The Deal Card

Figures as of July 2026 — see per-row as-of dates.
Source lessons: 4.2, 4.3, 4.5, 4.6

SDE VS. EBITDA

SDE (seller's discretionary earnings)	Net profit + owner's salary/perks + interest + D&A + one-time costs + personal expenses run through the business. Used for owner-operated businesses, typically <$1M SDE — the PH acquisition band.
EBITDA	Net profit + interest + taxes + D&A. **No owner-comp addback** — used once professional management already runs the business.

THE ADDBACK SCRUB LIST

- **Add back:** above-market owner salary/bonus, personal vehicle/travel/insurance, family salaries above fair market value, one-time legal/moving/consulting costs, non-cash D&A, related-party rent normalized to market.
- **Subtract (negative addbacks):** unpaid family labor, below-market related-party rent that ends at sale, informal costs the buyer must formalize post-close (compliance, proper payroll).

MULTIPLE BANDS

Small owner-operated business, <$1M SDE	2–3× SDE
PH acquisition band	₱3–8M buys ₱100–250k/mo SDE businesses at 2–3×, seller financing common
Larger business, $1–3M EBITDA	3–5× EBITDA

PH trades at or below the low end of global small-business multiple data — the multiple is argued from evidence, never assumed.

THE PH 5-LAYER DUE-DILIGENCE STACK

1 SEC / DTI / LGU — entity registration matches the listing name; business permits current; corporation vs. sole prop pre-decides asset-vs-share.

2 BIR open cases — no pending assessments or open cases attached to the entity or its officers.

3 Employee arrears — 13th month, SSS/PhilHealth/Pag-IBIG contributions current; no unresolved labor claims.

4 Bank / POS triangulation — cross-check bank statements and POS records against claimed revenue; poor books get rebuilt from evidence, not trusted.

5 Contracts — leases, supplier agreements, customer contracts; check assignability at transfer.

ASSET VS. SHARE — THE RULE

Default to an asset purchase — you buy named assets/liabilities only; unknown liabilities stay with the old corporate shell. **Only choose a share purchase** when the entity's permits, franchise rights, or contracts are the core value and can't be re-issued to a new entity — and then demand deep indemnities + a holdback, because a share deal inherits *all* liabilities, known and unknown (successor liability).

PRIVATE LENDING — COLLATERAL RULES

- Lend only against collateral you'd be **happy to own** at the loan amount.
- Document with a **REM** (real estate mortgage) or chattel mortgage — notarized and registered, never a handshake.
- Collateral-loan release: **~50–70% of appraised value** (REM LTV).
- Price 18–36%/yr (1.5–3%/month), justified against the unconscionability line, never headline-rate alone.
- **Sleeve cap: 10–15%** of total portfolio — private lending is a satellite, never the foundation.
- The happy-to-own test beats the rate: if the borrower never pays again, would you be glad to own the collateral at this price?

ESTATE & DONOR'S TAX — QUICK FACTS

Estate tax	6%	net worldwide estate (residents); ₱5M standard deduction; family home deduction up to ₱10M
Donor's tax	6%	gifts above ₱250k / donor / calendar year
Corporate vs. top personal rate	20–25% vs 35%	CREATE corporate rate vs. top personal bracket (>₱8M) — the holdco-timing question

The freeze risk: unpapered, untitled, or unfindable assets are freeze-months for your family, minimum — independent of the tax rate. Inventory beats optimization.