GYRODYNE CO OF AMERICA INC
Form PRER14A
June 26, 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. 3)
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 JUNE 25, 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 August 14, 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 June 30, 2014, will be entitled to vote at the special meeting or its adjournment or postponement, if any.

Gyrodyne has had a 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 $98,685,000 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. On September 12, 2013 and further to such goal, 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. In adopting a plan of liquidation within the meaning of the Internal Revenue Code, for federal income tax purposes, our board of directors also determined to pursue the actual disposition of Gyrodyne's remaining assets in an orderly manner designed to obtain the best value reasonably available for such assets. The completion of the merger would complete the liquidation for tax purposes even though the actual disposition of the properties within the same period had not necessarily occurred. Our board of directors believed that the prompt completion of the liquidation for tax purposes by means of the merger while permitting a longer period to dispose of the remaining assets would help obtain better values by enabling the sales to take place without the potential timing constraints created by completing the merger as promptly as practicable. In addition, the ability to extend the time of holding the properties would permit Gyrodyne to seek enhancements of the value of Flowerfield including by pursuing various development or zoning opportunities.

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, 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 June 30, 2014, the record date, Gyrodyne expects to issue approximately 1,482,680 common shares of Gyrodyne, LLC in connection with the merger. The common shares of Gyrodyne, LLC are intended to become publicly traded on NASDAQ under the symbol “GYRO.” No assurance can be given that NASDAQ will permit trading of the common shares of Gyrodyne, LLC. 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 225,367 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 and accrued interest thereon, 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 August 14, 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 August 14, 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 June 30, 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.

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 also a limited partner in Callery Judge Grove, L.P., the only assets of which consist of potential future payments upon the achievement of certain development benchmarks by the purchaser in the 2013 sale by the partnership of an undeveloped 3,700 plus acre property in Palm Beach County, Florida. The shares of common stock of Gyrodyne, par value $1.00 per share ("Gyrodyne Common Stock"), are 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, 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 (as described below), 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.

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;
- 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; and
- Conflicts of interest may exist between the shareholders of Gyrodyne and the holders of Dividend Notes.

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 August 14, 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 June 30, 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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The Company has not sought nor does it intend to seek a vote on the Plan of Liquidation because it is effecting a liquidation for tax purposes. Although effecting a liquidation for tax purposes is a byproduct of the Merger (a merger of a corporation into a LLC is a liquidation for tax purposes), it does not require a separate shareholder vote under either New York Business Corporation Law or federal tax law. If the Merger is not authorized by its shareholders, Gyrodyne could seek a shareholder vote regarding a plan of dissolution under New York Business Corporation Law to effect the Plan of Liquidation, but the Company has no current plans to do so. As a result, in this proxy statement/prospectus, the Company is neither seeking a vote on the Plan of Liquidation (i.e., the liquidation for tax purposes) nor a dissolution under New York Business Corporation Law, rather shareholders are only voting on the proposal to authorize a proposed Plan of Merger and the transactions contemplated thereby under New York Business Corporation Law, including the merger of Gyrodyne and GSD into Gyrodyne, LLC.

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 September 12, 2013, our board of directors adopted a Plan of Liquidation and Dissolution (the “Plan of Liquidation”). In adopting the Plan of Liquidation for federal income tax purposes, our board of directors also determined to pursue the actual disposition of our remaining assets in an orderly manner designed to obtain the best value reasonably available for such assets. The completion of the merger would 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”) even though the actual disposition of the properties within the same period had not necessarily occurred. Our board of directors believed that the prompt completion of the Tax Liquidation by means of the merger while permitting a longer period to dispose of the remaining assets would help obtain better values by enabling the sales to take place without the potential timing constraints created by completing the merger as promptly as practicable. In addition, the ability to extend the time of holding the properties would permit Gyrodyne to seek enhancements of the value of Flowerfield including by pursuing various development or zoning opportunities. 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

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($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.

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 outstanding common membership interest of GSD ("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 (subject to liabilities encumbering such properties, including such mortgages): 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 due June 30, 2017 ("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"). On June 16, 2014, the initial semi-annual interest payment on the Dividend Notes was paid in kind in the form of uncertificated interests in a global 5% subordinated note due June 30, 2017 in the principal amount of $302,813 that otherwise is identical to the Dividend Note other than as to the initial semi-annual interest payment date thereunder. 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

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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. Our board of directors 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 initial aggregate principal amount and accrued interest thereon) 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 would not be able to readily realize value, but as the board of directors intended that such restrictions would be eliminated with the registration of the GSD interests and Dividend Notes either pursuant to the Merger or otherwise, that it was appropriate not to apply a valuation discount based on such temporary liquidity factors.) The merger will effect the final step in the tax liquidation of Gyrodyne while simplifying the corporate structure and interrelationships of Gyrodyne and GSD.

