

GRAYSCALE DECENTRALAND TRUST (MANA)

A Delaware Trust

Sponsored by

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Primary Standard Industrial Code: 6221

QUARTERLY REPORT

For the quarterly period ended March 31, 2023

Shares Representing Common Units of Fractional Undivided Beneficial Interest

No Par Value Per Share

Unlimited Shares Authorized

1,897,900 Shares Issued and Outstanding as of March 31, 2023

OTCQX: MANA

Grayscale Investments, LLC (the “Sponsor”), on behalf of Grayscale Decentraland Trust (MANA) (the “Trust”), is responsible for the content of this quarterly report for the quarter ended March 31, 2023 (the “Quarterly Report”), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. marketplace. The information contained in this Quarterly Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”) or any state securities commission. Any representation to the contrary is a criminal offense.

All references to “the Trust,” “the Sponsor,” “the Issuer,” “Grayscale Decentraland Trust (MANA),” “we,” “us” or “our” refers to the Trust or the Sponsor, as the context indicates. The Trust is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Sponsor, which administers the Trust.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934).

Yes ☐ No ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period.

Yes ☐ No ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period.

Yes ☐ No ☒

Dated as of May 12, 2023

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” with respect to the Trust’s financial conditions, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Quarterly Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Trust’s operations, the Sponsor’s plans and references to the Trust’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Sponsor made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors” in our Annual Report. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the risk factors discussed in this Quarterly Report, including the particular risks associated with new technologies such as Decentraland and blockchain technology;
- the Trust’s inability to redeem Shares;
- the inability of the Trust to meet its investment objective;
- economic conditions in the MANA industry and market;
- general economic, market and business conditions;
- global or regional political, economic or financial conditions, events and situations;
- the use of technology by us and our vendors, including the Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation; and
- other world economic and political developments.

Consequently, all of the forward-looking statements made in this Quarterly Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of the Shares. Should one or more of the risks discussed under “Risk Factors” in our Annual Report or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Sponsor’s beliefs, estimates and opinions on the date the statements are made and neither the Trust nor the Sponsor is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Trust, the Sponsor, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

The risk factors included in our Annual Report continue to apply to us, and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. There have not been any material changes from the risk factors previously described in our Annual Report, except for as provided in “Item 7. Other Information.”

Glossary

In this Quarterly Report, each of the following terms has the meaning assigned to it here:

“Actual Exchange Rate”—With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Trust is able to sell such asset for U.S. dollars (or other applicable fiat currency) at such time to enable the Trust to timely pay any Additional Trust Expenses, through use of the Sponsor’s commercially reasonable efforts to obtain the highest such price.

“Additional Trust Expenses”—Together, any expenses incurred by the Trust in addition to the Sponsor’s Fee that are not Sponsor-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of shareholders (including in connection with any Incidental Rights and any IR Virtual Currency), (iii) any indemnification of the Custodian or other agents, service providers or counterparties of the Trust, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

“Administrator Fee”—The fee payable to any administrator of the Trust for services it provides to the Trust, which the Sponsor will pay such administrator as a Sponsor-paid Expense.

“Agent”—A Person appointed by the Trust to act on behalf of the shareholders in connection with any distribution of Incidental Rights and/or IR Virtual Currency.

“Annual Report”—The Trust’s Annual Report for the year ended December 31, 2022.

“Authorized Participant”—Certain eligible financial institutions that have entered into an agreement with the Trust and the Sponsor concerning the creation of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Sponsor and (iii) owns a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or such Authorized Participant’s Liquidity Provider.

“Basket”—A block of 100 Shares.

“Basket Amount”—On any trade date, the number of MANA required as of such trade date for each Creation Basket, as determined by dividing (x) the number of MANA owned by the Trust at 4:00 p.m., New York time, on such trade date, after deducting the number of MANA representing the U.S. dollar value of accrued but unpaid fees and expenses of the Trust (converted using the Reference Rate Price at such time, carried to the eighth decimal place), by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth of one MANA (*i.e.*, carried to the eighth decimal place)), and multiplying such quotient by 100.

“Blockchain”—The public transaction ledger of the Ethereum Network on which transactions in MANA are recorded.

“Creation Basket”—Basket of Shares issued by the Trust in exchange for deposits of the Basket Amount required for each such Creation Basket.

“Custodial Services”—The Custodian’s services that (i) allow MANA to be deposited from a public blockchain address to the Trust’s Digital Asset Account and (ii) allow the Trust and the Sponsor to withdraw MANA from the Trust’s Digital Asset Account to a public blockchain address the Trust or the Sponsor controls pursuant to instructions the Trust or the Sponsor provides to the Custodian.

“Custodian”—Coinbase Custody Trust Company, LLC.

“Custodian Agreement”—The Amended and Restated Custodial Services Agreement, dated as of June 29, 2022 by and between the Trust and the Sponsor and Custodian that governs the Trust’s and the Sponsor’s use of the Custodial Services provided by the Custodian as a fiduciary with respect to the Trust’s assets.

“Custodian Fee”—Fee payable to the Custodian for services it provides to the Trust, which the Sponsor shall pay to the Custodian as a Sponsor-paid Expense.

“DCG”—Digital Currency Group, Inc.

“Decentraland” or “MANA”—A type of digital asset based on an open-source cryptographic protocol existing on the Decentraland network.

“Decentraland Network”—A set of smart contracts deployed on a decentralized public transaction ledger known as the blockchain. The Decentraland Network leverages the cryptographic and algorithmic protocols of the underlying blockchain to govern its application. See “Overview of the MANA Industry and Market” in our Annual Report.

“Digital Asset Account”—A segregated custody account controlled and secured by the Custodian to store private keys, which allow for the transfer of ownership or control of the Trust’s MANA on the Trust’s behalf.

“Digital Asset Exchange”—An electronic marketplace where exchange participants may trade, buy and sell MANA based on bid-ask trading. The largest Digital Asset Exchanges are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Digital Asset Exchange Market”—The global exchange market for the trading of MANA, which consists of transactions on electronic Digital Asset Exchanges.

“Digital Asset Holdings”—The aggregate value, expressed in U.S. dollars, of the Trust’s assets (other than U.S. dollars or other fiat currency), less its liabilities (which include estimated accrued but unpaid fees and expenses), calculated in the manner set forth under “Grayscale Decentraland Trust (MANA)—Description of the Trust— Valuation of MANA and Determination of Digital Asset Holdings” in our Annual Report. See also “Management’s Discussion and Analysis—Critical Accounting Policies—Principal Market and Fair Value Determination” for a description of the Trust’s NAV, as calculated in accordance with GAAP.

“Digital Asset Holdings Fee Basis Amount”—The amount on which the Sponsor’s Fee for the Trust is based, as calculated in the manner set forth under “Grayscale Decentraland Trust (MANA)—Description of the Trust— Valuation of MANA and Determination of Digital Asset Holdings” in our Annual Report.

“Digital Asset Market”—A “Brokered Market,” “Dealer Market,” “Principal-to-Principal Market” or “Exchange Market,” as each such term is defined in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Master Glossary.

“DSTA”—The Delaware Statutory Trust Act, as amended.

“DTC”—The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

“ERC-20”—A technical standard used to create new fungible, digital assets on the Ethereum Network, created as a result of Ethereum Request for Comment-20.

“ERC-20 tokens”—Fungible, digital assets created using the ERC-20 standard.

“Ethereum”, “Ether” or “ETH”—Ethereum tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum Network. See “Overview of the MANA Industry and Market” in our Annual Report.

“Ethereum Blockchain”—The public transaction ledger of the Ethereum Network on which miners or mining pools solve algorithmic equations allowing them to add records of recent transactions (called “blocks”) to the chain of transactions in exchange for an award of Ethereum from the Ethereum Network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added.

“Ethereum Network”—The online, end-user-to-end-user network hosting a public transaction ledger, known as the Ethereum Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing the Ethereum network. See “Overview of the MANA Industry and Market” in our Annual Report.

“Exchange Act”—The Securities Exchange Act of 1934, as amended.

“FINRA”—The Financial Industry Regulatory Authority, Inc., which is the primary regulator in the United States for broker-dealers, including Authorized Participants.

“GAAP”—United States generally accepted accounting principles.

“Genesis”—Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc., which as of the date of this Quarterly Report is the only Liquidity Provider of the Authorized Participant.

“Grayscale Securities”—Grayscale Securities, LLC, a wholly owned subsidiary of the Sponsor, which as of the date of this Quarterly Report, is the only acting Authorized Participant.

“Incidental Rights”—Rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of MANA and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust.

“Investment Advisers Act”—Investment Advisers Act of 1940, as amended.

“Investment Company Act”—Investment Company Act of 1940, as amended.

“Investor”—Any investor that has entered into a subscription agreement with an Authorized Participant, pursuant to which such Authorized Participant will act as agent for the investor.

“IR Virtual Currency”—Any virtual currency tokens, or other asset or right, acquired by the Trust through the exercise (subject to the applicable provisions of the Trust Agreement) of any Incidental Right.

“Liquidity Provider”—A service provider engaged by an Authorized Participant to source MANA on behalf of the Authorized Participant.

“Marketing Fee”—Fee payable to the marketer for services it provides to the Trust, which the Sponsor will pay to the marketer as a Sponsor-paid Expense.

“NAV”—The net asset value of the Trust determined on a GAAP basis.

“OTCQX”—The OTCQX tier of the OTC Markets Group Inc.

“Participant Agreement”—An agreement entered into by an Authorized Participant with the Sponsor that provides the procedures for the creation of Baskets and for the delivery of MANA required for Creation Baskets.

“Quarterly Report”—This Quarterly Report for the three months ended March 31, 2023.

“Reference Rate”—The CoinDesk Decentraland Reference Rate.

