board of directors is not intended to be exhaustive. The members of our board of directors considered their knowledge of our business, financial condition and prospects, and the views of management and our financial and legal advisors. In view of the variety of factors considered, our board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. In addition, individual members of our board of directors may have given different weights to different factors.

The consent of each of Gyrodyne, LLC and GSD was obtained when each was wholly-owned and managed by Gyrodyne, as its sole equity holder and member. Accordingly, no separate evaluation for the merger by the sole member of Gyrodyne, LLC or GSD was required and the sole member of each of Gyrodyne, LLC and GSD expressly adopts the conclusions and recommendations of our board of directors described in this proxy statement/prospectus.

Your approval of the Plan of Merger will constitute your approval of all of the transactions contemplated thereby, including the merger and the Amended and Restated Limited Liability Company Agreement of Gyrodyne, LLC.

Vote Required for Approval

Pursuant to Section 903 of the New York Business Corporation Law, the proposal will be approved if it is authorized by the affirmative vote of at least two-thirds of all outstanding shares of Gyrodyne Common Stock entitled to vote thereon.

Statutory Appraisal Rights to Transactions Contemplated by the Plan of Merger

If the Plan of Merger is authorized and implemented, holders of shares of Common Stock who did not vote for the Plan of Merger and who timely dissent and follow the procedures in Sections 623 and 910 of the New York Business Corporation Law set forth in Annex E to this proxy statement/prospectus ("Dissenting Holders") will have certain rights to demand payment for the "fair value" of their shares of Common Stock to the extent and on the basis provided in Sections 623 and 910. Failure to follow precisely any required procedure on a timely basis may result in the loss of those rights. Dissenting Holders receiving payment pursuant to those rights would not also be entitled to receive Gyrodyne, LLC Shares. See "Statutory Appraisal Rights to Transactions Contemplated by the Proposal."

OUR BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE PLAN OF MERGER. THIS IS IDENTIFIED AS ITEM 1 ON THE ENCLOSED PROXY CARD.

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DIRECTORS

The By-laws of the Company provide that there shall be not less than three (3), nor more than nineteen (19), directors. Our board of directors is divided into three (3) classes of directors serving staggered terms of office with each class to consist, as nearly as possible, of one-third of the total number of directors constituting our entire board of directors. Upon the expiration of the term of office for a class of directors, the nominees for that class will stand for election to three-year terms to serve until the election and qualification of their successors. No directors will be elected at the special meeting.

(a)

- Information concerning the nominees and continuing directors of the Company, showing the principal occupation, year when first elected as a director of the Company, and term of office, is as follows:

Name & Principal Occupation or Employment	Age	First Became a Director	Current Board Term Expires
Elliot H. Levine CPA and Senior Member of Levine & Seltzer, LLP Director of the Company	60	2004	2014
Paul L. Lamb Partner, Lamb & Barnosky, LLP Chairman of the Board of Directors of the Company	68	1997	2015
Nader G. M. Salour Principal, Cypress Realty of Florida, LLC Director of the Company	55	2006	2015
Richard B. Smith Vice President, Commercial Banking Division, First National Bank of L.I. Director of the Company	59	2002	2015
Ronald J. Macklin Vice President and Deputy General Counsel, National Grid Director of the Company	51	2003	2016
Philip F. Palmedo President, Palmedo Associates Director of the Company	79	1996	2016

(b)

- Business Experience

Paul L. Lamb, age 68, has been a director since 1997 and became Chairman of our board of directors on March 14, 1999. He is a founding partner of the law firm Lamb & Barnosky, LLP, where he has practiced law since 1984; a past President of the Suffolk County Bar Association; and a Dean of the Suffolk Academy of Law. He holds a B.A. from Tulane University, a J.D. from the University of Kentucky and an LL.M. from the University of London, England. Our board of directors concluded that Mr. Lamb should serve as a director of the Company because he is an experienced attorney in all phases of finance and real estate development, which skill set brings extraordinary value in light of the Company’s business and structure.

Philip F. Palmedo, age 79, was appointed to our board of directors in July 1996. Mr. Palmedo has been President of the management consulting firm Palmedo Associates since 1980 and from 1988 to 1991 was Managing Director and President of Kepler Financial Management. From 1978 to 2000, he was Chairman of International Resources Group, an international professional services firm, and, from 1992 to 1997, was President of the Long Island Research Institute. He was a founder of all four companies. In addition, Mr. Palmedo has been a director of Lixte Biotechnology Holdings, Inc., since 2005. Mr. Palmedo has

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shepherded numerous fledgling businesses in financial and technological markets and completed several financing agreements. He received his B.A. degree from Williams College and his M.S. and Ph.D. degrees from M.I.T. Our board of directors concluded that Mr. Palmedo should serve as a director of the Company because of his extensive background in successfully guiding a number of entities from initial formation to value recognition.

Elliot H. Levine, age 60, was appointed to our board of directors in October 2004. Mr. Levine is a founding member of the accounting firm Levine & Seltzer, LLP Certified Public Accountants, and a graduate (1975) of Queens College, City University of New York. He became a member of the American Institute of Certified Public Accountants in February 1978. Mr. Levine's work experience includes five years at Arthur Young, eleven-and-a-half years as partner and director of taxes of Leslie Sufrin & Co. P.C., a one-year tenure as senior tax manager at Margolin, Winer & Evans CPAs and over 16 years as senior member of Levine & Seltzer. Our board of directors concluded that Mr. Levine should serve as a director of the Company because of his 34 years of experience as a certified public accountant and in the real estate industry and field of taxation.

Richard B. Smith, age 59, was appointed to our board of directors in November 2002. Mr. Smith has been a Vice President in the Commercial Banking Division of the First National Bank of Long Island since February 2006. He previously served as Senior Vice President for Private Banking at Suffolk County National Bank from May 2000 to February 2005. Previously, he worked for 10 years at Key Bank (Dime Savings Bank) and for three (3) years at L.I. Trust/Apple Bank. He received an MBA in Finance from SUNY Albany in 1983. Mr. Smith serves as the Mayor of the Incorporated Village of Nissequogue and as a Trustee of the Smithtown Historical Society. He is also a former Trustee for St. Catherine's Medical Center in Smithtown, New York. Our board of directors concluded that Mr. Smith should serve as a director of the Company because of his background in both the Long Island financial sector and his role in, and experience with, local government issues and zoning matters.

Ronald J. Macklin, age 51, was appointed to our board of directors in June 2003. Mr. Macklin currently serves as Vice President and Deputy General Counsel for National Grid and formerly KeySpan Corporate Services, where he has held various positions within the Office of General Counsel since 1991. Previously, he was associated with the law firms of Rosenman & Colin and Cullen & Dykman. He received a B.A. degree from Stony Brook University and his Juris Doctorate from Union University's Albany Law School. Our board of directors concluded that Mr. Macklin should serve as a director of the Company because of his legal expertise, which includes his legal experience in corporate transactions, real estate matters, litigation, compliance and business ethics.

Nader G.M. Salour, age 55, was appointed to our board of directors in October 2006 and then elected by the shareholders at the Company's annual meeting in December 2006. Mr. Salour has been a Principal of Cypress Realty of Florida since 2000. He served as President of Abacoa Development Company from June 1996 to June 2006, and has served as a Director of Abacoa Partnership for Community since December 1997, and as a Director of the Economic Council of Palm Beach County since 2004. Our board of directors concluded that Mr. Salour should serve as a director of the Company because of his extensive experience in the real estate industry, including development, construction, project analysis and financing.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains Common Stock ownership information for all persons known by the Company to own beneficially more than 5% of the Company's Common Stock, as of May ___, 2014, and for the Company's directors and executive officers. In general, beneficial ownership includes those shares that a person has the power to vote, sell or otherwise dispose of. Beneficial ownership disclosure rules require Companies to include in Common Stock ownership information that number of shares which an individual has the right to acquire (such as stock options) within 60 days of the date this table was prepared; none of the persons included in the following table have any such rights. Two or more persons may be considered the beneficial owner of the same shares. We obtained the information provided in the following table from filings with the SEC and from information otherwise provided to the Company. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of Common Stock listed next to their name. In this proxy statement/prospectus, "voting power" is the power to vote or direct the voting of shares, and "investment power" is the power to dispose or direct the disposition of shares.

Title of Class	**Name and address of beneficial owner (1)**	**Amount and nature of beneficial ownership (2)**		**Percent of Class (7)**
Common Stock $1 Par Value	Leap Tide Capital Management, Inc. Jan Loeb 10451 Mill Run Circle, Suite 400 Owings Mills, MD 21117	95,889	(3)	6.47
	Paul L. Lamb	29,578	(4)	1.99
	Philip F. Palmedo	15,650	(5)	1.06
	Nader G.M. Salour	194		*
	Richard B. Smith	1,000		*
	Ronald J. Macklin	66		*
	Elliot H. Levine	137		*
	Peter Pitsiokos	0	(6)	*
	Gary J. Fitlin	0		*
	Frederick C. Braun III	0		*
	All executive officers and Directors as a group (9 persons)	46,625		3.14

(1)

- The address for all individuals is One Flowerfield, Suite 24, Saint James, New York 11780.

(2)

- Except as otherwise indicated, the beneficial owner has sole voting and investment power.

(3)

- On February 12, 2010, Leap Tide Capital Management, Inc. and Jan Loeb filed a Schedule 13G/A with the Securities and Exchange Commission stating that each reporting person beneficially owns 94,666 shares of Common Stock with the sole power to vote or direct the vote and to dispose or direct the disposition of all shares. Based on subsequent information received from Jan Loeb in February 2012, the aggregate ownership of Common Stock amounts to 95,889 shares.

(4)

- Includes 2,277 shares held by Lamb & Barnosky, LLP Profit Sharing Trust and 11,923 shares held by the Paul L. Lamb, P.C. Defined Benefit Plan. Mr. Lamb is a trustee of the Profit Sharing Trust and the Defined Benefit Plan. Additionally, Mr. Lamb has 15,378 shares in an Individual Retirement Account.

(5)

- Does not include his wife's ownership of 4,125 shares, or 400 shares in a trust for two relatives for which he is the Trustee, in which he denies any beneficial interest.

(6)

- Does not include his wife's ownership of 7 shares in which he denies any beneficial interest.