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 our board of directors that Gyrodyne, LLC would operate with a business plan to pursue the actual disposition 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.

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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 ($16,150,000 initial aggregate principal amount and accrued interest thereon) 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 Shares, (ii) Dividend Note ($10.89 principal amount and accrued interest thereon) 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 our 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 pursue the actual disposition 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

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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;
- 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 1,482,680 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

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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 our 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 Gyrodyne Shareholders 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 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 Rights 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."

Comparison of Rights of Holders of Dividend Notes and Holders of Gyrodyne, LLC Shares

As a result of the merger, holders of Dividend Notes 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 be governed by the New York Limited Liability Company Law. The rights of holders of Gyrodyne, LLC Shares will be different from those of holders of Dividend Notes. Such differences include, among others, differences in priority, periodic payments, prepayment/redemption and transferability and assignment, as described in "The Proposal — The Plan of Merger — Comparison of Rights of Holders of Dividend Notes and Holders of Gyrodyne, LI 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

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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 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 August 14, 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 Gyrodyne Common Stock at the close of business on the record date, June 30, 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:

- In adopting a plan of liquidation within the meaning of the Internal Revenue Code, for federal income tax purposes, our board of directors also determined to pursue the actual disposition of our remaining assets in an orderly manner designed to obtain the best value reasonably available 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 ($16,150,000 initial aggregate principal amount and accrued interest thereon) 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 ($10.89 principal amount and accrued interest thereon) 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.

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The determination of our 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.

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

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(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 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

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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.

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

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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.

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:

- In adopting a plan of liquidation within the meaning of the Internal Revenue Code, for federal income tax purposes, our board of directors also determined to pursue the actual disposition of our remaining assets in an orderly manner designed to obtain the best value reasonably available 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 August __, 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," "m "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.

In adopting a plan of liquidation within the meaning of the Internal Revenue Code, for federal income tax purposes, our board of directors also determined to pursue the actual disposition of our remaining assets in an orderly manner designed to obtain the best value reasonably available 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 pursue the actual disposition 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.

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The precise nature and 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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As described on page [•] of this proxy statement/prospectus, on April 21, 2014 the board of directors of Gyrodyne adopted a retention bonus plan for the benefit of directors, officers and employees of Gyrodyne. See "Background — Interests of Our Directors and Executive Officers — Retention Bonus Plan." The plan was intended 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. As the funding for such plan will reduce the amounts otherwise payable to holders of GSD interests, or, subsequent to the Merger, holders of Gyrodyne, LLC Shares, a conflict of interest between such holder and the beneficiaries of the retention bonus plan could be deemed to exist.

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.

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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 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.

Conflicts of interest may exist between the shareholders of Gyrodyne and the holders of Dividend Notes.

Although holders of Dividend Notes were all shareholders of Gyrodyne as of the December 31, 2013 record date for the Second Special Dividend, as a result of transfers of shares of Gyrodyne Common Stock subsequent to such date, there now exits certain disparities between the holders of Dividend Notes and the holders of shares of Gyrodyne Common Stock. As the Dividend Notes represent debt obligations of Gyrodyne and the shares are equity of Gyrodyne, the Dividend Notes are entitled to priority in the distribution of assets of Gyrodyne. If GSD sold properties and repaid mortgage debt to Gyrodyne, the board of directors of Gyrodyne would have to determine whether to redeem or repurchase Dividend Notes or retain the cash proceeds of the mortgage debt for other uses. In addition, if the merger is not completed and Gyrodyne continues as operating entity, the future changes in equity value or operating results, whether accretion or diminution, will result in changes to the equity value.

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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 August 14, 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, June 30, 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.

Vote 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.

The Company has not sought nor does it intend to seek a vote on the Plan of Liquidation because it is effecting a liquidation for tax purposes. Although effecting a liquidation for tax purposes is a byproduct of the Merger (a merger of a corporation into a LLC is a liquidation for tax purposes), it does not require a separate shareholder vote under either New York Business Corporation Law or federal tax law. If the Merger is not authorized by its shareholders, Gyrodyne could seek a shareholder vote regarding a plan of dissolution under New York Business Corporation Law to effect the Plan of Liquidation, but the Company has no current plans to do so. As a result, in this proxy statement/prospectus, the Company is neither seeking a vote on the Plan of Liquidation (i.e., the liquidation for tax purposes) nor a dissolution under New York Business Corporation Law, rather shareholders are only voting on the proposal to authorize a proposed Plan of Merger and the transactions contemplated thereby under New York Business Corporation Law, including the merger of Gyrodyne and GSD into Gyrodyne, LLC.

