



LUX71 SPV

Depreciation-as-a-Service

WHITE PAPER
2025 EDITION

THE ACCIDENTAL STIMULUS

LEVERAGING 100% BONUS DEPRECIATION TO
EMPOWER UNDERSERVED COMMUNITIES

*It's where strategy meets service, where numbers
meet neighborhoods, and where financial
efficiency fuels real change.*

- Jim Ware

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01.

EXECUTIVE PURPOSE

In a time of economic pressure, social division, and shifting energy priorities, it has become increasingly clear that new solutions must emerge solutions that meet the urgent needs of underserved communities while also addressing the realities of high-net-worth individuals and institutions seeking more efficient, meaningful, and compliant tax strategies.

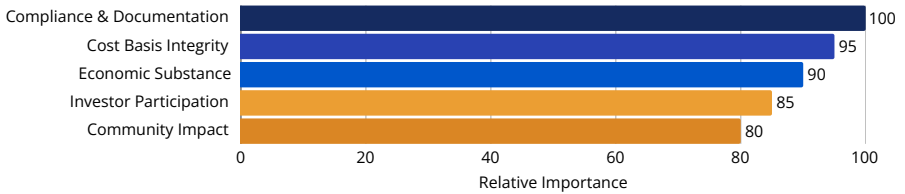
LUX71 SPV is proud to introduce a model that does exactly that. Through a unique approach called *Depreciation-as-a-Service(DaaS™)*,

we offer a structured platform that allows passive investors to subscribe to engineered loss allocations derived from real, capital-intensive battery energy storage deployments serving low-income and senior housing communities.



Investors subscribe to these passive loss allocations at a rate of 26 to 30 cents on the dollar, enabling a significant reduction in tax liability with full compliance, verifiable documentation, and economic substance built into the foundation of the offering.

This model is neither hypothetical nor theoretical. It is real. And we believe it will shape the future of tax-efficient participation.





Each LUX71 SPV offering is

project-specific, tied to a designated low-income housing property and its verified unit count, which may range from small clusters to large-scale communities.

These communities receive critical backup energy infrastructure through the installation of commercial-grade battery systems engineered and maintained by **ResiliCell**, our EPC partner.

LUX71 SPV **retains full ownership** of the systems. Investors do not take title to any property; instead, they subscribe to the tax attributes of these deployments, specifically the passive loss allocation resulting from the capital expense.

Each system is financed by LUX71 and installed at no cost to the residents, generating no revenue whatsoever. However, LUX71 is contractually obligated to maintain performance through a 10-year warranty and maintenance agreement with ResiliCell, which includes seasonal reprogramming and optimization for peak load reduction, utility cost savings, and continuous reliability.

02. OPERATIONAL MODEL OVERVIEW








This is not a generalized batch model. Each project site is reviewed, documented, and accounted for with precision, meeting the technical and administrative thresholds required for loss recognition and passive income offset.

03.

LEGAL AND TAX FOUNDATION

The legal structure of the LUX71 SPV model has been designed to satisfy all relevant federal requirements for passive loss allocation. Investors receive a **Schedule K-1**, supported by:

-  A fully executed Loss Allocation Subscription Agreement
-  The SPV Operating Agreement, identifying the class structure and rights
-  A Cost Basis Justification Statement with full itemization
-  A Site-Specific Economic Substance Statement
-  A Master Tax Opinion Letter from a licensed tax attorney confirming that the structure meets the standards of business purpose and economic substance, and that the cost basis methodology is reasonable, defensible, and supportable under IRS scrutiny

Ownership is retained entirely by the SPV, preventing any risk of depreciation or basis misalignment. The investor is not taking title, and is not participating in operations, ensuring compliance with passive participation rules and removing any ambiguity regarding material participation.

This structure is tested, documented, and built for transparency.



04.

ECONOMIC SUBSTANCE: WHY IT'S REAL

LUX71 is not a paper structure. We finance and deploy real infrastructure, in the real world, for families who have historically been left out of both the energy transition and the tax equity ecosystem.