(7)

- The percent of class is calculated on the basis of the number of shares outstanding, which are 1,482,680 as of May __, 2014

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EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES WHO ARE NOT DIRECTORS

Frederick C. Braun III, 72, joined the Company in February 2013 as its Chief Executive Officer. He is currently the Chairman of the Brookhaven Industrial Development Agency ("Brookhaven IDA"), a public benefit corporation of the State of New York that assists in the acquisition, construction, reconstruction, and equipping of commercial and industrial facilities, and he has served in such capacity for approximately 25 years. Mr. Braun also serves as a member ex-officio on the Brookhaven IDA's Audit, Finance and Governance Committees. From 2000 to September 2009, Mr. Braun served as Executive Vice President of State Bank of Long Island, a commercial bank subsidiary of State Bancorp, Inc. (acquired by Valley National Bancorp effective January 1, 2012). Mr. Braun earned a BS degree in Finance from Lehigh University.

Gary J. Fitlin, age 48, joined the Company in October 2009 as its Chief Financial Officer and Treasurer. On August 17, 2012, Mr. Fitlin was also appointed Interim President and Chief Executive Officer following the resignation of Stephen V. Maroney from such positions; he held that position until Mr. Braun's appointment in February 2013. Prior to joining the Company, Mr. Fitlin was Director of Accounting Implementation for Lexington Realty Trust, a publicly traded real estate investment trust on the NYSE, from July 2006 to March 2008, where he was responsible for mergers and acquisitions. Prior to that, Mr. Fitlin served as Vice President and Corporate Controller for Source Media (f/k/a Thomson Media), a publisher and software solution provider, from June 2005 to July 2006, where he was responsible for global accounting, management reporting, tax compliance and planning, financial systems, risk management and contract administration. Prior to that, he served as a senior financial officer for various publicly traded companies where he was responsible for mergers and acquisitions, global accounting, management reporting, tax compliance and planning, financial systems, risk management and contract administration. He is a Certified Public Accountant, an alumnus of Arthur Andersen & Co., and holds a BS degree in Accounting and Economics from the State University of New York at Oswego.

Peter Pitsiokos, age 54, joined the Company in July 1992 as its Assistant Secretary and served as its General Counsel from 1992 – 2004. He has been the Company's Chief Operating Officer and Chief Compliance Officer since 2004. He has also been Secretary of the Company for over five years. Mr. Pitsiokos was formerly the Executive Assistant District Attorney in Suffolk County, New York. He also served as the Assistant Director of Economic Development and the Director of Water Resources in the Town of Brookhaven. Mr. Pitsiokos also maintained a private law practice in which he represented several national and local owners, managers and developers of real estate. He holds a law degree from Villanova University and a BA degree from Stony Brook University.

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EXECUTIVE COMPENSATION

Executive Summary

The following table sets forth the total compensation awarded to, earned by or paid to each of the Company's executive officers for services rendered during the years ended December 31, 2013, 2012 and 2011:

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Non-qualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Frederick C.	2013 (B)	206,731	25,000 (A)	0	00	0	0	0	231,731
Braun III (1)		0	0	0	0	0	0	0	0
Stephen V.	2013	0	0	0	0	933,251 (C)	0	0	933,251
Maroney	2012	174,583	0	0	0	779,405 (C)	0	0	953,988
Former President and CEO	2011	220,000	25,000 (D)	0	0	0	0	0	245,000
Peter	2013	185,712	0	0	0	681,021 (C)	0	0	866,733
Pitsiokos	2012	185,712	25,000 (E)	0	0	568,755 (C)	0	0	779,467
COO and Secretary	2011	176,869	25,000 (D)	0	0	0	0	0	201,869
Gary Fitlin	2013	250,000	25,000 (A)	0	0	0	0	24,278 (F)	299,278
Interim	2012	195,335	25,000 (E)	0	0	0	0	60,500 (G)	280,835
President and CEO, CFO and Treasurer (H)	2011	158,000	0	0	0	0	0	75,000 (G)	233,000

(A)

- Consists of 2013 performance bonuses issued on February 7, 2014 to each of Mr. Braun and Mr. Fitlin for $25,000.

(B)

- Frederick C. Braun III was appointed President and Chief Executive Officer effective February 25, 2013.

(C)

- On September 13, 2013, our Board declared a Special Dividend of $98,685,000 or $66.56 per share of Common Stock, of which approximately $68,000,000, or $45.86 per share, will be paid in cash. The balance will be payable in the form of interests in a newly formed New York limited liability company, Gyrodyne Special Distribution, LLC. It is expected that such interests collectively will constitute 100% economic interest in all of the Company's properties: Flowerfield, Port Jefferson, Cortlandt and Fairfax, which, with the exception of Flowerfield, will be subject to an aggregate of $13,840,889 in mortgages payable to a subsidiary of Gyrodyne that will be retained by Gyrodyne, and that Gyrodyne will be its managing member. The $45.86 cash portion of the dividend triggered a payment under the Company's Incentive Compensation Plan to each of Mr. Maroney and Mr. Pitsiokos of $933,251 and $681,021. The Company declared and paid a special dividend of $38.30 per share in December 2012 which triggered a payment under the Company's Incentive Compensation Plan to each of Mr. Maroney and Mr. Pitsiokos of $779,405 and $568,755. Mr. Maroney vested in his benefits and will receive future compensation payments under the Incentive Compensation Plan upon any triggering events at the same amounts as if he remained with the Company. Mr. Pitsiokos' benefit under the Incentive Compensation Plan also vested but he remains with the Company.

(D)

- Consists of 2011 performance bonuses issued on March 14, 2012 to each of Mr. Maroney and Mr. Pitsiokos for $25,000.

(E)

- Consists of 2012 performance bonuses issued on December 21, 2012 to each of Mr. Pitsiokos and Mr. Fitlin for $25,000.

(F)

- Consists of vacation time paid in cash during the fiscal year.

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(G)

- Consists of deferred cash compensation that vested annually each October and was paid pursuant to the 2009 employment agreement on October 2012.

(H)

- In addition to serving as CFO and Treasurer, Mr. Fitlin also served as interim President and CEO from August 23, 2012 until February 25, 2013.

The Registrant has concluded that aggregate amounts of perquisites and other personal benefits, securities or property to any of the current executives does not exceed $10,000 and that the information set forth in tabular form above is not rendered materially misleading by virtue of the omission of such personal benefits.

Employment Agreements

During the fiscal years ended December 31, 2012 and 2011, the Company was a party to separate employment agreements with each of Mr. Maroney (the Company's President and CEO at the time) and Mr. Pitsiokos (the Company's COO and Secretary). Each employment agreement provided for an annual base salary and discretionary annual incentive cash bonus. The employment agreements also provided for certain severance and change-in-control benefits. On June 12, 2009, the Company and the two officers mutually agreed to terminate the automatic extension provisions of the agreements which had originally provided for an evergreen three-year term. As a result, the term of the employment agreements ended on June 12, 2012.

During the fiscal years ended December 31, 2012, 2011 and 2010, the compensation arrangements between the Company and Gary Fitlin, the Company's Chief Financial Officer, were set forth in an Offer Letter (the "Offer Letter") and a Deferred Bonus Agreement (the "Bonus Agreement"), each executed on October 22, 2009. Pursuant to the Offer Letter and the Bonus Agreement, Mr. Fitlin joined the Company at a base salary of $158,000 per year and became eligible to receive deferred bonus payments equal to $75,000 for each full year (or portion thereof) of service during the three-year period ended October 21, 2012. The deferred bonus payments vested on October 21 of each of 2010, 2011 and 2012, respectively. Pursuant to the Bonus Agreement, the aggregate deferred bonus was paid on October 26, 2012. The obligations of the Company and Mr. Fitlin have been fulfilled under the Bonus Agreement.

On May 17, 2013, the "Company entered into new employment agreements with Frederick C. Braun III and Gary J. Fitlin, respectively (the "Employment Agreements"), each dated May 15, 2013 and effective April 1, 2013, pursuant to which Messrs. Braun and Fitlin continued to serve as President and Chief Executive Officer and as Senior Vice President and Chief Financial Officer, respectively. The Employment Agreements provide for substantially identical compensation and severance provisions. Pursuant to the Employment Agreements, each of Mr. Braun and Mr. Fitlin earn a base salary at the rate of $250,000 per year plus a bonus equal to $125,000 if he is employed by the Company as of the effective date of a change-in-control (the "Change-in-Control Bonus"). The Employment Agreements define a change-in-control as the first to occur of a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as each such term is defined under Section 409A of the Code. Pursuant to the terms of the Employment Agreements, there is no required minimum period of employment, and either the Company or the executive may terminate at any time, with or without cause. If the executive is terminated without cause, the Company must provide him with at least 60 days' prior written notice of termination, and must pay him (i) the pro rata share of his base salary through those 60 days, (ii) the Change-in-Control Bonus, and (iii) severance pay equal to six months' base salary from the date of termination. If the executive is terminated for cause (as defined in the Employment Agreements), he will be paid the pro rata share of his base salary through the date of termination. Each of the executives may also terminate upon 60 days' prior written notice.

Outstanding Equity Awards at Fiscal Year End

As of the year ended December 31, 2013, there were no unexercised options, stock that has not vested or equity incentive compensation plan awards held by any of the Company's named executive officers.

Severance and Change-in-Control Benefits

Pursuant to the Employment Agreements, each of Mr. Braun and Mr. Fitlin earn a bonus equal to $125,000 if he is employed by the Company as of the effective date of a change-in-control (the
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"Change-in-Control Bonus"). The Employment Agreements define a change-in-control as the first to occur of a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as each such term is defined under Section 409A of the Code. Consummation of the merger will not trigger any payments under the Employment Agreements. See "The Proposal: Authorization of the Plan Of Merger — Structure and Completion of the Merger — Gyrodyne Incentive Arrangements, Benefit Plans and Pension Plans"

Pursuant to the terms of the Employment Agreements, there is no required minimum period of employment, and either the Company or the executive may terminate at any time, with or without cause. If the executive is terminated without cause, the Company must provide him with at least 60 days' prior written notice of termination, and must pay him (i) the pro rata share of his base salary through those 60 days, (ii) the Change-in-Control Bonus, and (iii) severance pay equal to six months' base salary from the date of termination. If the executive is terminated for cause (as defined in the Employment Agreements), he will be paid the pro rata share of his base salary through the date of termination. Each of the executives may also terminate upon 60 days' prior written notice.