“Reference Rate Price”—The U.S. dollar value of a MANA derived from the Digital Asset Exchanges and other trading venues selected by the Reference Rate Provider, calculated at 4:00 p.m., New York time, on each business day. See “Grayscale Decentraland Trust (MANA)—The Reference Rate and the Reference Rate Price” in our Annual Report for a description of how the Reference Rate Price is calculated. For purposes of the Trust Agreement, the term MANA Reference Rate shall mean the Reference Rate Price as defined herein.

“Reference Rate Provider”—CoinDesk Indices, Inc., a Delaware corporation that publishes the Reference Rate. As of December 31, 2020, DCG is the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. is an affiliate of the Sponsor and the Trust and is considered a related party of the Trust.

“Reference Rate License Agreement”—The license agreement dated as of February 1, 2022, between the Reference Rate Provider and the Sponsor governing the Sponsor’s use of the Reference Rate for calculation of the Reference Rate Price.

“Rule 144”—Rule 144 under the Securities Act.

“SEC”—The U.S. Securities and Exchange Commission.

“Secondary Market”—Any marketplace or other alternative trading system, as determined by the Sponsor, on which the Shares may then be listed, quoted or traded, including but not limited to, the OTCQX tier of the OTC Markets Group Inc.

“Securities Act”—The Securities Act of 1933, as amended.

“Shares”—Common units of fractional undivided beneficial interest in, and ownership of, the Trust.

“Sponsor”—Grayscale Investments, LLC.

“Sponsor-paid Expenses”—The fees and expenses incurred by the Trust in the ordinary course of its affairs that the Sponsor is obligated to assume and pay, excluding taxes, but including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) the Custodian Fee and fees for any other security vendor engaged by the Trust, (iv) the Transfer Agent fee, (v) the Trustee fee, (vi) the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year, (vii) ordinary course, legal fees and expenses, (viii) audit fees, (ix) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act, (x) printing and mailing costs, (xi) costs of maintaining the Trust’s website and (xii) applicable license fees, provided that any expense that qualifies as an Additional Trust Expense will be deemed to be an Additional Trust Expense and not a Sponsor-paid Expense.

“Sponsor’s Fee”—A fee, payable in MANA which accrues daily in U.S. dollars at an annual rate of 2.5% of the Digital Asset Holdings Fee Basis Amount of the Trust as of 4:00 p.m., New York time, on each day, provided that for a day that is not a business day, the calculation of the Sponsor’s Fee will be based on the Digital Asset Holdings Fee Basis Amount from the most recent business day, reduced by the accrued and unpaid Sponsor’s Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date.

“Transfer Agent”—Continental Stock Transfer & Trust Company, a Delaware corporation.

“Transfer Agent Fee”—Fee payable to the Transfer Agent for services it provides to the Trust, which the Sponsor will pay to the Transfer Agent as a Sponsor-paid Expense.

“Trust”—Grayscale Decentraland Trust (MANA), a Delaware statutory trust, formed on December 18, 2020 under the DSTA and pursuant to the Trust Agreement.

“Trust Agreement”—The Amended and Restated Declaration of Trust and Trust Agreement between the Trustee and the Sponsor establishing and governing the operations of the Trust, as it may at any time or from time-to-time be amended.

“Trustee”—Delaware Trust Company, a Delaware trust company, is the Delaware trustee of the Trust.

“U.S.”—United States.

“U.S. dollar,” “USD” or “\$”—United States dollar or dollars.

Item 1. The exact name of the issuer and the address of its principal executive offices.

The name of the Trust is Grayscale Decentraland Trust (MANA).

The address of the Sponsor is: Grayscale Investments, LLC
290 Harbor Drive, 4th Floor
Stamford, CT 06902

The Sponsor's telephone number is: (212) 668-1427

The Sponsor's facsimile number is: (212) 937-3645

The Sponsor's website: The Sponsor maintains a corporate website, www.grayscale.com, which contains general information about the Trust and the Sponsor. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.

Investor relations contact: Michael Sonnenshein
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Item 2. Shares outstanding.

The only class of securities outstanding is common units of fractional undivided beneficial interest ("Shares"), which represent ownership in the Trust. The Trust's trading symbol on the OTCQX U.S. Marketplace of the OTC Markets Group Inc. is "MANA" and the CUSIP number for its Shares is 38964P108.

The following table shows the number of the Shares outstanding:

	As of March 31, 2023	As of December 31, 2022
(i) Number of Shares authorized	Unlimited	Unlimited
(ii) Number of Shares outstanding	1,897,900	1,897,900
(iii) Number of Shares freely tradable (public float)⁽¹⁾	279,450	277,508
(iv) Number of beneficial holders owning at least 100 Shares⁽²⁾	30	33
(v) Number of holders of record⁽²⁾	30	33

(1) Includes the total number of unrestricted Shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10% of the total Shares outstanding, or anyone who controls, is controlled by or is under common control with such person, or any immediate family members of officers, directors and control persons. Freely tradable Shares inclusive of holders with more than 10% of total Shares outstanding was 279,450 and 277,508 for the periods ending March 31, 2023 and December 31, 2022, respectively.

(2) Includes Cede & Co. nominee for DTC for the Shares traded on OTCQX, but not its direct participants. Therefore, this number does not include the individual holders who have bought/sold Shares on OTCQX or transferred their eligible Shares to their brokerage accounts.

From February 26, 2021 (the inception of the Trust's operations) to March 31, 2023, the Trust has offered the Shares pursuant to Rule 506 of the Regulation D under the Securities Act. The Shares offered by the Trust have not been registered under the Securities Act, or any state or other securities laws, and were offered and sold only to "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act, and in compliance with any applicable state or other securities laws.

The table below describes the Shares offered, the Shares sold and the average and range of prices at which the Shares were offered and sold by the Trust. All Shares initially offered and sold by the Trust are restricted securities pursuant to Rule 144 under the Securities Act. Until the Shares sold by the Trust become unrestricted in accordance with Rule 144, the certificates or other documents evidencing the Shares will contain legends stating that the Shares have not been registered under the Securities Act and referring to the restrictions on transferability and sale of the Shares under the Securities Act. Such legends are removed upon Shares becoming unrestricted in accordance with Rule 144 and after they have been presented to outside counsel, who may instruct the Transfer Agent to remove such legends. From February 26, 2021 (the inception of the Trust's operations) to March 31, 2023, no Shares, other securities of the Trust, or options to acquire such other securities were issued in exchange for services provided by any person or entity.

Period	Shares Offered	Shares Sold	No. of Purchasers	Avg. ⁽¹⁾	High ⁽¹⁾	Date	Low ⁽¹⁾	Date
February 26, 2021 (the inception of the Trust's operations) to December 31, 2021	Unlimited	1,893,000	53	\$ 13.72	\$ 50.77	11/25/2021	\$ 2.36	2/28/2021
Twelve months ended December 31, 2022	Unlimited	4,900	5	\$ 13.27	\$ 33.01	2/9/2022	\$ 2.77	12/30/2022
January 1, 2023 to March 31, 2023	Unlimited	-	\$ -	\$ 5.85	\$ 7.66	2/2/2023	\$ 2.82	1/1/2023

(1) The prices reflected represent the Reference Rate Price (non-GAAP methodology).

Item 3. Unaudited interim financial statements.

The Trust's unaudited interim financial statements as of and for the three months ended March 31, 2023 are attached as Exhibit 1 to this Quarterly Report. The historical results presented herein and therein are not necessarily indicative of financial results to be achieved in future periods. The Trust's unaudited financial statements attached as Exhibit 1 to this Quarterly Report are incorporated herein by reference and are considered as part of this Quarterly Report.

Item 4. Management's discussion and analysis.

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our unaudited financial statements and related notes attached as an exhibit to this Quarterly Report, which have been prepared in accordance with GAAP. The following discussion may contain forward-looking statements based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those set forth under "Risk Factors" or in other sections of our Annual Report, and under "Cautionary Note Regarding Forward-Looking Statements."

Trust Overview

The Trust is a passive entity that is managed and administered by the Sponsor and does not have any officers, directors or employees. The Trust holds MANA and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of MANA. As a passive investment vehicle, the Trust's investment objective is for the value of the Shares (based on MANA per Share) to reflect the value of MANA held by the Trust, determined by reference to the Reference Rate Price, less the Trust's expenses and other liabilities. While an investment in the Shares is not a direct investment in MANA, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to MANA. To date, the Trust has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of MANA held by the Trust, less the Trust's expenses and other liabilities, but instead have traded at both premiums and discounts to such value, which at times have been substantial. The Trust is not managed like a business corporation or an active investment vehicle.

The activities of the Trust are limited to (i) issuing Baskets in exchange for MANA transferred to the Trust as consideration in connection with the creations, (ii) transferring or selling MANA, Incidental Rights and IR Virtual Currency as necessary to cover the Sponsor's Fee and/or any Additional Trust Expenses, (iii) transferring MANA in exchange for Baskets surrendered for redemption (subject to obtaining regulatory approval from the SEC and approval from the Sponsor), (iv)

causing the Sponsor to sell MANA, Incidental Rights and IR Virtual Currency on the termination of the Trust, (v) making distributions of Incidental Rights and/or IR Virtual Currency or cash from the sale thereof and (vi) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the Trust Agreement, the Custodian Agreement, the Reference Rate License Agreement and the Participant Agreements.

In addition, the Trust may engage in any lawful activity necessary or desirable in order to facilitate shareholders' access to Incidental Rights or IR Virtual Currency, provided that such activities do not conflict with the terms of the Trust Agreement. The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of MANA.

