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An Analysis of Apollo's Acquisition of Bridge

Yale Mergers and Acquisitions Club
Fall 2025 FIG Report

I. Introduction

On September 2, 2025, Apollo Global Management closed its $1.5 billion acquisition of Bridge Investment Group, marking the latest in a series of large acquisitions in the alternative asset management sector. This report will provide an analysis of the deal, as well as important contexts and implications.

a. Intro to Asset Management

The asset management business model bears more similarities with vanilla EBITDA-based companies than other traditional financial institutions, such as depositories or insurance carriers. Nevertheless, it is useful to first provide industry background before diving into the acquisition. Asset managers manage investments in a wide array of asset classes such as equities, fixed income, and real estate, on behalf of their clients, typically large institutions or high-net-worth individuals.

Asset managers can be broadly divided into two categories: traditional and alternative. Traditional asset managers focus on conventional investments such as stocks, bonds, and cash, and include companies such as BlackRock, Vanguard, and Fidelity. On the other hand, alternative asset managers focus on non-traditional asset classes such as private equity, private credit, private real estate, and private infrastructure—notable names in this space include Blackstone, KKR and Apollo. This transaction is in the alternatives space, which will remain the focus of the report.

Asset managers can have various fee structures, but most commonly, they charge management fees and performance fees. Managements fees are earned as a fixed percentage (typically 1–2%) of assets under management (AUM) regardless of fund performance. As a result, an important metric for asset managers is ‘net flows’ (inflows – outflows) which measures the growth of a fund’s AUM. Performance fees are earned as a percentage (typically 15–20%) of returns generated by the manager once the fund passes a specific hurdle return, designed to better align the manager’s incentives with their clients. Expenses for asset managers are primarily related to compensation, benefits and other G&A related expenses—in other words, they incur operating expenses, as opposed to COGS. Post-expenses, asset managers typically report fee-related earnings (FRE) and performance-related earnings (PRE), which represent the primary performance metrics of the sector.

b. About Apollo

Founded in 1990, Apollo Global Management (Apollo) is one of the world's largest alternative asset managers. Their business can be primarily divided into two segments: asset management and retirement services. Within asset management, credit is their largest strategy, which includes direct origination, asset-backed finance, opportunistic credit, and multi-credit, collectively representing $723 billion of AUM as of September 30, 2025. Apollo's equity strategies include corporate private equity, secondaries, hybrid value, real estate equity, and infrastructure equity, altogether representing $185 billion of AUM as of September 30, 2025.[1] The retirement services business is conducted by one of Apollo's subsidiaries, Athene, a large insurer which offers annuities and funding agreements products to serve retirement needs. The two segments are complementary: Apollo's asset management business provides services for Athene's investment portfolio, including direct investment management and asset sourcing and underwriting. In return, Athene provides Apollo with 'perpetual capital.' With less pressure to withdraw investments from LPs, Athene helps enable superior long-term value creation.

c. About Bridge

Founded in 2009, Bridge Investment Group Holdings (Bridge) is an alternative asset manager focused on real estate with over $50 billion of AUM as of June 30, 2025. The company is diversified across investment strategies. Within real estate, platforms include multifamily, development, workforce and affordable housing, seniors housing, logistics, office, and single-family rental. Real estate equity is Bridge's largest strategy, with a combined AUM of ~$30 billion. Bridge also invests in credit with their real estate fixed income, agency MBS, and net lease income platforms, accounting for ~$16 billion of AUM. Finally, in March 2023, Bridge launched a secondaries investment platform, which currently has ~$4.4 billion of AUM.[2]

II. Deal Overview

a. Transaction Details

First announced on February 23, 2025, and closed on September 2, 2025, Apollo Global Management acquired Bridge Investment Group for approximately $1.5 billion in an all-stock transaction. Bridge was valued at $11.50 per share, representing a ~45% premium to the stock's trading price on February 21, 2025, and Bridge shareholders will receive 0.07081 shares of Apollo stock for every share they hold. Bridge will operate as a standalone platform within Apollo's asset management business, adding roughly $50 billion in new assets to Apollo's portfolio. Apollo will also acquire a leading pool of investing talent, as Bridge executive chairman Bob Morse will become partner and head of real estate equity at Apollo.[3]