There is *no revenue* generated from these projects. These are pure cost centers, installed and maintained at our sole expense. We receive *no utility payments, no lease payments, no incentives, and no recurring income*. Our systems operate silently and are installed at the property's meter banks, serving multiple households within the same structure, and are continuously monitored and managed for optimal performance and emergency readiness.

4.1.

Core drivers of economic substance in the LUX71 model





This model is not profitable—it is purposeful.

We have inverted the traditional tax strategy approach. Instead of offsetting income with paper losses, we **engineer real economic loss** through energy resilience deployments. This loss is then structured and allocated to investors, not to shelter gains, but to **serve a need** and deliver a strategic tax benefit in parallel.

Through the reinstatement of 100% bonus depreciation, a powerful but underutilized tax tool in the renewable energy sector has become the vehicle for a new form of stimulus—what we call the **Accidental Stimulus**: a way to provide measurable tax relief to investors while simultaneously delivering resilience and security to families at the margins.

The economic substance is undeniable:
We invest. We deploy. We maintain. We lose.
And that loss becomes the engine.



05. MARKET NEED AND SCALABILITY

CPAs spend countless hours hunting for compliant deductions, often competing with one another for diminishing returns in saturated asset classes. The market is flooded with traditional real estate, cost segregation plays, and deferred charitable strategies.

What we offer is different and abundant.

The number of under-resourced housing units in the United States is staggering. Each housing authority state, regional, or municipal—manages hundreds to thousands of units. **In South Carolina alone**, one mid-sized housing authority manages **1,350 individual homes and apartments**.



We have established relationships with these agencies. We have signed MOUs. And we have no shortage of deployment sites.

Unlike other strategies, LUX71 SPV does not need to manufacture deductions—we create them through labor, capital, and infrastructure. This means **we are never at risk of running out of tax benefit inventory**, and investors never need to worry about availability.

This is a platform. Not a pitch.

06. GOVERNANCE, COMPLIANCE & DOCUMENTA- TION

The LUX71 structure includes multiple levels of oversight, documentation, and compliance support:

01

CPA Review Period:

Every investor is encouraged to have their CPA review the full documentation within 3-5 days of placement in service.

02

Project-Specific Transparency:

Each deployment is tied to a specific address, tied to specific cost basis, and identified by system serial number and contractor work order.



03

Full Documentation Folder Provided:

- Master Tax Opinion Letter by a licensed tax attorney
- SPV Operating Agreement
- Loss Allocation Subscription Agreement
- Economic Substance Statement
- Itemized Cost Basis Report
- Contractor Invoices
- Proof of Placement in Service
- Tax Benefit Allocation Statement

Investors also receive a **Project Summary Sheet** for their specific offering, which provides a clear snapshot of the designated low-income housing site, including:

- **Project Name & Address** (designated low-income housing site)
- **Number of Units & Meters Served**
- **System Type & Capacity** (kW per meter)
- **Total Installed Cost Basis**
- **Estimated Annual Energy Production** (in MWh)
- **Operational Life & Warranty Terms** (10-year warranty & maintenance agreement with EPC partner ResiliCell)
- **Housing Agency / Authority Partnership**

This structured package gives both the investor and their CPA a concise, authoritative record of the project's economic substance, technical scope, and tax benefit allocation, eliminating ambiguity and reinforcing compliance.

We operate with open books, full transparency, and audited readiness in mind.

Our legal team files all appropriate forms as required by law, including entity formation, federal elections, and applicable returns. LUX71 is not a fund. It is a project-specific, compliance-ready vehicle for delivering documented passive loss.



100% bonus depreciation is back—and for now, it's still here.

While many tax strategies seek loopholes, this model seeks alignment between the needs of taxpayers and the needs of the communities they often overlook.

We built this model not because it was easy, but because it was needed. The tax code was not intended for underserved communities to be used in this way. And yet, when applied with intention, compliance, and economic substance, the code becomes a tool of restoration.