Incidental Rights and IR Virtual Currency

The Trust may from time to time come into possession of Incidental Rights and/or IR Virtual Currency by virtue of its ownership of MANA, generally through a fork in the Blockchain, an airdrop offered to holders of MANA or similar event. Pursuant to the terms of the Trust Agreement, the Trust may take any lawful action necessary or desirable in connection with the Trust's ownership of Incidental Rights, including the acquisition of IR Virtual Currency, unless such action would adversely affect the status of the Trust as a grantor trust for U.S. federal income tax purposes or otherwise be prohibited by the Trust Agreement. These actions include (i) selling Incidental Rights and/or IR Virtual Currency in the Digital Asset Market and distributing the cash proceeds to shareholders, (ii) distributing Incidental Rights and/or IR Virtual Currency in-kind to the shareholders or to an agent acting on behalf of the shareholders for sale by such agent if an in-kind distribution would otherwise be infeasible and (iii) irrevocably abandoning Incidental Rights or IR Virtual Currency. The Trust may also use Incidental Rights and/or IR Virtual Currency to pay the Sponsor's Fee and Additional Trust Expenses, if any, as discussed below under "—Trust Expenses." However, the Trust does not expect to take any Incidental Rights or IR Virtual Currency it may hold into account for purposes of determining the Trust's Digital Asset Holdings, the Digital Asset Holdings per Share, NAV or the NAV per Share.

Trust Expenses

The Trust's only ordinary recurring expense is expected to be the Sponsor's Fee. The Sponsor's Fee will accrue daily in U.S. dollars at an annual rate of 2.5% of the Digital Asset Holdings Fee Basis Amount of the Trust as of 4:00 p.m., New York time, on each day; provided that for a day that is not a business day, the calculation of the Sponsor's Fee will be based on the Digital Asset Holdings Fee Basis Amount from the most recent business day, reduced by the accrued and unpaid Sponsor's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. This dollar amount for each daily accrual will then be converted into MANA by reference to the same Reference Rate Price used to determine such accrual. The Sponsor's Fee is payable in MANA to the Sponsor monthly in arrears.

To cause the Trust to pay the Sponsor's Fee, the Sponsor will instruct the Custodian to (i) withdraw from the Digital Asset Account the number of MANA equal to the accrued but unpaid Sponsor's Fee and (ii) transfer such MANA to the Sponsor's account at such times as the Sponsor determines in its absolute discretion.

If the Trust holds any Incidental Rights and/or IR Virtual Currency at any time, the Trust may also pay the Sponsor's Fee, in whole or in part, with such Incidental Rights and/or IR Virtual Currency by entering into an agreement with the Sponsor and transferring such Incidental Rights and/or IR Virtual Currency to the Sponsor at a value to be determined pursuant to such agreement. However, the Trust may use Incidental Rights and/or IR Virtual Currency to pay the Sponsor's Fee only if such agreement and transfer do not otherwise conflict with the terms of the Trust Agreement. The value of any such Incidental Rights and/or IR Virtual Currency will be determined on an arm's-length basis. The Trust currently expects that the value of any such Incidental Rights and/or IR Virtual Currency would be determined by reference to an index or reference rate provided by the Reference Rate Provider or, in the absence of such an index or reference rate, by reference to the cascading set of rules described in "Grayscale Decentraland Trust (MANA)—The Reference Rate and the Reference Rate Price" in our Annual Report. If the Trust pays the Sponsor's Fee in Incidental Rights and/or IR Virtual Currency, in whole or in part, the amount of MANA that would otherwise have been used to satisfy such payment will be correspondingly reduced. The Sponsor, from time to time, may temporarily waive all or a portion of the Sponsor's Fee in its discretion for stated periods of time. Presently, the Sponsor does not intend to waive any of the Sponsor's Fee and there are no circumstances under which the Sponsor has determined it will definitely waive the fee.

After the Trust's payment of the Sponsor's Fee to the Sponsor, the Sponsor may elect to convert the MANA, Incidental Rights and/or IR Virtual Currency received as payment of the Sponsor's Fee into U.S. dollars. The rate at which the Sponsor converts such MANA, Incidental Rights and/or IR Virtual Currency into U.S. dollars may differ from the rate at which the

Sponsor's Fee was determined. The Trust will not be responsible for any fees and expenses incurred by the Sponsor to convert MANA, Incidental Rights and/or IR Virtual Currency received in payment of the Sponsor's Fee into U.S. dollars.

As partial consideration for its receipt of the Sponsor's Fee, the Sponsor has assumed the obligation to pay the Sponsor-paid Expenses. There is no cap on such Sponsor-Paid Expenses. The Sponsor has not assumed the obligation to pay Additional Trust Expenses. Any expense that qualifies as an Additional Trust Expense will be deemed to be an Additional Trust Expense and not a Sponsor-paid Expense. If Additional Trust Expenses are incurred, the Sponsor (i) will instruct the Custodian to withdraw from the Digital Asset Account MANA, Incidental Rights and/or IR Virtual Currency in such quantity as may be necessary to permit payment of such Additional Trust Expenses and (ii) may either (x) cause the Trust (or its delegate) to convert such MANA, Incidental Rights and/or IR Virtual Currency into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) when the Sponsor incurs such expenses on behalf of the Trust, cause the Trust (or its delegate) to deliver such MANA, Incidental Rights and/or IR Virtual Currency in kind to the Sponsor, in satisfaction of such Additional Trust Expenses. However, the Trust may use Incidental Rights and/or IR Virtual Currency to pay Additional Trust Expenses only if doing so does not conflict with the terms of the Trust Agreement. The value of any such Incidental Rights and/or IR Virtual Currency will be determined on an arm's-length basis. The Trust currently expects that the value of any such Incidental Rights and/or IR Virtual Currency would be determined by reference to a reference rate provided by the Reference Rate Provider or, in the absence of such a reference rate, by reference to the cascading set of rules described in "Description of the Trust—The Reference Rate and the Reference Rate Price" in our Annual Report. If the Trust pays the Additional Trust Expenses in Incidental Rights and/or IR Virtual Currency, in whole or in part, the amount of MANA that would otherwise have been used to satisfy such payment will be correspondingly reduced.

The number of MANA represented by a Share will decline each time the Trust pays the Sponsor's Fee or any Additional Trust Expenses by transferring or selling MANA.

Impact of Trust Expenses on the Trust's Digital Asset Holdings

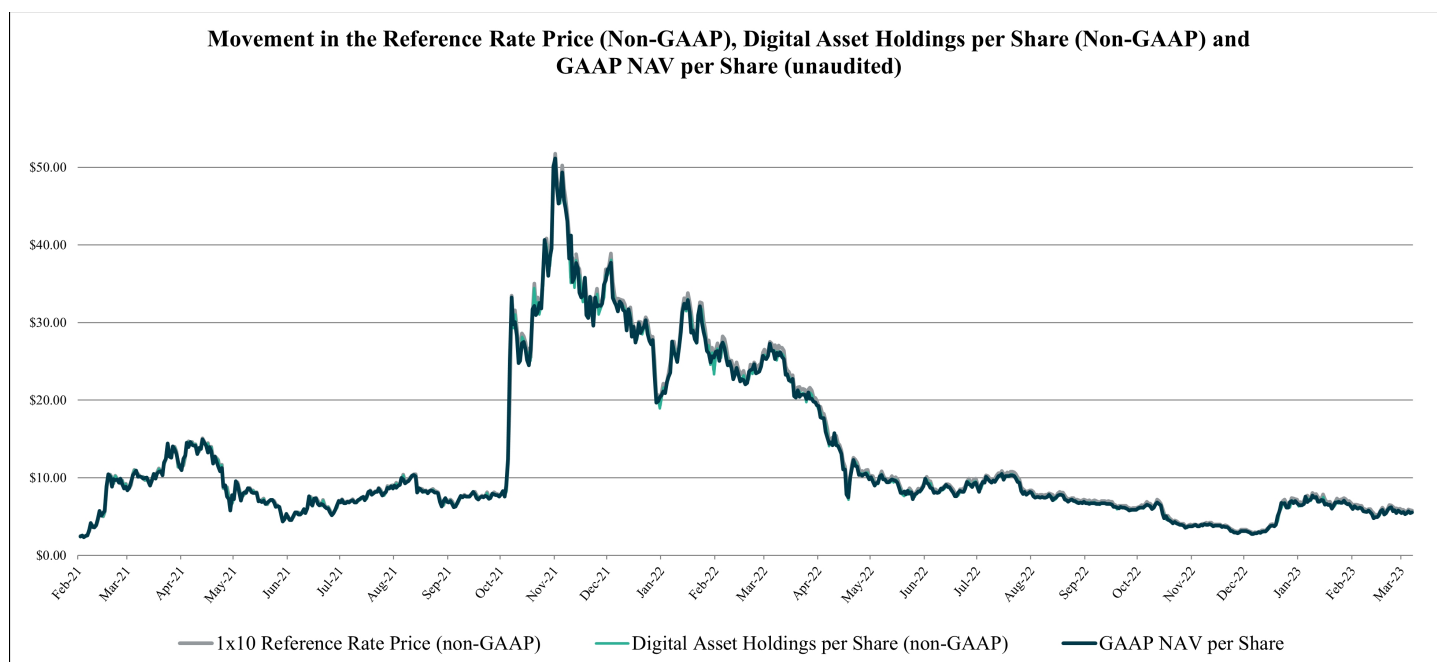
The Trust will pay the Sponsor's Fee to the Sponsor in MANA, Incidental Rights and/or IR Virtual Currency. In addition, the Trust will sell MANA, Incidental Rights and/or IR Virtual Currency to raise the funds needed for the payment of any Additional Trust Expenses or will pay Additional Trust Expenses in MANA, Incidental Rights and/or IR Virtual Currency. The Trust's MANA, Incidental Rights and IR Virtual Currency, and the purchase price received as consideration for such sales of MANA, Incidental Rights and IR Virtual Currency, will be the Trust's sole source of funds to cover the Sponsor's Fee and any Additional Trust Expenses. Because the number of MANA held by the Trust will decrease when MANA is used to pay the Sponsor's Fee or Additional Trust Expenses or are sold to permit the payment of Additional Trust Expenses, it is expected that the fractional number of MANA represented by each Share will gradually decrease over the life of the Trust. Accordingly, the shareholders will bear the cost of the Sponsor's Fee and Additional Trust Expenses. New MANA deposited into the Digital Asset Account in exchange for additional new Baskets issued by the Trust will not reverse this trend.