Incentive Compensation Upon a Change-in-Control or Payment of Certain Dividends Following an Asset Sale

The Company believes that providing incentive payments in a change-in-control situation is beneficial to shareholders because it encourages management and our board of directors to remain impartial when evaluating a transaction that may be beneficial to shareholders yet could negatively impact the continued employment or board position of an executive officer or director, and to promote long term value maximization. Toward that end, the Company established an incentive compensation plan in 1999, and our board of directors approved amendments to the plan on February 2, 2010 which are set forth in an Amended and Restated Incentive Compensation Plan dated as of February 2, 2010 (as amended, the "Incentive Compensation Plan"), a copy of which was included as an exhibit to the Company's Current Report on Form 8-K, filed with the SEC on February 8, 2010. Our board of directors approved the amendments to the Incentive Compensation Plan to better align the interests of the participants with those of the Company's shareholders as the Company pursued its strategic plan to position itself over a reasonable period of time for one or more liquidity events that will maximize shareholder value. Full-time employees and members of our board of directors are eligible to participate, and rights of all participants vested immediately on February 2, 2010. Neither Frederick C. Braun III (the Company's Chief Executive Officer), who joined the Company in February 2013, nor Gary Fitlin (the Company's Chief Financial Officer), who joined the Company in 2009, is a participant in the Incentive Compensation Plan. Each of Stephen V. Maroney, the Company's former Chief Executive Officer and a director who resigned in August 2012, and Naveen Bhatia, a former director who resigned in September 2013, is a participant in the Incentive Compensation Plan.

The benefits are realized upon either a change-in-control of the Company, or upon the issuance by the Company of an "Excess Dividend" following certain asset sales.

Change-in-control is defined as the accumulation by any person, entity or group of 30% or more of the combined voting power of the Company's voting stock or the occurrence of certain other specified events. In the event of a change-in-control, the Incentive Compensation Plan provides for a cash payment equal to the difference between the Incentive Compensation Plan's "establishment date" price of $15.39 per share and the per share price of the Common Stock on the closing date, multiplied by the equivalent of 110,000 shares of Common Stock (such number of shares subject to adjustments to reflect changes in capitalization).

An "Excess Dividend" is defined as a dividend in excess of income from operations, paid to shareholders following certain sales of assets, in which the sale of assets equals or exceeds 15 percent of the total gross fair market value of all assets of the Company immediately prior to the sales. In the event of an Excess Dividend, the Company is obligated to pay to plan participants a "Disposition Dividend" which in the aggregate is equal to the Excess Dividend paid per share multiplied by the number of Incentive Compensation Units in the plan, currently 110,000. This Disposition Dividend is allocated to the plan participants according to their weighted percentages, as described below.

Payments under the Incentive Compensation Plan may be deemed to be a form of deferred compensation (within the meaning of Section 409A of the Code), and if the Incentive Compensation Plan fails certain

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tests, the Company may have certain income tax withholding obligations under Section 409A and face interest and penalties if it fails to, or has failed to, fulfill these obligations.

For any individual who becomes a participant with an effective date after December 31, 2009, the average trading price of the Company's stock for the 10 trading days ending on the trading day prior to the participant's initial date of participation will replace the price of $15.39 for the purpose of calculating the benefit. Currently, Peter Pitsiokos is the only executive officer who is a participant in the Incentive Compensation Plan, as is each of the directors. Neither Frederick C. Braun III (the Company's Chief Executive Officer), who joined the Company in February 2013, nor Gary Fitlin (the Company's Chief Financial Officer), who joined the Company in 2009, is a participant in the Incentive Compensation Plan.

The payment amount would be distributed to eligible participants based upon their respective weighted percentages (ranging from 0.5% to 18.5%). Stephen V. Maroney, the Company's former Chief Executive Officer who resigned in August 2012 and Peter Pitsiokos, the Company's Chief Operating Officer, are currently entitled to 18.5% and 13.5%, respectively, of any distribution under the Incentive Compensation Plan with the balance being distributable to other eligible employees (11.5%) and members of our board of directors (56.5%). In the case of Mr. Maroney and other former employees, however, as departed employees and director, his payout may not benefit from any post-departure increase in the Company's stock price above the 10-day average prior to his departure adjusted for any distributions made following his departure. There are currently 110,000 units granted under the Incentive Compensation Plan, equal to 110,000 shares of Common Stock.

In July 2012, the Company received $167,530,657 from the State of New York in payment of the judgments in the Company's favor in the Company's condemnation litigation with the State; as of December 31, 2013 the Company intended to defer recognition of $98,685,000 for federal income tax purposes and recognize $68,845,657 as REIT taxable income in 2012. On November 19, 2012, the Company declared a special cash dividend of $56,786,644 or $38.30 per share of Common Stock, which was paid on December 14, 2012, to shareholders of record on December 1, 2012, and approved an aggregate payment of $4,213,000 as required under the terms of the Incentive Compensation Plan to be allocated and paid to individual participants in accordance with the rules of the Incentive Compensation Plan. On September 13, 2013, our board of directors declared a Special Dividend of $98,685,000 or $66.56 per share of Common Stock, of which approximately $68,000,000, or $45.86 per share, will be paid in cash with the balance payable in the form of cash proceeds from any further asset dispositions effected prior to payment of the dividend, notes payable by Gyrodyne (which we refer to as "Dividend Notes"), interests in Gyrodyne, LLC or any other limited liability company to which Gyrodyne may transfer its remaining assets (or into which it may merge), or a combination of such forms at the discretion of our board of directors, payable on December 30, 2013 to shareholders of record as of November 1, 2013. In connection with the Special Dividend, the board of directors also approved an aggregate payment of up to $7,321,600 as required under the terms of the Incentive Compensation Plan to be allocated and paid to individual participants in accordance with the rules of the Incentive Compensation Plan. As to such Incentive Compensation Plan payments corresponding to the non-cash portion of the Special Dividend, the board determined that any such payments will be made only at such times as and proportionately with actual cash distributions made to the shareholders on the Dividend Notes or limited liability company interests.

On December 14, 2012, pursuant to the Incentive Compensation Plan, the Company paid Messrs. Maroney and Pitsiokos $779,405 and $568,755, respectively and other employees and the Board $484,495 and $2,380,345, respectively. In 2013, pursuant to the Plan, Mr. Pitsiokos received $681,021, other employees and the Board earned $201,784 and $2,471,854, respectively and former employees and a former Director received $1,311,596, including Mr. Maroney's payment of $933,251, and $378,345, respectively.

Consummation of the merger will not trigger any payments under Gyrodyne's Incentive Compensation Plan. See "The Proposal: Authorization of the Plan Of Merger — Structure and Completion of the Merger — Gyrodyne Incentive Arrangements, Benefit Plans and Pension Plans".

Pension Benefits

The Company maintains the Gyrodyne Company of America, Inc. Pension Plan, which is a traditional defined benefit pension plan. The Pension Plan is believed to provide a reasonable benefit for the executives and all other employees. The overfunded (underfunded) status of the Company's pension plan is included in

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prepaid pension costs (pension liability) in the accompanying consolidated balance sheets and is $608,807 and $(492,656) at December 31, 2013 and 2012, respectively. In compliance with the minimum funding requirements, the Company did not have a minimum funding requirement for the year ending December 31, 2013 or 2012. The Company does not maintain any nonqualified deferred compensation programs (other than the Incentive Plan) or any qualified Profit Sharing or Section 401(k) Plans intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. The Company pension has a significant investment in the Company’s common stock which reflected a closing price per share on the last trading day of 2013 and 2012 of $12.71 and $72.06, respectively. The discount rate combined with the ICP and the impact from the former CEO and restructured terminated employees had on the pension plan was responsible for a significant portion of the increase in the pension liability over the last two years. The Board of Directors voted unanimously in November 2013, to freeze all benefits as of December 23, 2013 and terminate the pension plan as of February 28, 2014. The final liability to fund 100% of the pension plan will not be known until the Trustees of the Pension plan determine the purchase price of annuities and the beneficiaries communicate their elections of annuities vs. lump sum payments.

On November 25, 2013, the directors determined that it is advisable and to the advantage, welfare and best interests of the Company to terminate the Gyrodyne Company of America Inc. Pension Plan. Pursuant to the Board decision, the Company froze benefits as of December 23, 2013 and is seeking the IRS Determination Letter to complete the termination of the Plan during 2014. Based on the current assets and liabilities of the pension plan on a termination basis, the Company expects to fund up to approximately $200,000 to complete the termination and liquidation of the pension plan.

The following table provides information about the participation of our named executive officers in our Pension Plan for the fiscal year ended December 31, 2013:

Name	**Plan Name(s)**	**Number of Years Credited Service (#)**	**Present Value of Accumulated Benefit ($)**	**Payments During Last Fiscal Year ($)**
Frederick C. Braun III	Pension Plan	—	—	—
Peter Pitsiokos	Pension Plan	21	$ 1,400,178	—
Gary Fitlin	Pension Plan	4	$ 187,332	—

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STATUTORY APPRAISAL RIGHTS TO TRANSACTIONS CONTEMPLATED BY THE PROPOSAL
The following summary of the applicable provisions of Sections 623 and 910 of the New York Business Corporation Law is not intended to be a complete statement of the provisions and is qualified in its entirety by reference to the full text of Sections 623 and 910 of the New York Business Corporation Law, copies of which are included as Annex E to this proxy statement/prospectus.
THIS SUMMARY AND ANNEX E SHOULD BE REVIEWED CAREFULLY BY ANY HOLDER SHARES OF COMMON STOCK WHO WISHES TO EXERCISE STATUTORY APPRAISAL RIGHTS OR WHO WISHES TO PRESERVE THE RIGHT TO DO SO. FAILURE TO STRICTLY COMPLY WITH ANY OF THE PROCEDURAL REQUIREMENTS OF SECTION 623 OR SECTION 910 OF THE NEW YORK BUSINESS CORPORATION LAW MAY RESULT IN A TERMINATION OR WAIVER OF APPRAISAL RIGHTS. A PERSON HAVING A BENEFICIAL INTEREST IN SHARES OF COMMON STOCK THAT ARE HELD OF RECORD IN THE NAME OF ANOTHER PERSON, SUCH AS A BROKER OR NOMINEE, MUST ACT PROMPTLY TO CAUSE THE RECORD HOLDER TO FOLLOW THE STEPS SUMMARIZED BELOW PROPERLY AND IN A TIMELY MANNER TO PERFECT WHATEVER APPRAISAL RIGHTS THE BENEFICIAL OWNER MAY HAVE.
If the Plan of Merger is authorized and implemented, holders of shares of Common Stock who did not vote for the Plan of Merger and who timely dissent and follow the procedures in Sections 623 and 910 of the New York Business Corporation Law (“Dissenting Holders”) will have certain rights to demand payment for the “fair value” of their shares of Common Stock to the extent and on the basis provided in Sections 623 and 910. Failure to follow precisely any required procedure on a timely basis may result in the loss of those rights. Holders dissenting from the Proposal and receiving payment pursuant to those rights would not also be entitled to receive Gyrodyne, LLC Shares.
Any Dissenting Holder must file a written objection to the proposal with Gyrodyne before the special meeting, or at the special meeting but before the vote on the Plan of Merger is taken. The written objection must include (i) a notice of the holder’s election to dissent, (ii) the holder’s name and residence address, (iii) the number of shares of Common Stock as to which the holder dissents, and (iv) a demand for payment of the fair value of the holder’s shares of Common Stock if the Plan of Merger is authorized and implemented. An objection is not required from any Dissenting Holder to whom Gyrodyne did not give notice of the special meeting in accordance with the New York Business Corporation Law. Any written objection must be addressed to Gyrodyne Company of America, Inc., One Flowerfield, Suite 24, Saint James, New York 11780, Attention: Corporate Secretary.
For purposes of perfecting appraisal rights pursuant to Section 623 of the New York Business Corporation Law, the written objection of any Dissenting Holder, which is addressed as provided above, shall be deemed filed with Gyrodyne upon receipt of the objection by Gyrodyne. Neither voting against nor failure to vote for the Plan of Merger will constitute the written objection required to be filed by any such Dissenting Holder. Failure to vote against the Plan of Merger, however, will not constitute a waiver of rights under Sections 623 and 910 of the New York Business Corporation Law, provided that a written objection has been properly filed. Conversely, a shareholder voting to adopt the Proposal to authorize the Plan of Merger will be deemed to have waived such shareholder’s appraisal rights.
A Dissenting Holder may not dissent as to less than all the shares of Common Stock held of record that such holder beneficially owns. A nominee or fiduciary may not dissent on behalf of any beneficial owner as to less than all the shares of Common Stock of the beneficial owner, as to which the nominee or fiduciary has a right to dissent, held of record by the nominee or fiduciary. Furthermore, if the shares of Common Stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand must be made in that capacity, and if the shares of Common Stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand must be made by or for all owners of record. An authorized agent, including one of two or more joint owners, may execute the demand for appraisal for a holder of record; however, the agent must identify the record owner or owners and expressly state in the demand that the agent is acting as agent for the record owner or owners of the shares of