b. Trends and Competitive Landscape

The alternative asset management industry is extremely competitive and consolidating, as each firm fights to acquire more AUM, in turn generating more fees. After all, there is a finite quantity of institutional investors, while each firm attempts to raise larger funds. Apollo's deal serves as a great example of a recent trend in both the traditional and alternative asset management space to acquire alternative asset managers, as it is seen as an area of significant future growth. For instance, in Larry Fink's 2025 Annual Chairman's Letter to Investors, he argued that "the future standard portfolio may look more like 50/30/20—stocks, bonds, and private assets like real estate, infrastructure, and private credit."[4] BlackRock's recent M&A activity backs up Fink's statement, as they acquired HPS Investment Partners, a private credit firm with ~$157 billion AUM, in July 2025,[5] ElmTree Funds, a real estate investment firm with ~$7 billion AUM, in September 2025,[6] and Global Infrastructure Partners, an infrastructure investment platform with ~$100 billion AUM, in October 2024.[7] Apollo's acquisition is only the latest in a series of large acquisitions by leading global asset managers.

c. *Strategic Rationale*

The strategic rationale for Apollo is quite straightforward. Given the fierce competitive landscape in which Apollo operates and the massive trend pushing towards alternatives noted above, it seems natural for Apollo to make moves to gain further exposure to other, non-core alternative asset classes. Specifically, Bridge will boost Apollo's real estate equity presence; Apollo's existing real estate platform is concentrated in credit strategies, and this acquisition will provide immediate exposure to real estate equity. Prior to the acquisition, Apollo's real estate equity business only had ~$16.6 billion AUM, a small percentage of Apollo's total assets—the acquisition of Bridge will instantly triple Apollo's exposure to the asset class.[8] Overall, the transaction is highly aligned with "Apollo's strategic focus on expanding [their] origination base in areas of [their] business that are growing but not yet at scale."[9] With more capabilities in real estate equity, Apollo will be able to provide a broader offering to their client and LP base. Furthermore, increased diversification should enable Apollo to command a higher valuation multiple, as it leads to more stable and predictable fee-related earnings, and decreased AUM volatility across market cycles. In addition, as the asset management model favors higher AUM to earn higher fees, the acquisition will also serve simply to increase Apollo's AUM—Apollo has set targets of managing $1 trillion of assets by 2026 and $1.5 trillion by 2029, part of a set of goals it laid out at its investor day last year,[10] and this acquisition is a step towards that goal. Finally, the transaction will be EPS accretive within just the first year, so Apollo shareholders should be content with the acquisition.

For Bridge, being acquired by Apollo provides several benefits. Firstly, Apollo is a true global leader in the alternative asset management space, and Apollo's world-class fundraising capabilities will help increase the growth rate of Bridge's AUM faster than Bridge ever could as a standalone company. Bridge would be able to lean on Apollo's reputation and brand name, while having access to the wealthiest institutional LPs in the world. Bridge will also be able to leverage Apollo's platform to further increase earnings—they will have access to Apollo's 'permanent capital,' effectively meaning that Bridge can never go out of business so long as Apollo and its insurance platforms continue to exist. This may be the primary reason Bridge chose Apollo as its buyer over other large asset managers: Apollo is a pioneer and clear leader in the complex insurance–asset management nexus. Finally, the price at which Apollo acquired Bridge is attractive to Bridge's shareholders—a 45% premium to spot price is a significant payout, while still maintaining an accretive transaction in the first year of the merger for Apollo shareholders.

III. Model Summary

a. Operating Model

The operating model features non-GAAP financials, such as fee-related earnings and performance-related earnings. These are the metrics most commonly used to evaluate asset managers, hence why the operating model is built around projecting FRE and PRE. The projections are all quite simple: line items are either projected as a percentage of fee-paying AUM, or as some permutation of a historical growth rate. For more details, see Appendix A.

b. Discounted Cash Flow

The DCF was built with the operating model projections. Note that performance-related earnings are inherently more volatile than fee-related earnings—performance fees are often lumpy and cyclical, thus PRE is discounted at a separate, higher rate than FRE. Overall, my assumptions seem reasonable, as the implied share price represents a modest 1.45% premium above Bridge's actual spot price. For more details, see Appendix B.

c. Accretion / Dilution

The M&A model itself uses different numbers than the operating model, as I used GAAP financials to calculate net income and earnings per share. In addition, the two share classes have different exchange ratios: each class A share is converted to 0.07081 Apollo shares, while each class B share is converted to 0.00006 Apollo shares. As previously mentioned, the acquisition is expected to be EPS accretive. The deal is projected to be 3.3% and 3.6% accretive in 2025 and 2026, respectively, which assumes 5% cost synergies (see Appendix C). Overlapping expenses to be cut include HR, legal, finance, IT, and accounting. There are also marketing efficiencies to be gained, as the acquisition will provide the opportunity for centralization of investor relations, capital raising, etc. Finally, with even greater scale, Apollo will have increased bargaining power with third-party vendors such as legal counsel, fund administration, consultants, software licenses, and more. Post-acquisition, Bridge shareholders will own ~0.6% of Apollo, with Apollo owning the remaining ~99.4%.