Discretion of the Reference Rate Provider

The Reference Rate Provider has sole discretion over the determination of Reference Rate Price and may change the methodologies for determining the Reference Rate Price from time to time.

Decentraland

Investing in the Shares does not insulate the investor from certain risks, including price volatility. The following chart illustrates the movement in the Trust's Digital Asset Holdings per Share (non-GAAP) versus the Reference Rate Price (non-GAAP) and the Trust's GAAP NAV per Share from February 26, 2021 (the inception of the Trust's operations) to March 31, 2023:



For more information on the determination of Digital Asset Holdings, see “Grayscale Decentraland Trust (MANA)—Description of the Trust—Valuation of MANA and Determination of Digital Asset Holdings” in our Annual Report.

Critical Accounting Policies

Investment Transactions and Revenue Recognition

The Trust considers investment transactions to be the receipt of MANA for Share creations and the delivery of MANA for Share redemptions or for payment of expenses in MANA. At this time, the Trust is not accepting redemption requests from shareholders. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Sponsor's Fee in MANA.

Principal Market and Fair Value Determination

To determine which market is the Trust's principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Trust's NAV, the Trust follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for MANA in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Trust to assume that MANA is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Trust only receives MANA in connection with a creation order from the Authorized Participant (or its Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Trust looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider on behalf of the Authorized Participant(s), may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”). In determining which of the eligible Digital Asset Markets is the Trust’s principal market, the Trust reviews these criteria in the following order:

- First, the Trust reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations, and non-Digital Asset Exchange Markets that the Trust reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Trust sorts these Digital Asset Markets from high to low by market-based volume and level of activity of MANA traded on each Digital Asset Market in the trailing twelve months.
- Third, the Trust then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Trust then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Trust, Exchange Markets have the greatest volume and level of activity for the asset. The Trust therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market. As a result of the aforementioned analysis, an Exchange Market has been selected as the Trust’s principal market.

The Trust determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market’s trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Trust has access to, or (iii) if recent changes to each Digital Asset Market’s price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Trust’s determination of its principal market.

The cost basis of MANA received in connection with a creation order is recorded by the Trust at the fair value of MANA at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Company Considerations

The Trust is an investment company for GAAP purposes and follows accounting and reporting guidance in accordance with the FASB ASC Topic 946, *Financial Services—Investment Companies*. The Trust uses fair value as its method of accounting for MANA in accordance with its classification as an investment company for accounting purposes. The Trust is not a registered investment company under the Investment Company Act. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

Review of Financial Results (unaudited)

Financial Highlights for the Three Months Ended March 31, 2023 and 2022

(All amounts in the following table and the subsequent paragraphs, except Share, per Share, MANA and price of MANA amounts, are in thousands)

	Three Months Ended March 31,	
	2023	2022
Net realized and unrealized gain (loss) on investment in MANA	\$ 5,161	\$ (11,294)
Net increase (decrease) in net assets resulting from operations	\$ 5,093	\$ (11,603)
Net assets	\$ 10,530	\$ 48,018

Net realized and unrealized gain on investment in MANA for the three months ended March 31, 2023 was \$5,161, which includes a realized loss of (\$3) on the transfer of MANA to pay the Sponsor's Fee and net change in unrealized appreciation on investment in MANA of \$5,164. Net realized and unrealized gain on investment in MANA for the period was driven by MANA price appreciation from \$0.30 per MANA as of December 31, 2022 to \$0.58 per MANA as of March 31, 2023. Net increase in net assets resulting from operations was \$5,093 for the three months ended March 31, 2023, which consisted of the net realized and unrealized gain on investment in MANA, less the Sponsor's Fee of \$68. Net assets increased to \$10,530 at March 31, 2023, a 94% increase for the three-month period. The increase in net assets resulted from the aforementioned MANA price appreciation, partially offset by the withdrawal of approximately 111,383 MANA to pay the foregoing Sponsor's Fee.

Net realized and unrealized loss on investment in MANA for the three months ended March 31, 2022 was (\$11,294), which includes a realized gain of \$236 on the transfer of MANA to pay the Sponsor's Fee and net change in unrealized depreciation on investment in MANA of (\$11,530). Net realized and unrealized loss on investment in MANA for the period was driven by MANA price depreciation from \$3.21 per MANA as of December 31, 2021 to \$2.60 per MANA as of March 31, 2022. Net decrease in net assets resulting from operations was (\$11,603) for the three months ended March 31, 2022, which consisted of the net realized and unrealized loss on investment in MANA, plus the Sponsor's Fee of \$309. Net assets decreased to \$48,018 at March 31, 2022, a 19% decrease for the three-month period. The decrease in net assets resulted from the aforementioned MANA price depreciation and the withdrawal of approximately 114,136 MANA to pay the foregoing Sponsor's Fee, partially offset by the contribution of approximately 47,910 MANA with a value of \$124 to the Trust in connection with Share creations during the period.

Cash Resources and Liquidity

The Trust has not had a cash balance at any time since inception. When selling MANA, Incidental Rights and/or IR Virtual Currency in the Digital Asset Market to pay Additional Trust Expenses on behalf of the Trust, the Sponsor endeavors to sell the exact number of MANA, Incidental Rights and/or IR Virtual Currency needed to pay expenses in order to minimize the Trust's holdings of assets other than MANA. As a consequence, the Sponsor expects that the Trust will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period. Furthermore, the Trust is not a party to any off-balance sheet arrangements.

In exchange for the Sponsor's Fee, the Sponsor has agreed to assume most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the periods covered by this Quarterly Report was the Sponsor's Fee. The Trust is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

Quantitative and Qualitative Disclosures about Market Risk

The Trust Agreement does not authorize the Trustee to borrow for payment of the Trust's ordinary expenses. The Trust does not engage in transactions in foreign currencies which could expose the Trust or holders of Shares to any foreign currency related market risk. The Trust does not invest in any derivative financial instruments and has no foreign operations or long-term debt instruments.

Selected Operating Data (unaudited)

(All MANA balances are rounded to the nearest whole MANA)

	Three Months Ended March 31,	
	2023	2022
MANA:		
Opening balance	18,123,975	18,534,824
Creations	-	47,910
Sponsor's Fee, related party	(111,383)	(114,136)
Closing balance	18,012,592	18,468,598
Accrued but unpaid Sponsor's Fee, related party	-	-
Net closing balance	18,012,592	18,468,598
Number of Shares:		
Opening balance	1,897,900	1,893,000
Creations	-	4,900
Closing balance	1,897,900	1,897,900
As of March 31,		
	2023	2022
Price of MANA on principal market ⁽¹⁾	\$ 0.58	\$ 2.60
NAV per Share ⁽²⁾	\$ 5.55	\$ 25.30
Reference Rate Price	\$ 0.58	\$ 2.71
Digital Asset Holdings per Share ⁽³⁾	\$ 5.47	\$ 26.36

(1) The Trust performed an assessment of the principal market at March 31, 2023 and 2022, and identified the principal market as Coinbase Pro.

(2) As of March 31, 2023 and 2022, the NAV per Share was calculated using the fair value of MANA based on the price provided by Coinbase Pro, the Digital Asset Exchange that the Trust considered its principal market, as of 4:00 p.m., New York time, on the valuation date.

(3) The Trust's Digital Asset Holdings per Share is derived from the Reference Rate Price as represented by the Reference Rate as of 4:00 p.m., New York time, on the valuation date. See "Grayscale Decentraland Trust (MANA)—The Reference Rate and the Reference Rate Price" in our Annual Report for a description of how the Reference Rate Price is calculated. The Trust's Digital Asset Holdings per Share is calculated using a non-GAAP methodology where the volume-weighted average price is derived from multiple Digital Asset Exchanges. See the section entitled "Grayscale Decentraland Trust (MANA)—Description of the Trust—Valuation of MANA and Determination of Digital Asset Holdings" in our Annual Report for a description of Digital Asset Holdings per Share. The Digital Asset Exchanges included in the Reference Rate as of March 31, 2023 were Coinbase Pro, Binance.US, and Kraken. As of March 31, 2022, the Digital Asset Exchanges included in the Reference Rate consisted of Coinbase Pro, Bittrex, Kraken, and Gemini.

For accounting purposes, the Trust reflects creations and the MANA receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite number of MANA is received. At this time, the Trust is not accepting redemption requests from shareholders. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. The Trust currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

As of March 31, 2023, the Trust had a net closing balance with a value of \$10,379,522, based on the Reference Rate Price (non-GAAP methodology). As of March 31, 2023, the Trust had a total market value of \$10,530,161, based on the principal market (Coinbase Pro).

As of March 31, 2022, the Trust had a net closing balance with a value of \$50,036,899, based on the Reference Rate Price (non-GAAP methodology). As of March 31, 2022, the Trust had a total market value of \$48,018,356, based on the principal market (Coinbase Pro).