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Common Stock. A record holder, such an a broker or an agent, who holds shares of Common Stock as a nominee for beneficial owners, some of whom desire to demand appraisal, must exercise appraisal rights on behalf of the beneficial owners who desire to demand appraisal with respect to the shares of Common Stock held for the beneficial owners.

Within ten days after the date the Proposal is approved, thereby authorizing the Plan of Merger, by vote of Common Stock, Gyrodyne or Gyrodyne, LLC, as the case may be, will give written notice of the authorization by registered mail to each Dissenting Holder. At the time of filing a notice of election to dissent, or within one month thereafter, a Dissenting Holder must submit the certificate or certificates representing the holder's shares of Common Stock to Gyrodyne, for a notation thereon of the election to dissent, after which the certificates will be returned to the holder or other person who submitted them on behalf of the holder. Any Dissenting Holder who fails to submit the certificates for notation will, at the election of Gyrodyne or Gyrodyne, LLC, as the case may be (exercised by written notice to such holder within 45 days from the date of filing of the notice to dissent), lose such Dissenting Holder's appraisal rights unless a court, for good cause shown, otherwise directs.

Dissenting Holders, within 15 days after the expiration of the period within which holders of shares of Common Stock may file their notices of election to dissent, or within 15 days after the implementation of the Plan of Merger, whichever is later (but in no case later than 90 days after the shareholders' vote authorizing the Plan of Merger), Gyrodyne or Gyrodyne, LLC, as the case may be, is required to make a written offer (which, if the Plan of Merger has not been implemented, may be conditioned on such implementation) by registered mail to each Dissenting Holder to pay for the holder's shares of Common Stock at a specified price which Gyrodyne or Gyrodyne, LLC, as the case may be, considers to be their fair value. If Gyrodyne or Gyrodyne, LLC, as the case may be, and a Dissenting Holder are unable to agree as to the value, Gyrodyne or Gyrodyne, LLC, as the case may be, in accordance with Section 623(h) of the New York Business Corporation Law intends to institute a special proceeding in the New York Supreme Court, New York County to determine the fair value.

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FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the federal income tax consequences that may be relevant to you as a result of the First Special Dividend, the Second Special Dividend and the Plan of Merger. For purposes of this section under the heading "Federal Income Tax Considerations," references to "Gyrodyne," "we," "our" and "us" mean only Gyrodyne Company of America, Inc. and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated by the U.S. Treasury Department ("Treasury"), rulings and other administrative pronouncements issued by the Internal Revenue Service ("IRS"), and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This summary is for general information only and is not tax advice. The Code provisions governing the federal income tax treatment of REITs and their shareholders are highly technical and complex, and this summary is qualified in its entirety by the express language of applicable Code provisions, Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof. Moreover, this summary does not purport to discuss all aspects of federal income taxation that may be important to a particular holder in light of such holder's investment or tax circumstances or to investors subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- partnerships and trusts;
- persons who hold our Common Stock on behalf of other persons as nominees;
- persons who receive our Common Stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our Common Stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;

- U.S. expatriates;
- passive foreign investment companies and controlled foreign corporations;
- persons whose functional currency is not the U.S. dollar;
- persons subject to the alternative minimum tax; and
- persons subject to the mark-to-market method of accounting for their securities;

and, except to the extent discussed below:

- tax-exempt organizations; and
- foreign investors.

This summary assumes that investors will hold their stock as a capital asset, which generally means as property held for investment.

The federal income tax treatment of the First Special Dividend, the Second Special Dividend and the Plan of Merger depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular shareholder will depend on the shareholder's particular tax circumstances. You are urged to consult your tax advisor regarding the federal, state, local and foreign income and other tax consequences to you in light of your particular investment or tax circumstances.

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For purposes of this discussion, a "U.S. Holder" means a beneficial owner of our Common Stock that, for federal income tax purposes, is

- a citizen or individual resident of the U.S.;
- a corporation (including an entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for federal income tax purposes regardless of its source; or
- a trust if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) it has a valid election in place to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for federal income tax purposes is a holder of shares of our Common Stock, the federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold shares of our Common Stock (and partners in such partnerships) should consult their tax advisors as to the particular federal income tax consequences applicable to them.

A "Non-U.S. Holder" means any beneficial owner of our Common Stock that is not a U.S. Holder or an entity or arrangement treated as a partnership for federal income tax purposes.

General

REIT Distribution Requirements

We elected to be subject to tax as a REIT under the Code beginning with our taxable year ended December 31, 2006. We believe that we have been organized and have operated in a manner that has allowed and will allow us to qualify for taxation as a REIT under the Code commencing with our taxable year ended December 31, 2006. To qualify and be subject to tax as a REIT, we must generally distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our shareholders. We must generally make these distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the applicable year and if paid before our first regular dividend payment after such declaration. Distributions are treated by us as made in the taxable year to which they relate, and generally by taxpayers as received in the year in which paid. To the extent that we distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax at ordinary corporate rates on the retained portion. We may elect to retain, rather than distribute, some or all our net long-term capital gains and pay tax on such gains. In this case, we could elect for our shareholders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our shareholders would then increase the adjusted basis of their stock by the difference between (i) the amounts of capital gain dividends that we designated and that they include in their taxable income, minus (ii) the tax that we paid on their behalf with respect to that income.

As discussed above, we received the PLR in August 2013, which permitted us to recognize the 2012 Proceeds as income in 2012 without incurring a built-in gains tax (as discussed below). In order to satisfy our distribution requirement for 2012 following the inclusion of the 2012 Proceeds in 2012 income, we declared the First Special

Dividend. The First Special Dividend was declared before we filed our federal income tax return for our taxable year ending December 31, 2012, and was paid on December 30, 2013, prior to any other dividend being paid by us in 2013. We therefore have designated the First Special Dividend (both the cash component and the GSD equity component) as a dividend paid with respect to our taxable year ending December 31, 2012. We expect such distribution to be counted toward our distribution requirement for 2012 and to be eligible for the dividends paid deduction with respect to our taxable year ending December 31, 2012. Therefore, subject to the discussion below regarding excise tax, we would not expect to be subject to REIT-level corporate tax with respect to the 2012 Proceeds.

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As a result of our distribution of the equity interests in GSD in the First Special Dividend, we recognized approximately $28.4 million of capital gain income. After giving effect to this capital gain income and to offsetting deductions, we determined that we would have approximately $18 million in REIT income for 2013. In order to satisfy the applicable REIT distribution requirements for 2013, we declared the Second Special Dividend on December 20, 2013, payable on January 31, 2014 to Gyrodyne shareholders of record as of December 31, 2013.

Excise Tax

If a REIT does not distribute during each calendar year at least the sum of (a) 85% of its REIT ordinary income for such year, (b) 95% of its REIT capital gain net income for such year, and (c) any undistributed taxable income from prior periods (the sum of (a)-(c), the "Required Distribution"), the REIT would be subject to a non-deductible 4% excise tax on the excess of such Required Distribution over the sum of (x) the amounts actually distributed, plus (y) the amount of income the REIT retained and on which it paid corporate income tax.

We recognized the 2012 Proceeds as income in 2012, and because we did not, after including the 2012 Proceeds in income for 2012, distribute the Required Distribution during the 2012 calendar year, we were required to pay the 4% excise tax on the amount by which the Required Distribution exceeded our distributions during the 2012 calendar year. As a result, in September 2013 we remitted excise tax of $3,342,597 and interest on this amount of $53,723.

Built-in Gains Tax.

If a regular C corporation converts into a REIT in a transaction in which the adjusted tax basis of the assets in the REIT's hands is determined by reference to the adjusted tax basis of the assets in the hands of the regular C corporation, and if the REIT subsequently disposes of any such assets (including through a taxable merger) during a specified period (the "recognition period") following the REIT conversion from the regular C corporation, the REIT will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date of the REIT conversion over the basis of such assets on such date (such tax, the "built-in gains tax"). In connection with our REIT conversion in 2006, we acquired assets that were subject to the built-in gains tax. In 2012 and 2013, however, the 10-year recognition period did not apply. We were treated as having disposed of all of these assets either in 2012 (upon receipt of the 2012 Proceeds) or in 2013 pursuant to the distribution of the equity interests in GSD in the First Special Dividend, and therefore were not subject to the built-in gains tax upon such dispositions. As a result, we do not expect to be subject to built-in gains tax as a consequence of the merger and Tax Liquidation.

REIT Status

While we expect to continue to qualify as a REIT for the period through the merger (if consummated), or until such date as our board of directors determines it is no longer in the best interests of our shareholders, no assurance can be given that we will not lose or terminate our status as a REIT as a result of unforeseen circumstances. Should we lose our status as a REIT, either inadvertently or because our board of directors deems such loss to be in the best interests of our shareholders, we would be subject to tax as a corporation for federal income tax purposes and would be liable for federal income taxes at the corporate rate with respect to our entire income from operations and from liquidating sales and distributions of our assets for the taxable year in which our qualification as a REIT terminates and in any subsequent years.