IV. Implications

There are three main ways for an asset manager to increase its AUM—organic fundraising from investors into new or existing funds, inorganic growth via M&A, and investment performance (mark-to-market appreciation). Due to the competitive nature of organic fundraising and difficulty of continuous outsized investment performance, inorganic growth remains one of the most popular strategies for large asset managers to grow. As a result, the asset management industry has seen significant M&A activity over the past few years, as firms continue to seek higher AUM and more fee-generating opportunities. According to BCG, "the average asset manager doubled its AUM from 2013 to 2023." This is advantageous, because "those with the largest amount of assets were able to drive costs down through technological synergies, streamlined operations, and process efficiencies." In fact, advantages of scale are evident in measures of profitability, as managers with >$500 billion AUM typically have 5–10% higher margins than their smaller counterparts.[11]

To illustrate the scale of historical M&A activity, aside from BlackRock and their recent trio of acquisitions mentioned above (HPS, ElmTree, and GIP), many other large players have been active. Janus Henderson Investors, a ~$330 billion AUM traditional manager, acquired Victory Park Capital Advisors, a ~$6 billion AUM private credit firm, in October 2024.[12] On the alternatives side, TPG recently acquired Peppertree Capital, a digital infrastructure investing platform with ~$8 billion AUM,[13] and Angelo Gordon, a credit and real estate investment firm with ~$73 billion AUM.[14] Brookfield also recently announced that it would fully acquire Oaktree, a ~$209 billion AUM credit, equity, and real estate firm.[15] Through this lens, it is clear that Apollo, like its competitors, is constantly seeking acquisitions to boost AUM and lower costs, and Bridge fits the mold for both criteria.

The acquisition can also be seen as a reminder that despite a majority of Apollo's AUM being concentrated in credit strategies, it still places a large emphasis on its equity platforms, as they continue to generate high-quality fees—in fact, Apollo is still actively building them out. Furthermore, in such a competitive market, an asset manager's breadth of capabilities is critical—by buttressing its real estate strategies, Apollo increases its market share and can offer a wider array of services to investors.

As the fourth largest alternative asset manager in the world behind Blackstone, Brookfield, and Hamilton Lane,[16] Apollo is undoubtedly motivated to stay close to its competitors, as most other large asset managers have made significant acquisitions in the last five years. The acquisition of Bridge ensures Apollo remains at the forefront of industry consolidation rather than trailing competitors. Nevertheless, it is likely only a matter of time before the next large transaction is announced, as each firm fights to aggressively expand.

Appendix A: Operating Model

Table 1: Projections

(USD in millions)