Historical Decentraland Prices

As movements in the price of MANA will directly affect the price of the Shares, investors should understand recent movements in the price of MANA. Investors, however, should also be aware that past movements in the MANA price are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

During the period from February 26, 2021 (the inception of the Trust's operations) to March 31, 2023, the Digital Asset Market price of MANA, based on the price reported by the Trust's principal market as of 4:00 p.m., New York time, traded between \$0.24 (February 28, 2021) and \$5.21 (November 25, 2021), the straight average was \$1.28, and the median was \$0.84. The average, high, low and end-of-period MANA prices for the twelve months ended March 31, 2022, for the twelve months ended March 31, 2023, and for the period from February 26, 2021 (the inception of the Trust's operations) to March 31, 2023, based on the price reported by the Trust's principal market as of 4:00 p.m., New York time, on the applicable dates were:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
Twelve months ended March 31, 2022	\$ 1.78	\$ 5.21	11/25/2021	\$ 0.44	6/22/2021	\$ 2.60	\$ 2.60
Twelve months ended March 31, 2023	\$ 0.85	\$ 2.69	4/3/2022	\$ 0.29	12/29/2022	\$ 0.58	\$ 0.58
February 26, 2021 (the inception of the Trust's operations) to March 31, 2023	\$ 1.28	\$ 5.21	11/25/2021	\$ 0.24	2/28/2021	\$ 0.58	\$ 0.58

Item 5. Legal proceedings.

The Sponsor and an affiliate of the Trust, Grayscale Bitcoin Trust (BTC) ("Grayscale Bitcoin Trust"), are currently parties to certain legal proceedings. Although the Trust is not a party to these proceedings, the Trust may in the future be subject to legal proceedings or disputes.

On November 18, 2022, the Sponsor received a letter on behalf of Fir Tree Master Fund, L.P. and certain of its affiliates (together, "Fir Tree") demanding access to certain of the Sponsor's and the Grayscale Bitcoin Trust's books and records pursuant to Section 3819 of the Delaware Statutory Trust Act and certain provisions under the Trust Agreement. The Sponsor and Grayscale Bitcoin Trust disputed Fir Tree's entitlement to the requested books and records and, therefore, declined to comply with the demand. On December 6, 2022, Fir Tree filed a suit in Delaware Chancery Court against the Sponsor and Grayscale Bitcoin Trust alleging that the Sponsor and Grayscale Bitcoin Trust violated Fir Tree's information rights and seeking to compel access to the requested books and records. The Sponsor and Grayscale Bitcoin Trust believe that this lawsuit is without merit and are vigorously defending against it.

On January 13, 2023, the Sponsor received a letter on behalf of 210K Capital, LP ("210K Capital") demanding access to certain of the Sponsor's and Grayscale Bitcoin Trust's books and records pursuant to Section 3819 of the Delaware Statutory Trust Act and certain provisions under the Trust Agreement. The Sponsor and Grayscale Bitcoin Trust disputed 210K Capital's entitlement to the requested books and records and, therefore, declined to comply with the demand. On March 6, 2023, 210K Capital filed a suit in Delaware Chancery Court against the Sponsor and Grayscale Bitcoin Trust alleging that the Sponsor and Grayscale Bitcoin Trust violated 210K Capital's information rights and seeking to compel access to the requested books and records. Trial has not yet been set. The Sponsor and Grayscale Bitcoin Trust believe that this lawsuit is without merit and plan to vigorously defend against it.

On January 30, 2023, Osprey Funds, LLC filed a suit in Connecticut Superior Court against the Sponsor alleging that statements the Sponsor made in its advertising and promotion of Grayscale Bitcoin Trust violated the Connecticut Unfair Trade Practices Act, and seeking statutory damages and injunctive relief. On April 17, 2023, the Sponsor filed its brief in support of its motion to dismiss the complaint. The Sponsor and Grayscale Bitcoin Trust believe this lawsuit is without merit and intend to vigorously defend against it.

In October 2021, NYSE Arca filed a proposal with the SEC pursuant to Rule 19b-4 under the Exchange Act for a rule change to list the Shares of Grayscale Bitcoin Trust on NYSE Arca as an exchange traded product, and on June 29, 2022, the SEC issued a final order disapproving NYSE Arca's proposed rule change. On June 29, 2022, the Sponsor filed a petition for review of the SEC's final order in the United States Court of Appeals for the District of Columbia Circuit. The DC Circuit Court of Appeals heard oral arguments in the case on March 7, 2023. As of the date of this Quarterly Report, the Sponsor's petition remains pending and the Sponsor expects to receive a decision from the DC Circuit Court of Appeals by fall of 2023.

On March 6, 2023, Alameda Research, Ltd. filed a suit against the Sponsor, DCG, Michael Sonnenshein and Barry Silbert in the Court of Chancery of the State of Delaware alleging various breach of contract and fiduciary duty claims, including that the defendants had breached the terms of the trust agreements for the Grayscale Bitcoin Trust and Grayscale Ethereum Trust (ETH) for failing to reduce its fees and authorize a redemption program. On April 4, 2023, the Sponsor, DCG, Michael

Sonnenshein and Barry Silbert moved to dismiss the Alameda Research complaint. The Sponsor believes this lawsuit is without merit and intends to vigorously defend against it.

As of the date of this Quarterly Report, the Sponsor does not expect the foregoing proceedings, either individually or in the aggregate, to have a material adverse effect on the Trust's business, financial condition or results of operations.

Item 6. Defaults upon senior securities.

None.

Item 7. Other information.

The risk factors included in our Annual Report continue to apply to us and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. In addition to such risk factors, investors should consider carefully the risks described below before making an investment decision.

A determination that MANA or any other digital asset is a "security" may adversely affect the value of MANA and the value of the Shares, and result in potentially extraordinary, nonrecurring expenses to, or termination of, the Trust.

Depending on its characteristics, a digital asset may be considered a "security" under the federal securities laws. The test for determining whether a particular digital asset is a "security" is complex and difficult to apply, and the outcome is difficult to predict. Public, though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ethereum to be securities, and does not currently consider Bitcoin to be a security. The SEC staff has also provided informal assurances to a handful of promoters that their digital assets are not securities. On the other hand, the SEC has brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities. As discussed in more detail below, on April 17, 2023, the SEC described MANA as a "crypto asset security" in a complaint filed against the Digital Asset Exchange, Bittrex.

Whether a digital asset is a security under the federal securities laws depends on whether it is included in the lists of instruments making up the definition of "security" in the Securities Act, the Exchange Act and the Investment Company Act. Digital assets as such do not appear in any of these lists, although each list includes the terms "investment contract" and "note," and the SEC has typically analyzed whether a particular digital asset is a security by reference to whether it meets the tests developed by the federal courts interpreting these terms, known as the Howey and Reves tests, respectively. For many digital assets, whether or not the Howey or Reves tests are met is difficult to resolve definitively, and substantial legal arguments can often be made both in favor of and against a particular digital asset qualifying as a security under one or both of the Howey and Reves tests. Adding to the complexity, the SEC staff has indicated that the security status of a particular digital asset can change over time as the relevant facts evolve.

As part of determining whether MANA is a security for purposes of the federal securities laws, the Sponsor takes into account a number of factors, including the various definitions of "security" under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court's decisions in the Howey and Reves cases, as well as reports, orders, press releases, public statements and speeches by the SEC and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws. Finally, the Sponsor discusses the security status of MANA with external counsel and has received a memorandum regarding the status of MANA under the federal securities laws from external counsel. Through this process the Sponsor believes that it is applying the proper legal standards in determining that MANA is not a security in light of the uncertainties inherent in the Howey and Reves tests. The Sponsor has been contacted by staff from the SEC's Divisions of Corporation Finance and Enforcement concerning the Sponsor's securities law analysis of MANA. The Sponsor is in the process of responding to the SEC staff.

On April 17, 2023, the SEC asserted in a complaint filed against the Digital Asset Exchange, Bittrex (the "Bittrex Complaint"), that MANA is a "crypto asset security". The Bittrex Complaint did not include an analysis of the basis for the SEC's view and the Sponsor is not aware of any court determining that MANA is a security under the federal securities laws. Following the filing of the Bittrex Complaint, the Sponsor discussed the security status of MANA with external counsel and continues to believe that MANA is not a security. However, in light of this development, and the uncertainties and fact-based nature of the analysis as to whether MANA is a "security" under the federal securities laws, the Sponsor acknowledges that the SEC takes the position that MANA is a security and the Sponsor's conclusion otherwise does not preclude legal or regulatory action based on the presence of a security.

As is the case with MANA, analyses from counsel typically review the often-complex facts surrounding a particular digital asset's underlying technology, creation, use case and usage, distribution and secondary-market trading characteristics as well as contributions of the individuals or organizations who appear to be involved in these activities, among other relevant facts, usually drawing on publicly available information. This information, usually found on the Internet, often includes both information that originated with or is attributed to such individuals or organizations, as well as information from third party sources and databases that may or may not have a connection to such individuals or organizations, and the availability and nature of such information can change over time. The Sponsor and counsel often have no independent means of verifying the accuracy or completeness of such information, and therefore of necessity usually must assume that such information is materially accurate and complete for purposes of the Howey and Reves analyses. After having gathered this information, counsel typically analyzes it in light of the Howey and Reves tests, in order to inform a judgment as to whether or not a federal court would conclude that the digital asset in question is or is not a security for purposes of the federal securities laws. Often, certain factors appear to support a conclusion that the digital asset in question is a security, while other factors appear to support the opposite conclusion, and in such a case counsel endeavors to weigh the importance and relevance of the competing factors.

This analytical process is further complicated by the fact that, at present, federal judicial case law applying the relevant tests to digital assets is scant, with no federal appellate court having considered the question on the merits, as well as the fact that because each digital asset presents its own unique set of relevant facts, it is not always possible to directly analogize the analysis of one digital asset to another. Because of this factual complexity and the current lack of a well-developed body of federal case law applying the relevant tests to a variety of different fact patterns, the Sponsor has not in the past received, and currently does not expect that it would be able to receive, "opinions" of counsel stating that a particular digital asset is or is not a security for federal securities law purposes. The Sponsor understands that as a matter of practice, counsel is generally able to render a legal "opinion" only when the relevant facts are substantially ascertainable and the applicable law is both well developed and settled. As a result, given the relative novelty of digital assets, the challenges inherent in fact gathering for particular digital assets, and the fact that federal courts have only recently been tasked with adjudicating the applicability of federal securities law to digital assets, the Sponsor understands that at present counsel is generally not in a position to render a legal "opinion" on the securities-law status of MANA or any other particular digital asset.