The foregoing discussion is applicable to each of the scenarios discussed below.

If the Plan of Merger is Authorized

General

The following summary describes the federal income tax consequences to us and our shareholders if the Plan of Merger is authorized, and assumes that if the Plan of Merger is authorized, the merger will be effectuated within two years of the adoption of the Plan of Liquidation. Although the merger is, for state law purposes, a merger of us with and into Gyrodyne, LLC, we intend to treat the merger for federal income tax purposes as (i) a redemption by us of the Dividend Notes with Gyrodyne, LLC Shares and (ii) a taxable liquidating distribution by us of all of our remaining assets at the time of the merger to our shareholders, followed by a contribution by our shareholders of our assets to Gyrodyne, LLC in exchange for Gyrodyne, LLC Shares (the difference between (i) the fair market value of our assets remaining after the redemption of the Dividend Notes and (ii) our other liabilities at the time of the merger, the "Merger Distribution").

As explained below, whether or not the merger is completed will affect the characterization of the First Special Dividend and the Second Special Dividend in the hands of our shareholders.

Consequences to Us

Dividends Paid Deduction and the REIT Distribution Requirement. As discussed above in "— General — REIT Distributi Requirements," we have designated the First Special Dividend (equal in total to $98,685,000) as dividends paid with respect to our taxable year ending December 31, 2012. We expect such distribution to be counted toward our distribution requirement for 2012 and to be eligible for the dividends paid deduction with respect to our taxable year ending December 31, 2012. We have designated the Second Special Distribution (equal in total to $16,150,000) as dividends paid with respect to our taxable year ending December 31, 2013. We expect such distribution to be counted toward our distribution requirement for 2013 and to be eligible for the dividends paid deduction with respect to our taxable year ending December 31, 2013. We expect to designate the amount of the Merger Distribution as dividends paid with respect to our taxable year ending on the effective date of the merger, to be counted toward our distribution requirement for such year, and to be eligible for the dividends paid deduction with respect to such taxable year.

Tax Liquidation and Redemption of Dividend Notes. We expect the First Special Dividend, the Second Special Dividend, and the Merger Distribution to constitute liquidating distributions by us to our shareholders, and to recognize gain or loss upon each liquidating distribution as if we had sold our remaining assets at the time of the merger to our shareholders for fair market value and our shareholders had assumed our liabilities as part of the consideration for the sale. We will similarly recognize gain or loss on that portion of our assets treated as transferred in redemption of the Dividend Notes. We expect to obtain a good faith determination from our board of directors regarding the fair market values of our assets at the time of the merger. You should be aware, however, that the IRS will not be bound by our board of director's determination of the fair market value of our assets. As a result, the amount of gain we recognize could vary, perhaps significantly, from the expected amount. Any gain realized on the deemed asset sale to our shareholders will constitute income for us in the taxable year ending on the date of the merger.

Consequences to U.S. Holders

If the merger is approved, each U.S. Holder's pro rata share of (i) the First Special Dividend (to the extent received by such holder), (ii) the Second Special Dividend (to the extent received by such holder), and (iii) the Merger Distribution will constitute a liquidating distribution. As liquidating distributions, the amounts will not be dividend income to a U.S. Holder, notwithstanding our treatment of such distributions as dividends for purposes of the dividends paid deduction. Instead, liquidating distributions are first treated as a tax-free return of each U.S. Holder's basis in our Common Stock, and any liquidating distributions in excess of such shareholder's basis will be subject to tax as a capital gain. If the sum of all liquidating distributions received by a U.S. Holder is less than the U.S. Holder's basis in our Common Stock, the difference would constitute a capital loss which will be recognized as of the effective date of the merger. As noted above, the IRS will not be bound by our valuation with respect to any asset distributed; as a result, the amount of gain or loss a U.S. Holder recognizes could vary, perhaps significantly, from the expected amount. Such gain or loss will constitute long-term capital gain or loss if the U.S. Holder held such shares for more than one year. Capital gains of corporate shareholders are generally subject to tax at the regular tax rates applicable to corporations. The deductibility of capital losses may be subject to limitations. A U.S. Holder's basis in its Gyrodyne, LLC Shares received in exchange for our Common Stock will be equal to the fair market value, as determined in good faith by our board of directors, of such holder's pro rata portion of the Merger Distribution, plus such holder's share of Gyrodyne, LLC's liabilities, and such holder's holding period for such shares will begin on the effective date of the merger. U.S. Holders will be treated as receiving the First Special Dividend and Second Special Dividend in 2013.

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Consequences to Non-U.S. Holders

Under the Foreign Investment in Real Property Tax Act of 1980 (“FIRPTA”), liquidating distributions, to the extent attributable to gains from dispositions of U.S. real property interests that we held directly or through pass-through subsidiaries (such interests, “USRPIs,” and such gains, “USRPI capital gains”), will, except as described below, be considered effectively connected with a U.S. trade or business of the Non-U.S. Holder and will be subject to U.S. income tax at the rates applicable to U.S. individuals or corporations. Substantially all, if not all, of the First Special Dividend and the Second Special Dividend were attributable to USRPI capital gains, and were therefore, subject to the discussion below regarding the “5% Exception,” subject to withholding tax equal to 35% on the applicable amount of any such liquidating distribution. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a Non-U.S. Holder that is a corporation.

Liquidating distributions that would otherwise have been treated as USRPI capital gains will not be so treated, and generally will not be treated as income that is effectively connected with a U.S. trade or business, provided that (1) the distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the U.S., and (2) the recipient Non-U.S. Holder does not own more than 5% of that class of stock at any time during the year ending on the date on which the dividend is received (such exception, the “5% Exception”). Accordingly, withholding of federal income tax at a rate of 35% is required from the portion of any liquidating distribution that is, or is treated as, USRPI capital gain and paid to a Non-U.S. Holder unless such holder qualifies (and has provided appropriate documentation evidencing that such holder so qualifies) for the 5% Exception.

A Non-U.S. Holder may be entitled to a refund or credit against the holder’s U.S. tax liability, if any, with respect to any amount withheld pursuant to FIRPTA, provided that the required information is furnished to the IRS on a timely basis. Non-U.S. Holders should consult their tax advisor regarding withholding tax considerations.

Consequences of Redemption of the Dividend Notes

General. Pursuant to the merger, Dividend Notes will be redeemed for Gyrodyne, LLC Shares. As a result, a holder of a Dividend Note will recognize taxable gain or loss in an amount equal to the difference between (i) the fair market value of the Gyrodyne, LLC Shares the holder receives in redemption of the Dividend Note, less the amount thereof that is attributable to accrued but unpaid interest on the Dividend Note, and (ii) the holder’s adjusted tax basis in the Dividend Note. Gain or loss will generally be short-term capital gain or loss to the holders given the date we issued the Dividend Notes. Payments attributable to accrued interest which has not yet been included in income will be taxed as ordinary interest income.

Non-U.S. Persons. Pursuant to the merger, a Non-U.S. Holder who receives Gyrodyne, LLC Shares in redemption of a Dividend Note will generally not be subject to federal income tax on any amount which constitutes capital gain unless either of the following is true:

•

- the person’s investment in the Dividend Note is effectively connected with the conduct of a U.S. trade or business; or

•

- the person is a nonresident alien individual and is present in the U.S. for 183 or more days in the taxable year within which the merger takes place, and certain other requirements are met.

For Non-U.S. Holders described in the first bullet point above, the net gain derived from the retirement or disposition of a Dividend Note generally would be subject to federal income tax at the rates applicable to U.S. persons. In addition, foreign corporations may be subject to a 30% (or lower applicable treaty rate) branch profits tax if the investment in the Dividend Note is effectively connected with the foreign corporation’s conduct of a U.S. trade or business. Non-U.S. Holders described in the second bullet point above will be subject to a flat 30% federal income tax on the gain derived from the retirement or disposition of their Dividend Notes, which may be offset by U.S. source capital losses, even though the person is not considered a resident of the U.S.

That portion of any amount received in redemption that is attributable to accrued interest will not be subject to federal income tax or withholding tax if the interest is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S., and the Non-U.S. Holder:

- does not actually or constructively own a 10% or greater interest in the total combined voting power of all classes of our voting stock;
- is not a controlled foreign corporation with respect to which we are a "related person" within the meaning of Section 864(d)(4) of the Code;

and

- provides the appropriate certification as to the Non-U.S. Holder's status (generally, by providing a properly completed IRS Form W-8BEN).

A Non-U.S. Holder that cannot satisfy the above requirements generally will be exempt from federal withholding tax with respect to interest paid on the Dividend Notes if the Non-U.S. Holder establishes that such interest is not subject to withholding tax because it is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (generally, by providing an IRS Form W-8ECI). However, to the extent that such interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, in the case of certain tax treaties, is attributable to a permanent establishment or fixed base within the United States), the Non-U.S. Holder will be subject to federal income tax on a net basis in generally the same manner as a U.S. person and, if it is a foreign corporation, may be subject to a 30% (or lower applicable treaty rate) branch profits tax.

If a Non-U.S. Holder does not satisfy the requirements described above, and does not establish that the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States, the Non-U.S. Holder generally will be subject to federal withholding tax on the interest, currently imposed at 30%. Under certain income tax treaties, the federal withholding rate on payments of interest may be reduced or eliminated, provided the Non-U.S. Holder complies with the applicable certification requirements (generally, by providing a properly completed IRS Form W-8BEN).

Taxation of Gyrodyne, LLC

After the merger, Gyrodyne, LLC intends to be treated as a partnership for federal income tax purposes. An entity that is treated as a partnership for federal income tax purposes is not a taxable entity and incurs no federal income tax liability.

An entity that would otherwise be classified as a partnership for federal income tax purposes may nonetheless be subject to tax as a corporation if it is a "publicly traded partnership" and certain exceptions do not apply. A partnership is a publicly traded partnership if interests in the partnership are traded on an established securities market or interests in the partnership are readily tradable on a secondary market or the substantial equivalent thereof. It is expected that Gyrodyne, LLC will be publicly traded and would therefore be a publicly traded partnership. However, if 90% or more of the income of a publicly traded partnership during each taxable year consists of "qualifying income" and the partnership would not be included in the definition of a regulated investment company ("a RIC") under Section 851 of the Code if it were a domestic corporation, then the partnership will be treated as a partnership, and not as an association or publicly traded partnership subject to tax as a corporation, for federal income tax purposes. Qualifying income generally includes rents, dividends, interest and capital gains from the sale or other disposition of stocks, bonds and real property. Qualifying income also includes other income derived from the business of investing in, among other things, stocks and securities. Interest is not qualifying income if it is derived in the "conduct of a financial or insurance business" or is based, directly or indirectly, on the income or profit of any person. It is anticipated that

Gyrodyne, LLC’s income will consist primarily of qualifying income (and that Gyrodyne, LLC would not be included in the definition of a RIC) and consequently, even if Gyrodyne, LLC constituted a publicly traded partnership, it would not be taxable as a corporation for federal income tax purposes.

