Mercia Asset Management

New £38m finance facility readies Mercia for M&A

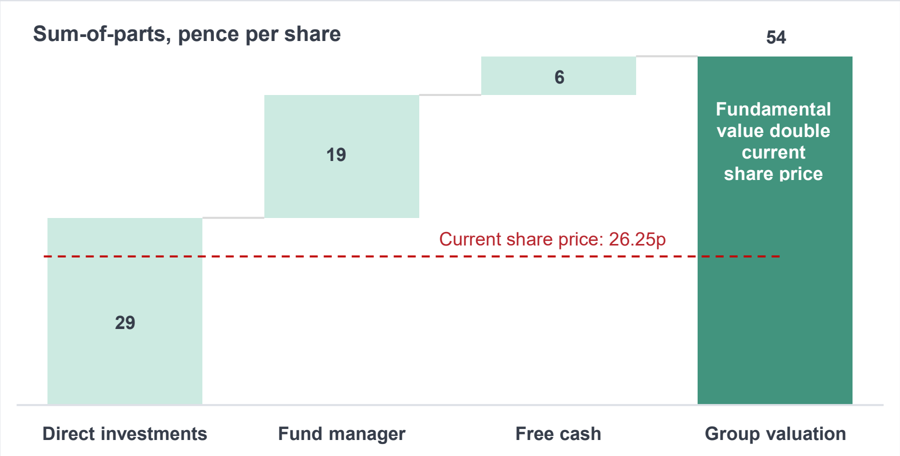
23 July 2026

Mercia has announced a new three-year funding agreement with Metro Bank for up to £38m. The agreement comprises a term loan facility of £13m and a £25m revolving loan facility. This move aligns with the Mercia-27 strategy, a key element of which is to grow to £3.0bn FUM, boosted by one or more strategic acquisitions.

More specifically, the strategy targets acquisitions in adjacent asset classes. At its recent results presentation on 30th June, Mercia noted that an acquisition during the FY27 year was a realistic possibility.

We do not adjust forecasts at this stage and remind readers of our **sum-of-the-parts valuation of 54p per share**, which was fully detailed in our recent note: Fund management strong, exit environment subdued.

Sum-of-parts valuation summary



Source: Company historic data, ED forecasts and analysis

Key financials & valuation metrics

Year to 31 Mar (£m)	FY 24A	FY 25A	FY 26A	FY 27E	FY 28E
AUM*, £bn	1.82	2.01	2.00	2.28	2.48
Third-party FUM, £bn	1.63	1.80	1.82	2.10	2.29
Direct investments	116.9	126.0	124.8	129.8	79.8
Rev (excl. perf. fees)	30.4	34.4	34.1	35.0	39.0
EBITDA	5.5	7.6	8.1	8.0	9.0
EBITDA margin	18.2%	22.1%	23.7%	23.0%	23.1%
PBT	-8.2	5.4	-7.7	4.8	5.4
EPS basic, p	-1.7	0.8	-2.0	0.8	0.9
Div, p	0.90	0.95	1.00	1.05	1.10
Yield	3.4%	3.6%	3.8%	4.0%	4.2%
Share buybacks	3.19	1.84	2.96	3.00	3.00
% of market cap (period-start)	2.7%	1.3%	2.7%	2.7%	
Net assets	189.2	187.9	173.6	170.2	167.2
Net cash	46.9	40.1	26.4	19.1	66.7

*Source: Company data, Equity Development, priced at 22/07/26. *FUM plus consolidated net assets.*

Company data

EPIC	MERC.L
Price (last close)	26.25p
52 weeks Hi/Lo	34p/26p
Market cap	£111m
ED Fair Value / share	54p
Net cash** 2026A	£26m
Avg. daily volume (3m)	415k

Share price, p

Source: Investing.com

Description

Mercia Asset Management (Mercia) was founded in 2010 and listed on the AIM market of the London Stock Exchange in Dec 2014.

It provides venture capital, development capital (SME loans) and property finance to mostly regional (ex-London) UK businesses, investing between £100k and £20m.

It manages c.£1.8bn of funds for third parties and has net assets of c.£174million of its own.

Next event

H1-27 results Dec 26

Paul Bryant (Analyst)
0207 065 2690
paul.bryant@equitydevelopment.co.uk

Hannah Crowe
0207 065 2691
hannah@equitydevelopment.co.uk

Contacts

Andy Edmond
Direct: 020 7065 2691
Tel: 020 7065 2690
andy@equitydevelopment.co.uk

Hannah Crowe
Direct: 0207 065 2692
Tel: 0207 065 2690
hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

More information is available on our website www.equitydevelopment.co.uk

Contact: info@equitydevelopment.co.uk | 020 7065 2690