If the Sponsor determines that MANA is a security under the federal securities laws or if there is a binding determination that MANA is a security by a federal court, the Sponsor does not intend to permit the Trust to continue holding MANA in a way that would violate the federal securities laws (and therefore would either dissolve the Trust or potentially seek to operate the Trust in a manner that complies with the federal securities laws, including the Investment Company Act). Because the legal tests for determining whether a digital asset is or is not a security often leave room for interpretation, for so long as the Sponsor believes it has good faith grounds to conclude that the Trust's MANA is not a security, the Sponsor does not intend to dissolve the Trust on the basis that MANA could at some future point be determined to be a security.

In the days following the filing of the Bittrex Complaint, the price of MANA fell significantly on Digital Asset Exchanges and the price of the Shares also declined. Any future enforcement action by the SEC or a state securities regulator asserting that MANA is a security, or a court decision to that effect, would be expected to have a similar immediate and material adverse impact on the trading value of MANA, as well as the Shares. This is because the business models behind most digital assets are incompatible with regulations applying to transactions in securities. A formal allegation by the SEC, such as the Bittrex Complaint, or a judicial finding that MANA is a security may make it difficult or impossible for MANA to be traded, cleared or custodied in the United States through the same channels used by non-security digital assets, which in addition to materially and adversely affecting the trading value of MANA is likely to significantly impact its liquidity and market participants' ability to convert MANA into U.S. dollars.

Similarly, in 2020 the SEC filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. In the years prior to the SEC's action, XRP's market capitalization at times reached over \$140 billion. However, in the weeks following the SEC's complaint, XRP's market capitalization fell to less than \$10 billion, which was less than half of its market capitalization in the days prior to the complaint. The SEC's action against XRP's issuer underscores the continuing uncertainty around which digital assets are securities, and demonstrates that such factors as how long a digital asset has been in existence, how widely held it is, how large its market capitalization is and that it has actual usefulness in commercial transactions, ultimately may have no bearing on whether the SEC or a court will find it to be a security.

In addition, if MANA is determined to be a security, the Trust could be considered an unregistered "investment company" under SEC rules, which could necessitate the Trust's liquidation. In this case, the Trust and the Sponsor may be deemed to

have participated in an illegal offering of securities and there is no guarantee that the Sponsor will be able to register the Trust under the Investment Company Act at such time or take such other actions as may be necessary to ensure the Trust's activities comply with applicable law, which could force the Sponsor to liquidate the Trust.

Moreover, whether or not the Sponsor or the Trust were subject to additional regulatory requirements as a result of any SEC or federal court determination that its assets include securities, the Sponsor may nevertheless decide to terminate the Trust, in order, if possible, to liquidate the Trust's assets while a liquid market still exists. For example, in response to the SEC's action against the issuer of XRP, certain significant market participants announced they would no longer support XRP and announced measures, including the delisting of XRP from major digital asset trading platforms, resulting in the Sponsor's conclusion that it was likely to be increasingly difficult for U.S. investors, including Grayscale XRP Trust (XRP), an affiliate of the Trust, to convert XRP into U.S. dollars. The Sponsor subsequently dissolved Grayscale XRP Trust (XRP) and liquidated its assets. If a federal court were to also determine that MANA is a security, it is likely that the value of the Shares of the Trust would decline significantly, and that the Trust itself may be terminated and, if practical, its assets liquidated.

Item 8. Exhibits.

Exhibit 1 Unaudited Financial Statements for the Three Months Ended March 31, 2023.

Item 9. Issuer’s certifications.

Certification

I, Michael Sonnenshein, certify that:

1. I have reviewed the Quarterly Report, exhibits, and all notes thereto of Grayscale Decentraland Trust (MANA);
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Dated: May 12, 2023

/s/ Michael Sonnenshein

By: Michael Sonnenshein

Title: Chief Executive Officer of

Grayscale Investments, LLC

Certification

I, Edward McGee, certify that:

1. I have reviewed the Quarterly Report, exhibits, and all notes thereto of Grayscale Decentraland Trust (MANA);
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Dated: May 12, 2023

/s/ Edward McGee

By: Edward McGee

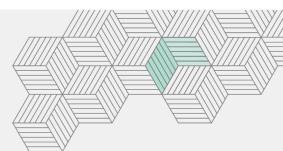
Title: Chief Financial Officer (Principal Financial Officer) of
Grayscale Investments, LLC

Exhibit 1

Unaudited Financial Statements for the Three Months Ended March 31, 2023

FINANCIAL STATEMENTS

**Grayscale Decentraland Trust (MANA)
For the Three Months Ended March 31, 2023
(Unaudited)**



Grayscale[®] Decentraland Trust

Grayscale Decentraland Trust (MANA)
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Grayscale Decentraland Trust (MANA)
Statements of Assets and Liabilities
(Unaudited)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
(Amounts in U.S. dollars, except Share and per Share amounts)		
Assets:		
Investment in MANA, at fair value (cost \$11,501,909 and \$11,573,032 as of March 31, 2023 and December 31, 2022, respectively)	\$ 10,530,161	\$ 5,437,192
Total assets	<u>\$ 10,530,161</u>	<u>\$ 5,437,192</u>
Liabilities:		
Sponsor's Fee payable, related party	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>\$ 10,530,161</u>	<u>\$ 5,437,192</u>
Net Assets consists of:		
Paid-in-capital	12,081,669	12,081,669
Accumulated net investment loss	(1,219,696)	(1,151,226)
Accumulated net realized gain on investment in MANA	639,936	642,589
Accumulated net change in unrealized depreciation on investment in MANA	(971,748)	(6,135,840)
	<u>\$ 10,530,161</u>	<u>\$ 5,437,192</u>
Shares issued and outstanding, no par value (unlimited Shares authorized)	<u>1,897,900</u>	<u>1,897,900</u>
Net asset value per Share	<u>\$ 5.55</u>	<u>\$ 2.86</u>

See accompanying notes to unaudited financial statements.

Grayscale Decentraland Trust (MANA)
Schedules of Investment
(Unaudited)

March 31, 2023

	Quantity of MANA	Cost	Fair Value	% of Net Assets
Investment in MANA	18,012,591.49719077	\$ 11,501,909	\$ 10,530,161	100%
Net assets			<u>\$ 10,530,161</u>	<u>100%</u>

December 31, 2022

	Quantity of MANA	Cost	Fair Value	% of Net Assets
Investment in MANA	18,123,974.78659540	\$ 11,573,032	\$ 5,437,192	100%
Net assets			<u>\$ 5,437,192</u>	<u>100%</u>

See accompanying notes to unaudited financial statements.

Grayscale Decentraland Trust (MANA)
Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
(Amounts in U.S. dollars)		
Investment income:		
Investment income	\$ -	\$ -
Expenses:		
Sponsor's Fee, related party	68,470	309,069
Net investment loss	<u>(68,470)</u>	<u>(309,069)</u>
Net realized and unrealized gain (loss) from:		
Net realized (loss) gain on investment in MANA	(2,653)	236,314
Net change in unrealized appreciation (depreciation) on investment in MANA	5,164,092	(11,529,659)
Net realized and unrealized gain (loss) on investment	<u>5,161,439</u>	<u>(11,293,345)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 5,092,969</u>	<u>\$ (11,602,414)</u>

See accompanying notes to unaudited financial statements.

Grayscale Decentraland Trust (MANA)
Statements of Changes in Net Assets
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
(Amounts in U.S. dollars, except change in Shares outstanding)		
Increase (decrease) in net assets from operations:		
Net investment loss	\$ (68,470)	\$ (309,069)
Net realized (loss) gain on investment in MANA	(2,653)	236,314
Net change in unrealized appreciation (depreciation) on investment in MANA	5,164,092	(11,529,659)
Net increase (decrease) in net assets resulting from operations	5,092,969	(11,602,414)
Increase in net assets from capital share transactions:		
Shares issued	-	123,984
Net increase in net assets resulting from capital share transactions	-	123,984
Total increase (decrease) in net assets from operations and capital share transactions	5,092,969	(11,478,430)
Net assets:		
Beginning of period	5,437,192	59,496,786
End of period	<u>\$ 10,530,161</u>	<u>\$ 48,018,356</u>
Change in Shares outstanding:		
Shares outstanding at beginning of period	1,897,900	1,893,000
Shares issued	-	4,900
Net increase in Shares	-	4,900
Shares outstanding at end of period	<u>1,897,900</u>	<u>1,897,900</u>

See accompanying notes to unaudited financial statements.

Grayscale Decentraland Trust (MANA) Notes to Unaudited Financial Statements

1. Organization

Grayscale Decentraland Trust (MANA) (the “Trust”) is a Delaware Statutory Trust that was formed on December 18, 2020 and commenced operations on February 26, 2021. In general, the Trust holds Decentraland’s native token (“MANA”) and, from time to time, issues common units of fractional undivided beneficial interest (“Shares”) (in minimum baskets of 100 Shares, referred to as “Baskets”) in exchange for MANA. The redemption of Shares is not currently contemplated and the Trust does not currently operate a redemption program. Subject to receipt of regulatory approval and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. The Trust currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The Trust’s investment objective is for the value of the Shares (based on MANA per Share) to reflect the value of MANA held by the Trust, less the Trust’s expenses and other liabilities. The Trust may also receive Incidental Rights and/or IR Virtual Currency as a result of the Trust’s investment in MANA, in accordance with the terms of the Trust Agreement.