Gyrodyne, LLC may be subject to state or local taxation in various jurisdictions, including those in which it transacts business, owns property or resides. Gyrodyne, LLC may be required to file tax returns in some or all of those jurisdictions. The state and local tax treatment of Gyrodyne, LLC may not conform to the federal income tax treatment discussed herein.

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Consequences to U.S. Holders of Investments in Gyrodyne, LLC Shares
For federal income tax purposes, a shareholder’s allocable share of recognized items of income, gain, loss, deduction or credit of Gyrodyne, LLC will be determined by the limited liability company agreement of Gyrodyne, LLC. Gyrodyne, LLC may derive taxable income from an investment that is not matched by a corresponding distribution of cash. Accordingly, it is possible that a shareholder’s federal income tax liability with respect to its allocable share of Gyrodyne, LLC’s income for a particular taxable year could exceed any cash distribution such shareholder receives for the year, thus giving rise to an out-of-pocket tax liability for such shareholder.
Basis. A U.S. Holder will have an initial tax basis for its Gyrodyne, LLC Shares equal to the fair market value, as determined in good faith by our board of directors as of the date of the merger, of that portion of the Merger Distribution received by such shareholder, plus the shareholder’s allocable share of Gyrodyne, LLC’s liabilities. That basis will be increased by the holder’s share of Gyrodyne, LLC’s income and by increases in the shareholder’s share of Gyrodyne, LLC’s liabilities, if any. That basis will be decreased, but not below zero, by distributions from Gyrodyne, LLC, by the shareholder’s share of Gyrodyne, LLC’s losses, and by any decrease in the shareholder’s share of Gyrodyne, LLC’s liabilities. In addition, if a shareholder also owns GSD Interests, upon the subsequent completion of the merger, the shareholder’s basis in its Gyrodyne, LLC Shares will also include the shareholder’s basis in its GSD Interests as of the date of the merger.
Sale or Exchange of Partnership Shares. A holder will recognize gain or loss on a sale of Gyrodyne, LLC Shares equal to the difference, if any, between the amount realized and the holder’s tax basis in the Gyrodyne, LLC Shares sold. The holder’s amount realized will be measured by the sum of the cash or the fair market value of other property received plus the holder’s share under the partnership tax rules of the Gyrodyne, LLC’s liabilities, if any. A shareholder’s adjusted tax basis will be adjusted for this purpose by the holder’s allocable share of Gyrodyne, LLC’s income or loss for the year of such sale or other disposition.
Gain or loss recognized by a holder on the sale or exchange of a Gyrodyne, LLC Share generally will be subject to tax as capital gain or loss and will be long-term capital gain or loss if all of the Gyrodyne, LLC Shares were held for more than one year on the date of such sale or exchange. The deductibility of capital losses is subject to limitations.
Passive Losses. The passive activity loss rules of section 469 of the Code limit the use of losses derived from passive activities, which generally include an investment in limited partnership interests such as the Gyrodyne, LLC Shares. If an investment in Gyrodyne, LLC is treated as a passive activity, a holder who is an individual investor, as well as certain other types of investors, would not be able to use losses from Gyrodyne, LLC to offset non-passive activity income, including salary, business income, and portfolio income (e.g., dividends, interest, royalties, and gain on the disposition of portfolio investments) received during the taxable year. Passive activity losses that are disallowed for a particular taxable year may, however, be carried forward to offset passive activity income earned by the holder in future taxable years. In addition, if Gyrodyne, LLC were characterized as a publicly traded partnership, each holder would be required to treat any loss derived from Gyrodyne, LLC separately from any income or loss derived from any other publicly traded partnership, as well as from income or loss derived from other passive activities. In such case, any net losses or credits attributable to Gyrodyne, LLC which are carried forward may only be offset against future income of Gyrodyne, LLC. Moreover, unlike other passive activity losses, suspended losses attributable to Gyrodyne, LLC would only be allowed upon the complete disposition of the holder’s “entire interest” in Gyrodyne, LLC.
Treatment of Distributions. Distributions of cash by Gyrodyne, LLC will not be taxable to a holder to the extent of such holder’s adjusted tax basis (described above) in its Gyrodyne, LLC Shares. Any cash distributions in excess of a holder’s adjusted tax basis will be considered to be gain from the sale or exchange of Gyrodyne, LLC Shares. Such gain would generally be treated as capital gain and would be long-term capital gain if the holder’s holding period for its Gyrodyne, LLC shares exceeds one year, subject to certain exceptions. A reduction in a holder’s allocable share of Gyrodyne, LLC’s liabilities is treated as a cash distribution for federal income tax purposes.

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Reports to Investors. Gyrodyne, LLC will deliver Schedules K-1 to holders for any given fiscal year; however, holders may not receive such Schedules K-1 until after April 15th of the following year. The board of directors of Gyrodyne, LLC will endeavor to provide holders with estimates of the taxable income or loss allocated to their investment in Gyrodyne, LLC on or before such date. Shareholders in Gyrodyne, LLC may be required to obtain extensions of the filing date for their income tax returns at the federal, state and local levels. You should consult with your tax advisor with respect to applying for such extension.

Consequences to Non-U.S. Holders of Investments in Gyrodyne, LLC Shares

In light of Gyrodyne, LLC's intended investment activities, Gyrodyne, LLC is expected to be treated as engaged in a U.S. trade or business or to generate effectively connected income ("ECI") for Non-U.S. Holders of Gyrodyne, LLC Shares. If a Non-U.S. Holder were treated as being engaged in a U.S. trade or business in any year because of an investment in Gyrodyne, LLC Shares in such year, such Non-U.S. Holder generally would be (1) subject to withholding by Gyrodyne, LLC on any actual distributions, (2) required to file a federal income tax return for such year reporting its allocable share, if any, of income or loss effectively connected with such trade or business (including, potentially, gain from the sale or exchange of Gyrodyne, LLC Shares), and (3) required to pay federal income tax at regular federal income tax rates on any such income. In addition, a Non-U.S. Holder may be required to file state or local tax returns in some or all of the jurisdictions in which Gyrodyne, LLC does business. Moreover, a corporate Non-U.S. Holder might be subject to a U.S. branch profits tax on its allocable share of Gyrodyne, LLC's ECI. Any amount so withheld would be creditable against such Non-U.S. Holder's federal income tax liability, and such Non-U.S. Holder could claim a refund to the extent that the amount withheld exceeded such Non-U.S. Holder's federal income tax liability for the taxable year.

Even if Gyrodyne, LLC does not generate ECI, Non-U.S. Holders may be subject to U.S. tax under FIRPTA if Gyrodyne LLC realizes gain from a USRPI. Generally, under FIRPTA, Non-U.S. persons are subject to federal income tax in the same manner as U.S. persons on any gain realized on the disposition of an interest, other than an interest solely as a creditor, in U.S. real property. FIRPTA tax applies if a Non-U.S. person is a holder of an interest in a partnership that realizes gain in respect of an interest in a USRPI, and certain of Gyrodyne, LLC's investments will constitute investments in USRPIs. Each Non-U.S. Holder will be subject to federal income tax under FIRPTA on such holder's allocable share of any gain Gyrodyne, LLC realizes on the disposition of a USRPI and will be subject to the tax return filing requirements regarding ECI discussed above.

Special rules may apply in the case of a Non-U.S. Holder that (1) has an office or fixed place of business in the U.S. or (2) is present in the U.S. for 183 days or more in a taxable year. Any such holder should consult its tax advisors regarding the application of these special rules.

Consequences to Tax-Exempt Holders of Investments in Partnership Shares

A holder of Gyrodyne, LLC Shares that is a tax-exempt organization for federal income tax purposes and therefore generally exempt from federal income taxation, may nevertheless be subject to unrelated business taxable income ("UBTI") tax, to the extent, if any, that its allocable share of Gyrodyne, LLC's income consists of UBTI. A tax-exempt partner of a partnership that regularly engages in a trade or business which is unrelated to the exempt function of the tax-exempt partner must include in computing its UBTI its pro rata share (whether or not distributed) of such partnership's gross income derived from such unrelated trade or business. Moreover, a tax-exempt partner of a partnership could be treated as earning UBTI to the extent that such partnership derives income from "debt-financed property," or if the partnership interest itself is debt financed. Debt-financed property means property held to produce income with respect to which there is "acquisition indebtedness" (that is, indebtedness incurred in acquiring or holding property).

While we do not expect Gyrodyne, LLC to generate significant amounts of UBTI for tax-exempt holders of Gyrodyne, LLC Shares as a result of direct investments in operating businesses, no assurance can be given that Gyrodyne, LLC will not generate UBTI and Gyrodyne, LLC would be under no obligation to minimize UBTI. Tax-exempt holders of Gyrodyne, LLC shares should consult their tax advisors regarding all aspects of UBTI, including the availability of the so-called "fractions rule" to such tax-exempt organization.

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If the Plan of Merger is Not Authorized

The following discussion assumes that if the Plan of Merger is not authorized, our board of directors will withdraw the Plan of Liquidation, and we will continue to operate as a REIT, GSD will continue to operate as a partnership, and the Dividend Notes will continue to be outstanding.

Consequences to Us

The First Special Dividend and Second Special Dividend will generally be treated as described above under "— If the Plan of Merger is Authorized — Consequences to Us ."

We will, however, have provided information returns to the IRS and to our shareholders identifying each of the First Special Dividend and the Second Special Dividend as liquidating distributions. As discussed below, if we do not complete the Tax Liquidation within two years of adoption of the Plan of Liquidation, the Special Dividends would instead constitute dividends subject to shareholder level tax. In connection with this change in the character of the distributions, we will be required to issue corrected information returns. Gyrodyne may also be subject to IRS penalties with respect to the incorrect information returns, although there is a "reasonable cause" exemption from penalties in certain circumstances, including where the error was due to actions beyond the taxpayer's control.

Treatment of the First Special Dividend and Second Special Dividend to U.S. Holders

If the merger is not authorized, each of the Special Dividends would represent fully taxable dividends to the recipients, rather than a tax-free return of capital. U.S. Holders therefore would not be able to recover their basis in their Gyrodyne shares prior to recognizing any portion of the Special Dividends as income. As Gyrodyne did not designate the distributions as capital gain dividends, the distributions would likely be treated as ordinary dividends to holders. U.S. Holders would therefore retain their prior basis in their Gyrodyne stock, and would not be able to recognize any loss inherent therein until a sale of their stock.