Financials	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Management Fees	118	110	156	222	231	246	254	279	307	337	370	406
Property Management and Leasing Fees	60	60	70	76	78	73	76	79	82	86	89	93
Construction Management Fees	7	8	8	11	12	8	8	10	11	12	14	15
Development Fees	1	2	4	5	3	3	4	5	5	5	6	7
Transaction Fees	48	39	75	56	20	28	30	33	36	39	43	47
Fund Administration Fees	0	0	0	15	17	18	18	20	22	24	27	29
Incentive Fees	6	0	2	0	0	0	3	4	4	4	5	5
Fee Related Revenue (FRR)	**$240**	**$220**	**$315**	**$385**	**$361**	**$375**	**$394**	**$429**	**$467**	**$508**	**$553**	**$602**
Realized Performance Allocations	42	42	81	69	41	49	55	61	68	76	85	94
Unrealized Performance Allocations	30	62	249	115	(173)	(42)	93	102	112	123	135	148
Earnings from Investments in Real Estate	2	1	2	2	1	0	2	2	2	2	2	3
Performance Related Revenue (PRR)	**$73**	**$105**	**$332**	**$187**	**($131)**	**$7**	**$149**	**$165**	**$182**	**$201**	**$222**	**$245**
Insurance Premiums	5	6	10	13	18	22	30	40	51	64	77	92
Other AM and Property Income	7	6	7	12	12	15	18	21	25	28	31	34
Total Revenues	**$326**	**$337**	**$664**	**$596**	**$260**	**$419**	**$592**	**$655**	**$724**	**$801**	**$883**	**$972**
Employee Compensation and Benefits	95	101	143	197	221	251	284	307	332	359	387	419
Incentive Fee Compensation	1	0	0	0	0	0	0	0	0	0	0	0
Loss and Loss Adjustment Expenses	3	3	8	7	12	23	13	14	15	17	18	20
Third-Party Operating Expenses	33	28	33	26	22	14	18	18	17	15	10	9
G&A	18	17	25	41	54	44	46	51	56	61	67	74
Investment Loss (Income)	2	(1)	(9)	(4)	6	10	4	4	4	5	5	6
Other Expenses (Income)	0	0	2	(1)	2	1	1	1	1	1	1	1
Fee-Related Earnings	**$89**	**$70**	**$114**	**$120**	**$43**	**$32**	**$28**	**$34**	**$42**	**$50**	**$63**	**$72**
% Margin	37%	32%	36%	31%	12%	9%	7%	8%	9%	10%	11%	12%
Performance Allocations Compensation	9	13	38	29	(3)	31	19	24	30	38	46	56
Performance-Related Earnings	**$64**	**$91**	**$294**	**$157**	**($128)**	**($25)**	**$130**	**$141**	**$152**	**$163**	**$176**	**$189**
% Margin	27%	42%	93%	41%	-36%	-7%	33%	33%	32%	32%	32%	31%
EBITDA	**$153**	**$162**	**$408**	**$278**	**($85)**	**$8**	**$158**	**$175**	**$193**	**$213**	**$239**	**$262**

Table 2: Assumptions

Assumptions												
AUM (bn)	*20*	*25*	*36*	*43*	*48*	*50*	*54*	*57*	*62*	*66*	*71*	*76*
% Growth		*24%*	*44%*	*19%*	*10%*	*4%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*
FPAUM (bn)	*9*	*10*	*13*	*17*	*22*	*22*	*22*	*25*	*27*	*30*	*33*	*36*
% of AUM	*43%*	*41%*	*37%*	*40%*	*45%*	*45%*	*42%*	*43%*	*44%*	*45%*	*46%*	*47%*
Management Fees % FPAUM	*1.4%*	*1.1%*	*1.2%*	*1.3%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*
Property Management and Leasing Fees % Growth		*0%*	*16%*	*9%*	*2%*	*-7%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
Construction Management Fees % Growth		*12%*	*2%*	*32%*	*6%*	*-35%*	*13%*	*13%*	*13%*	*13%*	*13%*	*13%*
Development Fees % FPAUM	*0.01%*	*0.02%*	*0.03%*	*0.03%*	*0.01%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*
Transaction Fees % Growth		*-18%*	*91%*	*-25%*	*-64%*	*34%*	*9%*	*9%*	*9%*	*9%*	*9%*	*9%*
Fund Administration Fees % FPAUM	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*
Incentive Fees % FPAUM	*0.07%*	*0.00%*	*0.02%*	*0.00%*	*0.00%*	*0.00%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*
Realized Performance Allocations % Growth		*2%*	*91%*	*-14%*	*-41%*	*20%*	*11%*	*11%*	*11%*	*11%*	*11%*	*11%*
Unrealized Performance Allocations % FPAUM	*0.34%*	*0.61%*	*1.86%*	*0.66%*	*-0.80%*	*-0.19%*	*0.41%*	*0.41%*	*0.41%*	*0.41%*	*0.41%*	*0.41%*
Earnings from Investments in Real Estate % FPAUM	*0.02%*	*0.01%*	*0.02%*	*0.01%*	*0.00%*	*0.00%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0.01%*
Insurance Premiums % Growth		*20%*	*60%*	*28%*	*41%*	*24%*	*34%*	*31%*	*28%*	*25%*	*20%*	*19%*
Other AM and Property Income % Growth		*-16%*	*22%*	*57%*	*3%*	*29%*	*19%*	*17%*	*15%*	*13%*	*11%*	*9%*
Employee Compensation and Benefits % Growth		*6%*	*41%*	*38%*	*12%*	*14%*	*13%*	*8%*	*8%*	*8%*	*8%*	*8%*
Incentive Fee Compensation % FPAUM	*0.01%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Loss and Loss Adjustment Expenses % FPAUM	*0.03%*	*0.03%*	*0.06%*	*0.04%*	*0.05%*	*0.10%*	*0.06%*	*0.06%*	*0.06%*	*0.06%*	*0.06%*	*0.06%*
Third-Party Operating Expenses % FPAUM	*0.38%*	*0.28%*	*0.25%*	*0.15%*	*0.10%*	*0.06%*	*0.08%*	*0.07%*	*0.06%*	*0.05%*	*0.03%*	*0.03%*
G&A % FPAUM	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*
Investment Loss (Income) % FPAUM	*0.02%*	*-0.01%*	*-0.07%*	*-0.02%*	*0.03%*	*0.04%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*	*0.02%*
Other Expenses (Income) % FPAUM	*0.00%*	*0.00%*	*0.01%*	*-0.01%*	*0.01%*	*0.01%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Performance Allocations Compensation % PRR	*13%*	*13%*	*11%*	*16%*	*2%*	*461%*	*13%*	*15%*	*17%*	*19%*	*21%*	*23%*