Incidental Rights are rights to claim, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust’s ownership of MANA and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust; IR Virtual Currency is any virtual currency tokens, or other asset or right, received by the Trust through the exercise (subject to the applicable provisions of the Trust Agreement) of any Incidental Right.

Grayscale Investments, LLC (“Grayscale” or the “Sponsor”) acts as the Sponsor of the Trust and is a wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”). The Sponsor is responsible for the day-to-day administration of the Trust pursuant to the provisions of the Trust Agreement. Grayscale is responsible for preparing and providing annual and quarterly reports on behalf of the Trust to investors and is also responsible for selecting and monitoring the Trust’s service providers. As partial consideration for the Sponsor’s services, the Trust pays Grayscale a Sponsor’s Fee as discussed in Note 6. The Sponsor also acts as the sponsor and manager of other investment products including Grayscale Basic Attention Token Trust (BAT) (OTCQB: GBAT), Grayscale Bitcoin Trust (BTC) (OTCQX: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Chainlink Trust (LINK) (OTCQB: GLNK), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), Grayscale Filecoin Trust (FIL) (OTCQB: FILG), Grayscale Horizen Trust (ZEN) (OTCQX: HZEN), Grayscale Litecoin Trust (LTC) (OTCQX: LTCN), Grayscale Livepeer Trust (LPT) (OTCQB: GLIV), Grayscale Solana Trust (SOL) (OTCQB: GSOL), Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM), Grayscale Zcash Trust (ZEC) (OTCQX: ZCSH), Grayscale Decentralized Finance (DeFi) Fund LLC (OTCQB: DEFG), Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC), and Grayscale Smart Contract Platform Ex Ethereum (ETH) Fund LLC, each of which is an affiliate of the Trust. The following investment products sponsored or managed by the Sponsor are SEC reporting companies with their shares registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Grayscale Bitcoin Trust (BTC), Grayscale Bitcoin Cash Trust (BCH), Grayscale Ethereum Trust (ETH), Grayscale Ethereum Classic Trust (ETC), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC), Grayscale Stellar Lumens Trust (XLM), Grayscale Zcash Trust (ZEC) and Grayscale Digital Large Cap Fund LLC. Grayscale Advisors, LLC, a Registered Investment Advisor and an affiliate of the Sponsor, is the advisor to the Grayscale Future of Finance (NYSE: GFOF) product.

Authorized Participants of the Trust are the only entities who may place orders to create or, if permitted, redeem Baskets. Genesis Global Trading, Inc. (“Genesis” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and wholly owned subsidiary of DCG, was the only Authorized Participant prior to October 3, 2022 and was party to a participant agreement with the Sponsor and the Trust. Effective October 3, 2022, Grayscale Securities, LLC (“Grayscale Securities” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and wholly owned subsidiary of the Sponsor, is the only Authorized Participant, and is party to a participant agreement with the Sponsor and the Trust. As a result, since October 3, 2022, Genesis ceased acting as an Authorized Participant of the Trust, but serves as a Liquidity Provider to Grayscale Securities. Additional Authorized Participants may be added at any time, subject to the discretion of the Sponsor. The Authorized Participant(s) may engage additional Liquidity Providers at any time.

The custodian of the Trust is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the MANA, Incidental Rights, and IR Virtual Currency held by the Trust, and holding the private key(s) that provide access to the Trust’s digital wallets and vaults.

Grayscale Decentraland Trust (MANA)

Notes to Unaudited Financial Statements

1. Organization (continued)

The transfer agent for the Trust (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Trust’s Shares which are primarily held in book-entry form.

On May 12, 2022, the Trust received notice that its Shares were qualified for public trading on the OTCQX U.S Marketplace of the OTC Markets Group Inc. (“OTCQX”). The Trust’s trading symbol on OTCQX is “MANA” and the CUSIP number for its Shares is 38964P108. The Trust’s Shares have been quoted on OTCQX under the symbol MANA since May 16, 2022.

2. Summary of Significant Accounting Policies

In the opinion of management of the Sponsor of the Trust, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position as of March 31, 2023 and December 31, 2022 and results of operations for the three months ended March 31, 2023 and 2022 have been made. The results of operations for the periods presented are not necessarily indicative of the results of operations expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2022 included in the Trust’s Annual Report.

The following is a summary of significant accounting policies followed by the Trust:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The Trust qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services—Investment Companies*. The Trust uses fair value as its method of accounting for MANA in accordance with its classification as an investment company for accounting purposes. The Trust is not a registered investment company under the Investment Company Act of 1940. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Trust conducts its transactions in MANA, including receiving MANA for the creation of Shares and delivering MANA for the redemption of Shares and for the payment of the Sponsor’s Fee. At this time, the Trust is not accepting redemption requests from shareholders. Since its inception, the Trust has not held cash or cash equivalents.

Principal Market and Fair Value Determination

To determine which market is the Trust’s principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Trust’s net asset value (“NAV”), the Trust follows ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for MANA in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Trust to assume that MANA is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Trust only receives MANA in connection with a creation order from the Authorized Participant (or its Liquidity Provider) and does not itself transact on any Digital Asset Markets. Therefore, the Trust looks to market-based volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider on behalf of the Authorized Participant(s), may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”).

Grayscale Decentraland Trust (MANA)
Notes to Unaudited Financial Statements

2. Summary of Significant Accounting Policies (continued)

In determining which of the eligible Digital Asset Markets is the Trust's principal market, the Trust reviews these criteria in the following order:

First, the Trust reviews a list of Digital Asset Markets that maintain practices and policies designed to comply with anti-money laundering ("AML") and know-your-customer ("KYC") regulations, and non-Digital Asset Exchange Markets that the Trust reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Trust sorts these Digital Asset Markets from high to low by market-based volume and level of activity of MANA traded on each Digital Asset Market in the trailing twelve months.

Third, the Trust then reviews pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Trust then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Trust, Exchange Markets have the greatest volume and level of activity for the asset. The Trust therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market. As a result of the aforementioned analysis, an Exchange Market has been selected as the Trust's principal market.

The Trust determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Trust has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Trust's determination of its principal market.

The cost basis of MANA received in connection with a creation order is recorded by the Trust at the fair value of MANA at 4:00 p.m., New York time, on the creation date for financial reporting purposes. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Transactions and Revenue Recognition

The Trust considers investment transactions to be the receipt of MANA for Share creations and the delivery of MANA for Share redemptions or for payment of expenses in MANA. At this time, the Trust is not accepting redemption requests from shareholders. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Sponsor's Fee in MANA.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the 'exit price') in an orderly transaction between market participants at the measurement date.

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the Trust's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Grayscale Decentraland Trust (MANA)
Notes to Unaudited Financial Statements

2. Summary of Significant Accounting Policies (continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Trust.

	Amount at Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
March 31, 2023				
Assets				
Investment in MANA	\$ 10,530,161	\$ 10,530,161	\$ -	\$ -
December 31, 2022				
Assets				
Investment in MANA	\$ 5,437,192	\$ 5,437,192	\$ -	\$ -

3. Fair Value of MANA

MANA is held by the Custodian on behalf of the Trust and is carried at fair value. As of March 31, 2023 and December 31, 2022, the Trust held 18,012,591.49719077 and 18,123,974.78659540 MANA, respectively.

The Trust determined the fair value per MANA to be \$0.58 and \$0.30 on March 31, 2023 and December 31, 2022, respectively, using the price provided at 4:00 p.m., New York time, by the Digital Asset Exchange Market considered to be the Trust's principal market (Coinbase Pro).

The following represents the changes in quantity of MANA and the respective fair value:

	MANA	Fair Value
Balance at December 31, 2021	18,534,824.20951870	\$ 59,496,786
MANA contributed	47,909.87961663	123,984
MANA distributed for Sponsor's Fee, related party	(458,759.30253993)	(627,104)
Net change in unrealized depreciation on investment in MANA	-	(53,890,764)
Net realized gain on investment in MANA	-	334,290
Balance at December 31, 2022	18,123,974.78659540	\$ 5,437,192
MANA contributed	-	-
MANA distributed for Sponsor's Fee, related party	(111,383.28940463)	(68,470)
Net change in unrealized appreciation on investment in MANA	-	5,164,092
Net realized loss on investment in MANA	-	(2,653)
Balance at March 31, 2023	18,012,591.49719077	\$ 10,530,161

Grayscale Decentraland Trust (MANA)
Notes to Unaudited Financial Statements

4. Creations and Redemptions of Shares

At March 31, 2023 and December 31, 2022, there were an unlimited number of Shares authorized by the Trust. The Trust creates (and, should the Trust commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of MANA to the Trust or the distribution of MANA by the Trust. The number of MANA required for each creation Basket or redemption Basket is determined by dividing (x) the number of MANA owned by the Trust at 4:00 p.m., New York time, on such trade date of a creation or redemption order, after deducting the number of MANA representing the U.S. dollar value of accrued but unpaid fees and expenses of the Trust, by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 9.4908 and 9.5495 of one MANA at March 31, 2023 and December 31, 2022, respectively. The decrease in the number of MANA represented by each Share is primarily a result of the periodic withdrawal of MANA to pay the Sponsor's Fee.

The cost basis of investments in MANA recorded by the Trust is the fair value of MANA, as determined by the Trust, at 4:00 p.m., New York time, on the date of transfer to the Trust by the Authorized Participant based on the creation Baskets. The cost basis recorded by the Trust may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors. The Authorized Participant may realize significant profits buying, selling, creating, and, if permitted, redeeming Shares as a result of changes in the value of Shares or MANA.

At this time, the Trust is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Sponsor in its sole discretion, the Trust may in the future operate a redemption program. The Trust currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

5. Income Taxes

The Sponsor takes the position that the Trust is properly treated as a grantor trust for U.S. federal income tax purposes. Assuming that the Trust is a grantor trust, the Trust will not be subject to U.S. federal income tax. Rather, if the Trust is a grantor trust, each beneficial owner of Shares will be treated as directly owning its pro rata Share of the Trust's assets and a pro rata portion of the Trust's income, gain, losses and deductions will "flow through" to each beneficial owner of Shares.

