

Grayscale Digital Infrastructure Opportunities LLC

Investment Strategy

Grayscale Digital Infrastructure Opportunities LLC (GDIO) combines Grayscale's investment management capabilities with Foundry's Bitcoin mining expertise in the form of a privately held operating company that provides investors with exposure to Bitcoin mining infrastructure.

- GDIO's investment objective is to create an income stream that is differentiated from traditional income-oriented investments.
- GDIO will seek to: (i) purchase mining hardware, (ii) mine and sell bitcoin daily, and (iii) distribute a portion of its operating income to its investors on a quarterly basis.

Investment Terms

Investor Requirements	Accredited Investors
Legal Structure	Delaware LLC
Use of Proceeds	Opportunistic purchases of mining equipment with a buffer for hosting expenses
Minimum Investment	\$25,000
Liquidity	Other than quarterly distributions, investors should have no expectation of liquidity for at least three years, but no later than five years from inception.
Management Fee	0%
Performance Fee	In return for managing GDIO, the Managing Members of GDIO will be entitled to a Performance Fee ¹ calculated as 20% of GDIO's operating income ² in excess of a 5% annualized hurdle rate.
Monetization Event	If GDIO orchestrates a monetization event (e.g. acquisition, listing, or sale of substantially all assets) that results in an enterprise value of GDIO exceeding the book value of the GDIO at inception, the Managing Members will be entitled to a one-time fee equivalent to 20% of the difference between such values.
Tax Reporting	K-1s
Expected Close	December 1, 2022
Auditor	Marcum LLP
Legal Counsel	Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP

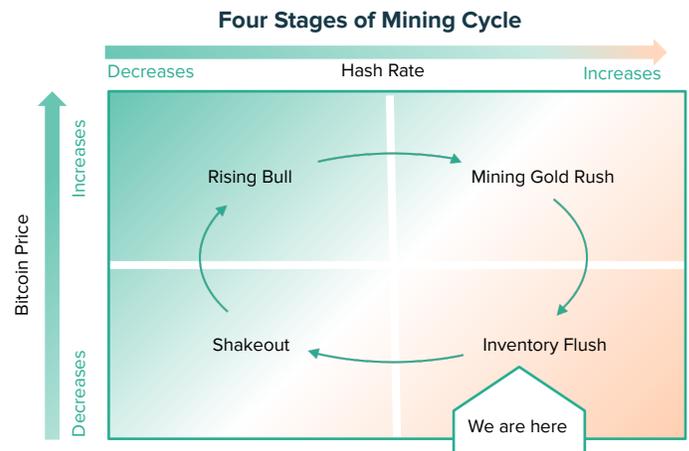
See full investment terms in Confidential Information Memorandum

1. Calculated and payable quarterly in arrears

2. Excludes certain non-cash expense items such as depreciation

Investment Thesis

To date, we've seen bitcoin prices fall from all-time highs, making Bitcoin mining less profitable. This is particularly true of miners that have accumulated debt. In the coming months, we anticipate mining equipment will become available for purchase at distressed levels. We believe GDIO will have an opportunity to purchase mining equipment at distressed levels and to profitably mine bitcoin in the future.



Source: <https://www.aniccaresearch.tech/blog/the-alchemy-of-hashpower-part-ii>
For illustrative purposes only

- Following the four stages of the Bitcoin mining cycle (starting in the top left), in a "Rising Bull" market, bitcoin price rises while hash rate growth is low, causing Bitcoin mining to be more profitable.
- The next phase, "Mining Gold Rush", is where greater mining profitability leads to more miners entering the industry, causing hash rate to increase.
- **We believe we are currently in the "Inventory Flush" stage**, where bitcoin price starts to decline but hash rate continues to increase.
- Following the "Inventory Flush" is the "Shakeout" phase, where unprofitable miners will likely turn off their machines, resulting in a drop in hash rate.
- Historically, deploying capital in a "Shakeout" phase and exiting in a "Mining Gold Rush" phase is the most profitable.

Capital Raise & Deployment

1. Close capital raise period; set ownership %s.
2. Enter hosting agreements with third party hosting facilities.
3. Procure mining equipment in batches over time as opportunities arise.

Mining and Cash Distribution

1. Operate mining equipment at third party hosting sites.
2. Sell mined bitcoin daily.
3. Process quarterly USD distributions to investors based on % of operating income.
4. Provide quarterly updates to investors.

Exit Strategy*

Within three to five year horizon:

1. Sell mining equipment, wind down LLC and return capital to investors; or
2. Sell or merge GDIO and return capital to investors; or
3. Offer to either: (a) roll GDIO investment into another mining entity or (b) return capital

 **GRAYSCALE**

For more information or to invest, please contact:
info@grayscale.com

Important Disclosures

This document is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal, nor shall there be any sale of any security in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

Grayscale Digital Infrastructure Opportunities LLC (“GDIO”) is an operating business and is not a registered investment company under the Investment Company Act, and Grayscale believes that GDIO is not required to register under such act. Consequently, investors do not have the regulatory protections provided to investors in investment companies. Further, GDIO is not a registered investment adviser or broker-dealer. GDIO does not provide investment, legal or tax advice.

GDIO will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, Grayscale believes that GDIO is not a commodity pool for purposes of the CEA, and that Grayscale is not subject to regulation by the CFTC as a commodity pool operator or a commodity trading adviser in connection with the operations of GDIO. Consequently, investors will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

Certain information set forth in this document may contain “forward-looking statements” with respect to the financial conditions, results of operations, plans, objectives, future performance and business of GDIO. 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 document that address activities, events or developments that will or may occur in the future 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 Managers made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances on the date the statements were made. Such forward-looking statements involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance expressed or implied in such forward-looking statements. GDIO assumes no obligation to update forward-looking statements if circumstances or the Managers’ beliefs, estimates or opinions should change, other than as required by applicable laws.

Forward-looking statements are provided to allow potential investors the opportunity to understand the Managers’ beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in assessing an investment. These statements are not guarantees of future performance and undue reliance should not be placed upon them.

Grayscale Investments, LLC (Grayscale) manages products that invest in cryptocurrencies, including Bitcoin. Cryptocurrencies and the mining of cryptocurrencies carry substantial risks. Investors should appreciate the risks associated with mining cryptocurrencies. As with all investments, you may lose money.

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An investment in GDIO is a speculative investment that involves a high degree of risk, including a partial or total loss of invested funds. This investment opportunity is not suitable for any investor that cannot afford loss of the entire investment. Prospective investors are not to construe the contents of this document as a recommendation to purchase Units of GDIO. Carefully consider GDIO’s, risk factors, fees and expenses before investing. This and other information can be found in GDIO’s Confidential Information Memorandum, Investor Questionnaire and Amended and Restated Limited Liability Company Agreement, which may be obtained from Grayscale for certain investors. Read these documents carefully before investing.

*Any potential return of capital in connection with GDIO’s exit strategy will be based on investors’ pro-rata interests in the then-current value of the Company (assets minus liabilities with a reserve for contingent liabilities). There is no guarantee that an investor will be returned their original investment value. As with all investments, you may lose value.