OUR GOAL IS SIMPLE:

To create a replicable, defensible pathway to tax efficiency that also solves something real.

We believe that impact and intelligence do not have to live on opposite sides of the ledger.

And that's what LUX71 delivers.

07. STRATEGIC IMPERATIVE AND CLOSING INSIGHT



08. FOUNDER'S STATEMENT

“

I didn't build this to impress accountants.
I built it to carve out a lane that didn't exist—one forged for visionaries
who refuse to settle for the old way of doing things.

A lane wide enough for others to walk through with clarity, confidence,
and purpose.

This isn't a loophole. It's not a clever trick.
It's a platform—a living, breathing model that turns tax code into
opportunity, and opportunity into impact.

It's where strategy meets service, where numbers meet neighborhoods,
and where financial efficiency fuels real change for people who need it
most.

We're not here to play small. We're here to set a precedent.
And we're just getting started.

”

Tim Ware

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Glossary of Terms:

01. **100% Bonus Depreciation:** A tax provision under the Internal Revenue Code allowing the immediate deduction of the entire cost of qualifying property in the year it is placed in service.
02. **Carbon Impact Metrics:** Quantitative measures of greenhouse gas emission reductions attributable to the operation of LUX71's battery energy storage systems.
03. **Cost Basis Statement:** A detailed, itemized accounting of the total installed cost for a specific project, serving as documentation for the value of the asset and its depreciation claim.
04. **Depreciation-as-a-Service™ (DaaS):** LUX71 SPV's proprietary model for delivering subscription-based access to IRS-compliant depreciation deductions tied to the installation of battery energy storage systems in underserved communities.
05. **Economic Substance Statement:** A formal document outlining how each project meets the economic substance requirements under IRC §7701(o), including business purpose and substantial economic effect.
06. **EPC (Engineering, Procurement, and Construction) Partner:** The contracted provider responsible for the design, sourcing, and installation of LUX71's systems; currently ResiliCell.
07. **In-Service Date:** The date on which a project is fully installed, tested, and operational, as confirmed by the EPC and the housing agency/authority.
08. **K-1 (Schedule K-1):** The IRS form used to report each investor's share of the partnership's income, deductions, credits, and other relevant tax items.
09. **Loss Allocation Subscription Agreement:** The governing agreement between LUX71 SPV and the subscriber, specifying the subscription terms, loss allocation, and investor obligations.
10. **Master Tax Opinion Letter:** A legal opinion from a licensed tax attorney affirming the compliance and defensibility of LUX71's loss allocation structure under current tax law.
11. **Project Summary Sheet:** A one-page overview of a specific project including site details, unit count, system capacity, cost basis, estimated energy output, warranty terms, and relevant housing agency/authority partnerships.

01. *ResiliCell*: LUX71's exclusive EPC partner (spelled with capital R and capital C) providing installation and long-term maintenance services under a 10-year agreement.
 02. *Tax Benefit Allocation Statement*: The document specifying an investor's proportional allocation of project losses, based on their subscription amount and the total cost basis.
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Disclosure Statement

This white paper is provided for informational purposes only and does not constitute legal, tax, accounting, or investment advice. The examples, projections, and descriptions contained herein are illustrative in nature and subject to change without notice.

Participation in LUX71 SPV's Deductions-as-a-Service™ model involves specific legal and tax considerations. Prospective subscribers should consult with their own qualified tax advisors, attorneys, and financial professionals to determine the suitability of this offering in light of their individual circumstances.

While LUX71 SPV provides supporting documentation — including the Loss Allocation Subscription Agreement, Operating Agreement, Economic Substance Statement, Cost Basis Statement, and Master Tax Opinion Letter from a licensed tax attorney — no representation or warranty is made regarding the ultimate tax treatment of any deduction claimed by a subscriber. The Internal Revenue Service (IRS) retains the authority to review, audit, and determine the acceptability of any tax position taken.

By reviewing this document, you acknowledge that you are responsible for conducting your own due diligence and assume all risk related to any subscription or investment decision.