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

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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.

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 Incentive Compensation Plan ("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, on September 12, 2013, 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. In adopting the Plan of Liquidation for federal income tax purposes, our board of directors also determined to pursue the actual disposition of our remaining assets in an orderly manner designed to obtain the best value reasonably available for such assets. The completion of the merger into Gyrodyne, LLC, within the two year period from the adoption of the Plan of Liquidation, would complete the Tax Liquidation even though the actual disposition of the properties within the same period had not necessarily occurred. Our board of directors believed that the prompt completion of the Tax Liquidation by means of the Merger while permitting a longer period to dispose of the remaining assets would help obtain better values by enabling the sales to take place without the potential timing constraints created by completing the merger as promptly as practicable. In addition, the ability to extend the time of holding the properties would permit Gyrodyne to seek enhancements of the value of Flowerfield including by pursuing various development or zoning opportunities.

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."

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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 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 the actual disposition of the medical office properties and steps related to the actual disposition of the Flowerfield property to be undertaken in an orderly manner designed to obtain the best value reasonably available 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 15 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."

On June 16, 2014, the initial semi-annual interest payment on the Dividend Notes was paid in kind in the form of uncertificated interests in a global 5% subordinated note due June 30, 2017 in the principal amount of $302,813 that otherwise is identical to the Dividend Note other than as to the initial semi-annual interest payment date thereunder.

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Revisions to the Merger Agreement

On December 19, 2013, our 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 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 initial aggregate principal amount and accrued interest thereon) 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). (Our board of directors recognized that the GSD interests and Dividend Notes were not transferrable, and the holders would not be able to readily realize value, but as the board of directors intended that such restrictions would be eliminated with the registration of interests and Dividend Notes either pursuant to the Merger or otherwise, that it was appropriate not to apply a valuation discount based on such temporary liquidity factors.) 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 the need to maintain such market-rate compensation for federal income tax purposes and following 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 Retention Bonus Plan (See “Interests of Our Directors and Executive Officers — Retention 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

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- 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. If the foregoing management services arrangements would have been in place during the fiscal year ended December 31, 2013, the aggregate fees payable by GSD to Gyrodyne, excluding reimbursable amounts and amounts payable in respect of the mortgages and the liquidity facility, would have been approximately $277,000. 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. Any outstanding management services arrangements will cease to exist upon effectiveness of the Merger.

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.

Employment Agreements

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.

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Incentive Compensation Plan

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, 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

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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 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.

Retention 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 pursue the actual disposition of Gyrodyne's remaining assets and to complete the Tax Liquidation by means of 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 within 60 days of the completion of such sale or, if later, within 60 days of receipt of any subsequent post-completion installment payment related to such sale. 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").

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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.

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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	Three Months Ended, March 31, 2014	Year Ended December 31, 2013	2012	2011	2010	2009
Statement of Operations Data						
Total gross revenues	$1,300,035	$5,029,969	$4,989,108	$5,519,704	$5,550,863	$4,834,416
Total rental expenses	711,602	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)	(671,658)	46,055,205	99,048,253	(1,124,665)	(1,081,465)	1,522,890
Net loss from Non-controlling Interests in GSD	(683,730)	8,001				
Net income (loss) Attributable to Gyrodyne	12,072	46,063,206	99,048,253	(1,124,665)	(1,081,465)	1,522,890
Balance Sheet Data						
Real estate operating assets, net	$30,355,108	$30,357,365	$32,533,102	$32,976,274	$33,071,570	$32,267,032
Land held for development	$2,420,514	$2,382,313	2,274,312	2,166,066	2,041,037	1,925,429
Total assets	46,420,312	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	27,355,806	27,997,481	64,768,002	23,987,799	14,961,340	14,633,741
Total Gyrodyne stockholders' equity	8,981,069	9,365,095	64,768,002	23,987,799	14,961,340	14,633,741
Other Data						
	$(409,988)	$(14,470,658)	$(5,712,917)	$(179,490)	$(233,911)	$(1,892,197)

	Three Months Ended, March 31, 2014	Year Ended December 31,				
Funds from operations (1)	63,201	209,943	(48,911)	183,201	(124,557)	(585,013)
Adjusted funds from operations (1)						
Cash flows provided by (used in):						
operating activities	(4,399,391)	(8,105,339)	161,712,775	(477,273)	(346,936)	(1,705,447)
investing activities	(167,865)	(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	(4,567,256)	(81,115,895)	83,788,728	8,234,472	1,272,736	(337,107)
Medical property						
Rentable square footage						