Treatment of the First Special Dividend and Second Special Dividend to Non-U.S. Holders

If the merger is not authorized, Non-U.S. Holders not eligible for the 5% Exception will generally be treated as described above under "— If the Plan of Merger is Authorized — Consequences to Non-U.S. Holders."

If the 5% Exception applied to a recipient (and such recipient provided appropriate documentation evidencing that such recipient so qualifies), a dividend that would otherwise have been treated as a USRPI capital gain dividend will not be so treated or be subject to FIRPTA, and generally will not be treated as income that is effectively connected with a U.S. trade or business, but will instead be treated in the same manner as ordinary dividends. Accordingly, if the merger is not authorized, we would have been required to withhold federal income tax at a rate of 30%, unless a lower applicable treaty rate applied and the Non-U.S. Holder filed an IRS Form W-8BEN with us evidencing eligibility for that reduced rate or the Non-U.S. Holder filed an IRS Form W-8ECI with us claiming that the distribution is effectively connected income.

Non-U.S. Holders should consult their tax advisor regarding how withholding was conducted with respect to the First Special Dividend and the Second Special Dividend, as well as regarding withholding tax considerations if the plan of merger is not authorized.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO THE SPECIAL DIVIDEND AND THE PLAN OF MERGER AND IS NOT TAX ADVICE. THEREFORE, HOLDERS OF OUR COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE SPECIAL DIVIDEND AND THE PLAN OF MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF U.S., FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

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2014 SHAREHOLDER PROPOSALS

If a shareholder wishes to have a particular proposal considered by our board of directors for inclusion in the Company's proxy statement for an annual meeting of shareholders, the shareholder must satisfy the requirements set by the SEC in its proxy rules. The particular proxy rule, Rule 14a-8, requires that shareholders submit their proposals in writing to the Company at least 120 days before the anniversary date of this proxy statement mailing date for the prior year's annual meeting. Thus, shareholders who wish to submit their proposals for inclusion in the Company's proxy statement for the 2014 annual meeting must deliver such proposals to the Corporate Secretary on or before July 30, 2014, provided that if the date of next year's annual meeting has been changed by more than 30 days from the date of this year's meeting, then the deadline is a reasonable time before the Company begins to print and send its proxy materials, which would be disclosed in the Company's reports filed with the SEC. The notice must clearly identify the proposal, contain a brief supporting statement and all required information about the proposing shareholder, and otherwise satisfy the SEC's rule. Proposals should be addressed to the Secretary of the Company, Gyrodyne Company of America, Inc., One Flowerfield, Suite 24, Saint James, New York 11780.

In order for a shareholder nomination or proposal to be raised from the floor during the 2014 annual meeting of shareholders, the requirements set forth in the Company's by-laws with respect to shareholder proposals must be followed, including the requirement that written notice thereof must be received by the Company not less than 120 days nor more than 150 days before the anniversary date of the prior year's annual meeting (there are special rules if the current year's meeting date is held more than 30 days before, or more than 60 days after, the anniversary of the prior year's meeting date). For the 2014 annual meeting of shareholders, the written notice must be given not later than August 29, 2014 and no earlier than July 30, 2014. If the date of the annual meeting in 2014 is more than 30 days before or more than 60 days after such anniversary date, however, notice by the shareholder to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public disclosure of the date of such meeting is first made by the Company. The shareholder's written notice must contain the information required in the Company's by-laws, including (i) all information relating to any nominees proposed by the shareholder that is required to be disclosed in solicitations of proxies pursuant to Regulation 14A under the Securities Exchange Act of 1934 and Rule 14a-11 thereunder, (ii) a brief description of any proposals sought to be presented for a vote at the meeting, (iii) the shareholder's name and record address and (iv) the class and number of shares of Common Stock that are beneficially owned. Shareholders proposing nominees for election to our board of directors must have continuously held at least $2,000 in market value, or 1%, of the Company's outstanding Common Stock entitled to vote for at least one year by such date of giving of notice or be entitled to cast votes with respect to at least 5% of the outstanding Common Stock. Nominations and proposals should be submitted in writing to the Secretary of the Company, Gyrodyne Company of America, Inc., One Flowerfield, Suite 24, Saint James, New York 11780, who will submit them to our board of directors for its consideration.

LEGAL MATTERS

The legality of the Gyrodyne, LLC common shares issuable pursuant to the merger and certain U.S. federal income tax consequences relating to the merger will be passed upon by Skadden, Arps, Slate, Meagher & Flom LLP.

EXPERTS

The financial statements incorporated into this prospectus by reference from Gyrodyne's Annual Report on Form 10-K for the year ended December 31, 2013, have been audited by Baker Tilly Virchow Krause LLP, an independent registered public accounting firm, as stated in its report which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

Valuation Research Corporation has consented to reference in this proxy statement/prospectus of its report to us setting forth its opinion as to the solvency of Gyrodyne after giving effect to the special distribution, and to the use in this proxy statement/prospectus of its name and any statements contained in such report.

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Annex A
GYRODYNE COMPANY OF AMERICA, INC.
PLAN OF LIQUIDATION AND DISSOLUTION

This plan of liquidation and dissolution, dated as of September 12, 2013 (this “Plan”), of Gyrodyne Company of America, Inc., a self-managed and self-administered real estate investment trust formed under the laws of the State of New York (the “Company”), is intended to accomplish the liquidation and dissolution of the Company in accordance with the requirements of the New York Business Corporation Law (the “NYBCL”) and provides as follows:

1. Adoption and Authorization of Plan. The Company’s Board of Directors (the “Board”) has adopted this Plan and called a meeting of the Company’s shareholders (the “Shareholders”) to take action on this Plan. If at said meeting of the Company’s Shareholders, at least two-thirds of the outstanding shares of common stock, par value $1.00 per share (the “Common Stock”), of the Company vote for the authorization of this Plan, this Plan shall constitute the authorized Plan of the Company as of the date on which such Shareholder authorization is obtained (the “Authorization Date”).

2. Liquidation. On and after the Authorization Date, within the twenty-four month period beginning on the Authorization Date (the “Liquidation Period”), in accordance with Article 10 of the NYBCL, the Company shall not engage in any business activities, except to the extent necessary for preserving the values of the Company’s assets, winding up its business and affairs, discharging and paying all of the Company’s liabilities and distributing the Company’s assets to its Shareholders in accordance with this Plan.

3. The Disposition. Both prior to the Authorization Date and during the Liquidation Period, the Company shall have the authority to engage in such transactions as may be appropriate to effect the sale, exchange or other disposition of (i) the stock of any subsidiary of the Company and (ii) any assets held directly or indirectly by the Company.

4. Sale or Transfer of Other Assets. Both prior to the Authorization Date and during the Liquidation Period, the Company shall have the authority to engage in such other transactions as may be appropriate to its complete liquidation and dissolution, including without limitation, the authority to mortgage, pledge, sell, lease, exchange or otherwise dispose of all or any part of its other assets for cash and/or shares, bonds, or other securities or property upon such terms and conditions as the Board shall determine, with no further approvals by the Company’s Shareholders, except as required by law. Without limitation of the foregoing, prior to the Authorization Date the Company may, in its discretion, contribute all of its assets to a limited liability company of which the Company is the sole member, and such entity may thereafter become the “LLC” (as described in Section 8 below).

Authorization of this Plan by two-thirds of the outstanding shares of Common Stock shall constitute the approval of the Company’s Shareholders of the sale, exchange, or other disposition in liquidation of all of the property and assets of the Company, whether such sale, exchange or other disposition occurs in one transaction or a series of transactions, and shall constitute ratification of all contracts for sale, exchange, or other disposition that are conditioned on authorization of this Plan.

5. Provisions for Liabilities. As promptly as practicable on or after the Authorization Date in the discretion of the Board, the Company shall pay or discharge or set aside funds reasonably likely to be sufficient to pay for, or otherwise provide for the payment or discharge of, any liabilities and obligations of the Company.

6. Distribution to Shareholders. The Company may pay a dividend in an aggregate amount of $98,685,000 to its Shareholders (the “Dividend”) on or prior to December 31, 2013. If the Board declares such a Dividend, it will include at least $68,000,000 in cash and the remaining amount, if any, will be distributed in kind, in the form of dividend notes, interests in a liquidating trust or interests in a limited liability company, as the case may be. Thereafter the Company would distribute pro rata to the Company’s Shareholders any other available cash including the cash proceeds of any sale, exchange or disposition, of any of its assets except such cash, property or assets as are required for paying or making provision for the claims and obligations of the Company. Such distribution may occur all at once or in a series of distributions and shall be in cash in such amounts, and at such time or times as the Board, in its sole discretion, may determine.

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If any distribution to a Shareholder cannot be made, whether because the Shareholder cannot be located, has not surrendered its certificates evidencing the Common Stock as required hereunder, or for any other reason, the distribution to which the Shareholder is entitled (unless transferred to the Trust established pursuant to Section 8 hereof) shall be transferred, at such time as the final liquidating distribution is made by the Company, to the official of such state or other jurisdiction as is authorized by applicable law to receive the proceeds of the distribution. The proceeds of the distribution shall thereafter be held solely for the benefit of and for ultimate distribution to the Shareholder as the sole equitable owner thereof and shall be treated as abandoned property and escheat to the applicable state or other jurisdiction in accordance with applicable law. In no event shall the proceeds of any such distributions revert to or become the property of the Company.

7. Cancellation of Outstanding Shares of Stock. The distributions contemplated by Section 6 above shall be in complete liquidation of the Company and in cancellation of all issued and outstanding shares of stock, and all certificates representing such issued and outstanding shares of stock shall thereupon be cancelled. The Board of Directors shall make such provisions as it deems appropriate regarding the cancellations, in connection with the making of distributions hereunder, of certificates representing the outstanding shares of stock. As a condition to receipt of any distribution to the Company's Shareholders, the Board, in its sole discretion, may require Shareholders to (i) surrender their certificates evidencing the Common Stock to the Company or its agent for recording of such distributions thereon or (ii) furnish the Company with evidence satisfactory to the Board of the loss, theft, or destruction of their certificates evidencing the Common Stock, together with such surety bond or other security or indemnity as may be required by and satisfactory to the Board ("Satisfactory Evidence and Indemnity"). As a condition to receipt of any final distribution to the Company's Shareholders, the Board, in its sole discretion, may require Shareholders to (i) surrender their certificates evidencing the Common Stock to the Company or its agent for cancellation or (ii) furnish the Company with Satisfactory Evidence and Indemnity.

