BALCONY ADVANTAGE

Clean Energy. Preserve Wealth. Build For The Future.

Connecting private clients with energy asset ownership opportunities through a strategic partnership with an experienced energy asset developer.



THE OPPORTUNITY

The Energy Asset Opportunity

Redirect Tax Liability

Provides an opportunity to redirect a portion of existing tax liability into energy assets.

Many Income Types

May offset many income types across, federal and state returns.

Simple Asset Purchase

Not a fund and not a security. A straightforward purchase of tangible property.

Pair With Other Tax Strategies

Depreciation and tax credit strategy that may work alongside other tax strategies.

Savings Range 1.3x to 1.4x of Contribution

Dual benefits of Clean Energy Investment Credit (Code §48E) plus accelerated depreciation (IRC §167/168)

Real and Final Tax Savings

Federal CEIC recapture rules generally apply during the five-year recapture period.

**IRC §48/48E used by the world's largest banks, corporations and institutions for 45+ years.*

WHAT YOU OWN

Starting an Energy Management Business



Energy assets are installed on properties owned by site hosts, including homeowners and businesses seeking to reduce their electricity costs. Clients directly purchase and own the qualifying energy assets. Eligible clients may benefit from Clean Energy Investment Credits and depreciation, subject to applicable limitations. Site hosts prepay for 10–20 years of electricity under a Power Purchase Agreement (PPA).

STRUCTURE

Asset Purchase

PROPERTY

Solar & Energy Storage Assets

REVENUE

Pre Paid Power Purchase Agreement

Benefits

Tax Credits & Depreciation*

**May be subject to TMT, General Business Credit and Excess Business Loss Limitations*

FLEXIBILITY

Ownership timeline.

YEARS 1-6

Realize Benefits

Eligible clients may claim applicable tax credits and depreciation, subject to individual tax circumstances and limitations. Hold assets for 6 years to clear CEIC recapture window.

YEAR 6+

Evaluate Ownership Opportunities

Continue ownership or explore potential sale opportunities, including a sale to the property owner at fair market value, subject to market conditions and availability.

YEARS 7-20

Ongoing Income

Continue receiving annual administration fees. Approximately 50 to 75 basis points for the life of the contracted PPA.

ANY YEAR

Potential Carryforward Benefits

Excess credits may be carried back up to 3 years or forward 20 years, using Form 1045 in lieu of an amended return. NOL's may carry forward indefinitely.

THE FEDERAL EXAMPLE

One client, by the numbers.

THE CAPITAL STACK

$160,000
Prepaid PPA Payment (Income to Client LLC)

+

$100,000
Client Equity Contribution

=

$260,000
Total Asset Purchase Price

THE OUTCOME

$104,000
Clean Energy Investment Credit*

40% of Total Asset Purchase Price

$48,000
Depreciation Benefit*

Based on Adjusted Depreciable Basis

20–40%
Total Estimated Tax Net Benefit

*Federal example shown. State depreciation and benefits vary by state and are addressed separately in each client's pro forma.
*Combined CEIC 40% (30% base + 10% bonus adders). Bonus adders include Domestic Content and Energy Communities.
Homeowner PPA payment will be recognized as income to client's LLC. Actual results vary by tax bracket, project specifics, and timing. For Illustration only.

LEGISLATIVE FOUNDATION

Institutional Strategy.
Longstanding. Codified.

§48E — IRS Code

Clean Energy Investment Credits for clean energy assets placed in service.*

§167/168 — IRC Sections

Accelerated MACRS depreciation, including 100% bonus depreciation on clean energy assets.

2032+ — OBBB Extension

CEIC extended through at least 2032, providing long-term policy certainty.

45+ — Years of Institutional Use

Big banks and corporations have used IRC §48/§48E strategies for decades.

**May be subject to Section 38(c)(1) limitation*



RISK

Mitigation and Protections

Material Participation

Owner actively participates in the business for 100+ hours per tax year.

Payment Risk

100% of power paid upfront via prepaid power purchase agreements.

Construction Risk

Capital not deployed until after construction reaches substantial completion.

Warranty

Assets include contractor and equipment warranties, subject to applicable terms.

Insurance*

Assets covered under general liability, property loss, and the homeowner's insurance.

Monitoring*

Technology-enabled monitoring of energy systems.

**Billed Annually*

MATERIAL PARTICIPATION

The 100-Hour Material Participation Test

One of the tests that may be used to establish material participation under IRC §469.

01 THE TEST

100+

hours during the tax year

- Participate for more than 100 hours during the tax year.
- Participation is at least as much as any other individual involved in the activity.

MEET BOTH REQUIREMENTS

MATERIAL PARTICIPATION

02 THE FOLLOWING ACTIVITIES MAY COUNT TOWARDS MATERIAL PARTICIPATION*

Investigate & Establish

- Research solar/energy storage viability
- Establish the legal entity
- Reviewing entity/ownership documents

Review & Oversee

- Homeowner & developer contracts
- Financial models & performance reports
- Participate in developer meetings

Manage & Administer

- Review business records and documentation
- Coordinate with professional advisors, as appropriate
- Review applicable business and tax requirements

Learn & Engage

- Participate in relevant site visits
- Conduct relevant market/industry research
- Attend relevant industry events or educational activities

03 YOUR RESOURCES

Online Hub

Access asset and ownership information and documentation.

E-Learning Platform

Educational resources related to solar assets, business operations, and asset management.

Client Care Team

Ongoing access to resources supporting the management and administration of your solar business.

*Examples are provided for illustrative purposes only and are not an exhaustive list of activities that may qualify toward material participation. Whether an activity or taxpayer satisfies the requirements of IRC §469 depends on the individual facts and circumstances. Clients should maintain appropriate records of their participation and consult their tax advisor regarding qualifying activities and material participation.

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