If the Trust were not properly classified as a grantor trust, the Trust might be classified as a partnership for U.S. federal income tax purposes. However, due to the uncertain treatment of digital assets, including forks, airdrops and similar occurrences for U.S. federal income tax purposes, there can be no assurance in this regard. If the Trust were classified as a partnership for U.S. federal income tax purposes, the tax consequences of owning Shares generally would not be materially different from the tax consequences described herein, although there might be certain differences, including with respect to timing. In addition, tax information reports provided to beneficial owners of Shares would be made in a different form. If the Trust were not classified as either a grantor trust or a partnership for U.S. federal income tax purposes, it would be classified as a corporation for such purposes. In that event, the Trust would be subject to entity-level U.S. federal income tax (currently at the rate of 21%) on its net taxable income and certain distributions made by the Trust to shareholders would be treated as taxable dividends to the extent of the Trust's current and accumulated earnings and profits.

In accordance with GAAP, the Trust has defined the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50% likely to be realized. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit or expense in the current period. As of and during the periods ended March 31, 2023 and December 31, 2022, the Trust did not have a liability for any unrecognized tax amounts. However, the Sponsor's conclusions concerning its determination of "more-likely-than-not" tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Sponsor of the Trust has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of March 31, 2023 or December 31, 2022.

Grayscale Decentraland Trust (MANA)
Notes to Unaudited Financial Statements

6. Related Parties

The Trust considers the following entities, their directors, and certain employees to be related parties of the Trust: DCG, Genesis, Grayscale, Grayscale Securities and CoinDesk Indices, Inc. As of March 31, 2023 and December 31, 2022, 1,619,402 and 1,615,873 Shares of the Trust were held by related parties of the Trust, respectively.

The Sponsor's parent, an affiliate of the Trust, holds a minority interest in Coinbase, Inc., the parent company of the Custodian, that represents less than 1.0% of Coinbase, Inc.'s ownership.

In accordance with the Trust Agreement governing the Trust, the Trust pays a fee to the Sponsor, calculated as 2.5% of the aggregate value of the Trust's assets, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Sponsor or its delegates in the manner set forth in the Trust Agreement (the "Sponsor's Fee"). The Sponsor's Fee accrues daily in U.S. dollars and is payable in MANA, monthly in arrears. The amount of MANA payable in respect of each daily U.S. dollar accrual will be determined by reference to the same U.S. dollar value of MANA used to determine such accrual. For purposes of these financial statements, the U.S. dollar value of MANA is determined by reference to the Digital Asset Exchange Market that the Trust considers its principal market as of 4:00 p.m., New York time, on each valuation date. The Trust held no Incidental Rights or IR Virtual Currency as of March 31, 2023 and December 31, 2022. No Incidental Rights or IR Virtual Currencies have been distributed in payment of the Sponsor's Fee during the three months ended March 31, 2023 and 2022.

As partial consideration for receipt of the Sponsor's Fee, the Sponsor is obligated under the Trust Agreement to assume and pay all fees and other expenses incurred by the Trust in the ordinary course of its affairs, excluding taxes, but including marketing fees; administrator fees, if any; custodian fees; transfer agent fees; trustee fees; the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act; printing and mailing costs; the costs of maintaining the Trust's website and applicable license fees (the "Sponsor-paid Expenses"), provided that any expense that qualifies as an Additional Trust Expense will be deemed to be an Additional Trust Expense and not a Sponsor-paid Expense.

The Trust may incur certain extraordinary, non-recurring expenses that are not Sponsor-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Sponsor (or any other service provider) on behalf of the Trust to protect the Trust or the interests of shareholders (including in connection with any Incidental Rights and any IR Virtual Currency), any indemnification of the Custodian or other agents, service providers or counterparties of the Trust, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, "Additional Trust Expenses"). In such circumstances, the Sponsor or its delegate (i) will instruct the Custodian to withdraw from the Digital Asset Account MANA, Incidental Rights and/or IR Virtual Currency in such quantity as may be necessary to permit payment of such Additional Trust Expenses and (ii) may either (x) cause the Trust (or its delegate) to convert such MANA, Incidental Rights and/or IR Virtual Currency into U.S. dollars or other fiat currencies at the Actual Exchange Rate or (y) when the Sponsor incurs such expenses on behalf of the Trust, cause the Trust (or its delegate) to deliver such MANA, Incidental Rights and/or IR Virtual Currency in kind to the Sponsor in satisfaction of such Additional Trust Expenses.

For the three months ended March 31, 2023 and 2022, the Trust incurred Sponsor's Fees of \$68,470 and \$309,069, respectively. As of March 31, 2023 and December 31, 2022, there were no accrued and unpaid Sponsor's Fees. In addition, the Sponsor may pay Additional Trust Expenses on behalf of the Trust, which are reimbursable by the Trust to the Sponsor. For the three months ended March 31, 2023 and 2022, the Sponsor did not pay any Additional Trust Expenses on behalf of the Trust.

7. Risks and Uncertainties

The Trust is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in a single asset, MANA. Investing in MANA is currently highly speculative and volatile.

Grayscale Decentraland Trust (MANA)
Notes to Unaudited Financial Statements

7. Risks and Uncertainties (continued)

The net asset value of the Trust relates primarily to the value of MANA held by the Trust, and fluctuations in the price of MANA could materially and adversely affect an investment in the Shares of the Trust. The price of MANA has a limited history. During such history, MANA prices have been volatile and subject to influence by many factors, including the levels of liquidity. If Digital Asset Markets continue to experience significant price fluctuations, the Trust may experience losses. Several factors may affect the price of MANA, including, but not limited to, global MANA supply and demand, theft of MANA from global exchanges or vaults, competition from other forms of digital currency or payment services, global or regional political, economic or financial conditions, and other unforeseen events and situations.

The MANA held by the Trust are commingled and the Trust's shareholders have no specific rights to any specific MANA. In the event of the insolvency of the Trust, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for MANA, nor is there a central or major depository for the custody of MANA. There is a risk that some or all of the Trust's MANA could be lost or stolen. There can be no assurance that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Trust's MANA. Further, transactions in MANA are irrevocable. Stolen or incorrectly transferred MANA may be irretrievable. As a result, any incorrectly executed MANA transactions could adversely affect an investment in the Shares.

The Securities and Exchange Commission (the "SEC") has stated that certain digital assets may be considered "securities" under the federal securities laws. The test for determining whether a particular digital asset is a "security" is complex and difficult to apply, and the outcome is difficult to predict. Public, though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ethereum to be securities, and does not currently consider Bitcoin to be a security. The SEC staff also provided informal assurances to a handful of promoters that their digital assets are not securities. On the other hand, the SEC has brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities. On April 17, 2023, the SEC described MANA as a "crypto asset security" in a complaint filed against the Digital Asset Exchange, Bittrex.

If MANA is determined to be a "security" under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for MANA. For example, it may become more difficult for MANA to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could, in turn, negatively affect the liquidity and general acceptance of MANA and cause users to migrate to other digital assets. As such, any determination that MANA is a security under federal or state securities laws may adversely affect the value of MANA and, as a result, an investment in the Shares.

To the extent that MANA is determined to be a security, the Trust and the Sponsor may also be subject to additional regulatory requirements, including those under the Investment Company Act of 1940, and the Sponsor may be required to register as an investment adviser under the Investment Advisers Act of 1940. If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor will terminate the Trust. Any such termination could result in the liquidation of the Trust's MANA at a time that is disadvantageous to shareholders.

To the extent a private key required to access a MANA address is lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Trust may be unable to access the MANA controlled by the private key and the private key will not be capable of being restored by the MANA Network. The processes by which MANA transactions are settled are dependent on the peer-to-peer network, and as such, the Trust is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of MANA.

The Trust relies on third party service providers to perform certain functions essential to its operations. Any disruptions to the Trust's service providers' business operations, resulting from business failures, financial instability, security failures, government mandated regulation or operational problems could have an adverse impact on the Trust's ability to access critical services and be disruptive to the operations of the Trust.

The Sponsor and the Trust may be subject to various litigation, regulatory investigations, and other legal proceedings that arise in the ordinary course of its business.

Grayscale Decentraland Trust (MANA)
Notes to Unaudited Financial Statements

8. Financial Highlights Per Share Performance

	Three Months Ended March 31,	
	2023	2022
Per Share Data:		
Net asset value, beginning of period	\$ 2.86	\$ 31.43
Net increase (decrease) in net assets from investment operations:		
Net investment loss	(0.04)	(0.16)
Net realized and unrealized gain (loss)	2.73	(5.97)
Net increase (decrease) in net assets resulting from operations	2.69	(6.13)
Net asset value, end of period	\$ 5.55	\$ 25.30
Total return	94.06%	-19.50%
<i>Ratios to average net assets:</i>		
Net investment loss	-2.50%	-2.50%
Expenses	-2.50%	-2.50%

Ratios of net investment loss and expenses to average net assets have been annualized.

An individual shareholder's return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions. The amount shown for a Share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the number of Shares issued in Creations occurring at an operational value derived from an operating metric as defined in the Trust Agreement.

Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period and assuming redemption on the last day of the period.

9. Indemnifications

In the normal course of business, the Trust enters into certain contracts that provide a variety of indemnities, including contracts with the Sponsor and affiliates of the Sponsor, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Trust. The Trust's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Sponsor does not consider it necessary to record a liability in this regard.

10. Subsequent Events

As of the close of business on May 8, 2023, the fair value of MANA determined in accordance with the Trust's accounting policy was \$0.47 per MANA.

Subsequent events have been evaluated through May 12, 2023, the date the financial statements were available to be issued.