The Company will finally close its stock transfer books and discontinue recording transfers of Common Stock on the earlier to occur of (i) the close of business on the record date fixed by the Board for the final liquidating distribution, or (ii) the date on which the Company ceases to exist under the NYBCL whether by merger, dissolution (following any post-dissolution continuation period thereunder) or otherwise, and thereafter certificates representing Common Stock will not be assignable or transferable on the books of the Company except by will, intestate succession or operation of law.

8. Liquidating Trust or Other Entity. The Board, in its sole discretion, in furtherance of the liquidation and distribution of the Company's assets to the Company's Shareholders, may choose to enter into a merger or otherwise transfer any or all of the assets of the Company if the Board determines that such a merger or transfer is in the best interests of the Shareholders and reasonably likely to provide either a larger final liquidating distribution to the Shareholders, minimize the potential liability of the Shareholders with respect to any potential or actual liquidating distribution or otherwise provide a benefit to the Shareholders, including: (a)(i) merging the Company with and into a liquidating trust (the "Trust") or (ii) transferring any or all of the assets of the Company to one or more liquidating trustees, for the benefit of the Company's Shareholders (the "Trustees"), under the Trust, or (b)(i) merging the Company with and into a LLC (the "LLC") or (ii) transferring any or all of the assets of the Company to Gyrodyne, LLC, for the benefit of the Company's Shareholders (the "Members"), under Gyrodyne, LLC. Any such merger or transfer shall be pursuant to such documentation as shall be approved by the Board from time to time. If the Board determines that a transfer to the Trust or LLC (whether by merger or otherwise) is in the best interests of the Shareholders then upon consummation of such transfer, the Shareholders will, unless the Board shall otherwise determine in its sole discretion and take appropriate steps to make the interests transferrable, receive a distribution of uncertificated, nontransferable interests in the Trust or LLC, as applicable, and the Trust or LLC will take the necessary actions to effect a final liquidating distribution from the Trust or LLC generally in accordance with the procedures set forth for the Company in this Plan, subject to applicable law.

The Board is hereby authorized to appoint one or more individuals, corporations, partnerships, or other persons, or any combination thereof, including, without limitation, any one or more officers, directors, employees, agents, or representatives of the Company, to act as the Trustee or Trustees, or Member, for the benefit of the Company's Shareholders and to receive any assets of the Company. Any

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Trustees or Member appointed as provided in the preceding sentence shall succeed to all right, title, and interest of the Company of any kind and character with respect to such transferred assets and, to the extent of the assets so transferred, shall assume all of the liabilities and obligations of the Company, including, without limitation, any unsatisfied claims and unascertained or contingent liabilities. Further, the Trustees or Member shall have the full power to liquidate, deal with, give receipt for and manage all of the property and assets conveyed to the Trustees or Member by the Company (whether by merger or otherwise), to the exclusion of the Company and its officers and directors (if the Company's existence has not been terminated), and any conveyance of assets to the Trustees or Member (whether by merger or otherwise) shall be deemed to be a distribution of property and assets by the Company to its Shareholders for the purposes of this Plan. Any such conveyance to the Trustees or Member shall be solely in their capacity as Trustees or Member. The Company, subject to this Section 8 and as authorized by the Board, in its sole discretion, may enter into (a) a liquidating trust agreement or merger agreement with the Trust or the Trustees or (b) a merger agreement with Gyrodyne, LLC or the Member, on such terms and conditions as the Board, in its sole discretion, may deem necessary, appropriate, or desirable.

Authorization of this Plan by at least two-thirds of the outstanding shares of Common Stock shall constitute the approval of the Company's Shareholders of the Plan of Merger, any appointment of Trustees or of the Member and any liquidating trust agreement and/or merger agreement as their act and as a part hereof as if herein written.

9. Dissolution.   After the Authorization Date, assuming the Company is not merged into the Trust or otherwise ceases to exist, the officers of the Company shall, at such time as the Board, in its sole discretion, deems necessary, appropriate or desirable, file with the Secretary of State a certificate of dissolution (the "Certificate of Dissolution") in accordance with the Sections 1003 and 1004 of the NYBCL and obtain any certificates required from the New York tax authorities related to such dissolution.

10. Expenses.   In connection with and for the purpose of implementing and assuring completion of this Plan, the Company may, in the sole discretion of the Board, pay any brokerage, agency, professional and other fees and expenses of persons rendering services to the Company in connection with the collection, sale, exchange or other disposition of the Company's property and assets and the implementation of this Plan.

11. Compensation.   In connection with and for the purpose of implementing and assuring completion of this Plan, the Company may, in the sole discretion of the Board, pay to the Company's officers, directors, employees, agents and representatives, or any of them, compensation or additional compensation above their regular compensation, in money or other property, in recognition of extraordinary efforts they, or any of them, will be required to undertake, or actually undertake, in connection with the implementation of this Plan. Authorization of this Plan by at least two-thirds of the outstanding shares of Common Stock shall constitute the approval of the Company's Shareholders of the payment of any such compensation.

12. Indemnification.   The Company shall continue to indemnify its officers, directors, employees, agents and representatives in accordance with its certificate of incorporation, as amended, and its by-laws and any contractual arrangements, for actions taken in connection with the Plan and the winding up of the affairs of the Company as well as for actions taken theretofore. The Company's obligation to indemnify such persons may also be satisfied out of the assets of the Trust or LLC. The Board and the Trustees or Member, in their sole discretion, are authorized to obtain and maintain insurance as may be necessary to cover the Company's obligations hereunder.

13. Tax Liquidation.   This Plan, and the transactions contemplated hereby, together are intended to constitute a plan of complete liquidation of the Company, within the meaning of Sections 331 and 562(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted consistent with such treatment.

14. Filing of Forms.   The officers of the Company are authorized and directed to execute and file United States Treasury Form 966 pursuant to Section 6043 of the Code within 30 days after the adoption of this Plan, and such other forms and reports as may be necessary to comply with the requirements of any foreign, state or local law, and such additional forms and reports with and to the Internal Revenue Service or other taxing authorities as may be necessary, desirable or appropriate in connection with the execution of the Plan.

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15. Modification. Notwithstanding authorization or consent to this Plan and the transactions contemplated hereby by the Shareholders, the Board may modify, amend or abandon this Plan and the transactions contemplated hereby without further action by the Company's Shareholders if it determines such action to be in the best interest of the Company or the Shareholders; provided, however, that if the Board determines that the amendment or modification of this Plan will materially and adversely affect the interests of the Shareholders, it will submit such amendment or modification to the Shareholders for approval.

16. Termination. The Board of Directors may terminate this Plan for any reason. The power of termination shall be exercisable both before and after approval of this Plan by the Shareholders, but such power shall not continue after the Certificate of Dissolution has been accepted for record by the Secretary of State. Notwithstanding approval of this Plan by the Shareholders, the Board of Directors may modify or amend this Plan without further action by such Shareholder of the Company to the extent permitted under then current law.

17. Further Action. The Board is hereby authorized, without further action by the Shareholders, to do and perform, any and all acts, and to make, execute, deliver or adopt any and all agreements, resolutions, conveyances, certificates and other documents of every kind which are deemed necessary, appropriate or desirable, in the sole discretion of the Board, to implement this Plan and the transactions contemplated hereby, including, without limiting the foregoing, all filings or acts required by any state or federal law or regulation to wind up its affairs.

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Annex B

SOLVENCY OPINION OF VALUATION RESEARCH CORPORATION

September 13, 2013

The Board of Directors of
GYRODYNE COMPANY OF AMERICA, INC.
One Flowerfield, Suite 24 St. James, NY 11780

Gentlemen:

For purposes of this letter, Gyrodyne Company of America, Inc., together with all of its subsidiaries on a consolidated basis, is referred to as “Gyrodyne” or the “Company”.

It is our understanding that currently Gyrodyne has more than $92.0 million of cash and marketable securities on their balance sheet and no long-term debts. VRC understands that on or about September 12, 2013 the Board of Directors adopted a plan of liquidation and dissolution of the Company (the “Plan”) and on September 13, 2013 (the “Distribution Approval Date”) will vote on a distribution (the “Distribution”) that is contemplated whereby Gyrodyne (i) will make a cash dividend to its shareholders of approximately $68.0 million (ii) an additional distribution to its shareholders of $30.7 million (face value) payable in the form of dividend notes (“Dividend Notes”), or in-kind interests of a liquidating trust or similar vehicle, and (iii) pay certain taxes, fees and expense associated with the transaction.

In connection with the Distribution, the Board has retained VRC and requested VRC’s written opinion (the “Opinion”), as of the Distribution Approval Date as to the capital surplus and solvency of the Company on a consolidated pro forma basis immediately after and giving effect to the consummation of the Distribution (assuming that the Distribution were to be fully consummated on the Distribution Approval Date). VRC’s Opinion has been addressed to and prepared for the sole benefit and use of the Company and the Board and may not be disclosed or made available to third parties without the prior written consent of VRC, which shall not be unreasonably withheld. The provisions hereof shall only inure to the benefit of and be binding upon the successors and assigns of VRC, the Company, and the Board.

Notwithstanding the foregoing, the Board, and the Company may (a) deliver information copies of the Opinion to its legal counsel and other professional advisors that are advising the Board or the Company, with respect to the Distribution (provided that such advisors agree or are otherwise under a duty to keep such information confidential), (b) produce an information copy of the Opinion and any other materials in its possession in response to any subpoena, court order, or similar legal demand, provided that prompt prior written notice thereof shall be given to VRC so that VRC may, seek a protective order or other appropriate remedy, and, if VRC fails to obtain such remedy, the Company and the Board, as the case may be, may disclose only that information which its counsel advises it is compelled to disclose, and (c) include a copy and description of the opinion in an proxy statement to be filed with the Securities and Exchange commission (“SEC”) in connection with the distribution as required by SEC regulations provided such disclosure language has been reviewed and approved by VRC which shall not be unreasonably withheld.

This Opinion does not address the following: (i) the fairness of the Distribution, in whole or in part, or any terms associated therewith to the holders of any class of securities, creditors or other stakeholders or members of the Company; (ii) the relative risks or merits of the Distribution or any other business strategies or transactional alternatives that may be available to the Company; (iii) the underlying business decisions of the Board to consummate the Distribution; (iv) any specific legal, tax, accounting, or financial reporting matters related to or associated with the Company or the Distribution; (v) the fair value of the Company, under any state or federal laws or principle in equity relating to appraisal rights or similar matters; (vi) the book value of the assets and liabilities of the Company; (vii) the projections provided by the management of the Company following consummation of the Distribution; (viii) what the value of the common stock or any other security will be in the future; (ix) any agreements entered into in connection with the Distribution; or (x) any matters relating to fees paid by the Company to its advisors in connection with the Distribution.

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For purposes of the Opinion, the following terms are defined:

Fair Value —