Appendix B: Discounted Cash Flow Model

Table 1: Bridge Projection

(USD in millions)	BRDG Projection						
	2025E	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**TV**
FRE	28	34	42	50	63	72	
(-) Tax Expense @ 7.0%	(2)	(2)	(3)	(3)	(4)	(5)	
After-Tax FRE	26	32	39	46	58	67	1180
Discount Factor @7.8%	0.93	0.86	0.80	0.74	0.69	0.64	0.64
PV of After-Tax FRE	24	27	31	34	40	43	752
PRE	130	141	152	163	176	189	
(-) Tax Expense @ 7.0%	(9)	(10)	(11)	(11)	(12)	(13)	
After-Tax PRE	121	131	141	152	164	176	998
Discount Factor @ 20.0%	0.83	0.69	0.58	0.48	0.40	0.33	0.33
PV of After-Tax PRE	101	91	82	73	66	59	334

Table 2: Bridge Share Price

Share Price Calculation	
Enterprise Value	$1,757
Total Debt	450
Cash	73
Preferred	-
Non-Controlling Interest	379
Equity Value	$1,001
Diluted Shares Outstanding	125
Implied Share Price	**$8.03**
% Premium above 02/21/2025	*1.45%*
Stock Price on 02/21/2025	**$7.92**

Table 3: Cost of Debt

Cost of Debt Calculation		
Debt Type	Carrying Value	Interest Rate
Private Placement Notes	75	3.90%
Private Placement Notes	75	4.15%
Private Placement Notes	75	5.00%
Private Placement Notes	75	5.10%
Private Placement Notes	120	5.99%
Private Placement Notes	30	6.10%
Weighted Average Cost of Debt		**5.0%**

Table 4: WACC

WACC Calculation	
Debt	450
% Debt	49.8%
Equity	454
% Equity	50.2%
Cost of Debt	5.0%
Tax Rate	7.0%
After Tax Cost of Debt	**4.7%**
Risk Free Rate	3.10%
Beta	1.42
ERP	5.50%
Cost of Equity	**10.9%**
WACC	**7.8%**

Table 5: Sensitivity Table

	Long Term Growth Rate				
FRE Discount Rate	1.50%	1.75%	2.00%	2.25%	2.50%
7.2%	$1,786	$1,829	$1,877	$1,928	$1,985
7.5%	$1,732	$1,771	$1,814	$1,859	$1,910
7.8%	$1,683	$1,719	$1,757	$1,798	$1,843
8.1%	$1,639	$1,672	$1,706	$1,744	$1,784
8.4%	$1,599	$1,628	$1,660	$1,694	$1,731

Pro Forma Shares Outstanding	**583.8**	**583.8**
APO Standalone EPS	$11.13	$11.41
APO Pro Forma EPS	$11.49	$11.83
$ Accretion / (Dilution)	$0.36	$0.42
% Accretion / (Dilution)	3.3%	3.6%

Appendix C: Accretion / Dilution

Table 1: Output

(USD in millions)	**2025E**	**2026E**
APO Standalone Net Income	**$6,458**	**$6,625**
(+) BRDG Net Income (est.)	231	260
(+) Pre-Tax Synergies	21	24
(-) Incremental Tax (Expense) / Savings	(3)	(3)
APO Pro Forma Net Income	**$6,707**	**$6,906**
Accretion / (Dilution) Statistics		
APO Standalone Diluted Shares Outstanding	580	580
Additional Share Issuance	3.4	3.4