

PRÓSPERA 

 APOLO
GROUP

for **Real Estate.**
for **Hondurans.**
for **Growth.**

CASE STUDY:
APOLO GROUP

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*This is a once-in-a-lifetime
opportunity for Honduras.*

Erik Pitsikalis | CEO of Apolo Group

EXECUTIVE SUMMARY

Apolo Group is a real estate development company founded in Honduras in 2012. In 2020, Apolo Group started operations in Próspera. The company chose to work with Próspera due to the jurisdiction's legal advantages and the opportunity to significantly grow their business there. In the two years since starting operations in Próspera, Apolo Group realized an 83% decrease in project start time and 20% savings in project costs. The company achieved these results while growing their workforce and offering wages that range from 10% to 25% above standard Honduran wages. 100% of Apolo Group's employees are Honduran citizens.

83%
decrease in
project start time

20%
savings in
project costs

In addition to these financial advantages, Apolo Group saw increases in both customer acquisition and overall business activity. **The company attributes these increases to the credibility and legal stability provided by Próspera.** Specifically, the common law legal jurisdiction and flexible regulatory environment allow Apolo Group to attract and maintain more customers while reducing their operational overhead. Apolo Group's experience provides an informative case study into how Honduran companies are leveraging the Próspera framework to reduce timelines and costs for real estate projects, expand their customer base, and grow their business to the benefit of local Hondurans.

The quoted data and opinions expressed in this case study were provided by the subject, in interviews conducted by Erdős Associates, an independent third-party firm. Unless otherwise indicated, all direct quotes are attributable to Apolo Group CEO Erik Pitsikalis. The study was funded and published by Honduras Próspera, Inc.

APOLO GROUP



Apolo Group is a real estate development company founded in Honduras in 2012. They provide architectural, planning, and construction services for large-scale commercial office projects and residential developments. They are based in San Pedro Sula, Honduras, where they have successfully completed a number of commercial and residential projects. Próspera launched in 2020 with a property in Roatán, the largest Honduran Bay Island. Apolo Group had never worked in Roatán but began researching opportunities after learning about Próspera.

Apolo Group initially approached the project with skepticism, given Honduras’ history of working with international companies who enter with good intentions but fail to follow through on development goals. “We were unsure how serious this was at first, but when we reviewed Próspera’s legal structure

and detail, we knew they were serious,” said Apolo Group CEO Erik Pitsikalis. He conducted a thorough review of the master plan for the project as well as the governance structure and legal framework for the jurisdiction.

While Roatán is a desirable location to live with considerable tourist traffic, the island also suffers from governance bottlenecks common to Honduras that make real estate development costly and difficult, with long timelines for completion. This contributes to a lack of affordable housing on the island, which Pitsikalis saw as an opportunity. Leveraging Próspera’s efficiencies in governance could enable him to deliver a project quickly and profitably to fill a needed gap in the local market. In 2020, Apolo Group made the decision to create a legal entity in Próspera and pursue a real estate project within the jurisdiction.

THEY ATTRIBUTE THIS DECISION PRIMARILY TO FOUR FACTORS:



Reductions in project timelines, driven by streamlined processes for zoning, planning, permitting, importing, and record keeping.



Lower project costs due to reductions in income tax rates, sales tax rates, and regulatory compliance costs. Additionally, Apolo Group realized savings from the complete absence of import taxes or duties, payroll taxes, capital gains taxes, gasoline taxes, medical taxes, and social security taxes.



The ability to hire and retain labor at competitive wages using a simplified labor law framework.



Growth opportunities provided by doing business in a rapidly growing city-scale project with high international standards for doing business and legal stability.

REDUCED TIMELINES, LOWER COSTS, HIGHER WAGES

Apolo Group reported that for their average project in Próspera, they realized a total cost savings of 20% compared to projects completed in Honduras outside of Próspera. These cost savings enabled the company to realize higher revenues and provide wage increases ranging from 10% to 25% for every position within the company, directly benefiting their local Honduran employees.

Apolo Group attributed these cost savings to the following factors:

» **The total time from land acquisition to breaking ground was 2 months,** compared to 12 months on average in mainland Honduras. Próspera’s system of development rights allowed them to streamline traditional zoning, planning, permitting, and importation processes that can add months to project timelines.

» **Regulatory flexibility allowed Apolo Group to realize efficiencies in construction** by building a larger structure. Building codes and restrictions outside of Próspera would have required Apolo Group to build two six-story buildings as opposed to one taller building to achieve the same amount of marketable real estate. Próspera enabled Apolo Group to build a 14-story mixed-use building, which led to increased revenue and a more efficient cost model for development.

» **Import costs and timing were vastly simplified.** Apolo Group described the experience as a “first-world” process, allowing for lower materials costs and abbreviated construction timelines.

» **Taxation is far lower in Próspera,** with a 1% gross revenue income tax on the business compared to an effective tax rate of 10% of gross revenue outside Próspera, reducing the company’s tax liabilities by 90%.¹

{ The company’s
tax liabilities
decreased by **90%** }

» **The company was able to offer starting wages that are 10% - 25% greater** than those for similar roles outside of Próspera. The efficiencies enabled by Próspera allowed Apolo Group to offer higher wages to their staff and still realize significant cost savings. Offering higher wages also allowed the company to better recruit and retain labor.

» **Apolo Group’s workforce consists of 100% Honduran citizens.** For companies employing full-time day labor, Próspera requires that 90% of full-time employees be Honduran. This does not apply to small businesses, beneficial owners, or independent contractors.

¹ All income generated in Honduras outside of Próspera is taxed, personally and corporately, at local Honduran rates. All business and personal income generated inside Próspera is taxed at Próspera’s rates. Próspera is the sole tax authority within its jurisdiction.

GROWING BUSINESS WITH LEGAL CERTAINTY & SIMPLIFIED RULES

Apolo Group reported a major increase in total business activity and ease of acquiring new clients. Erik Pitsikalis, company founder and native Honduran, said **“Próspera brings first-world access, rules, and benefits to a third-world country.”** According to Pitsikalis, the legitimacy, credibility, and confidence that Próspera afforded his company have been a game-changer. Doing business in the jurisdiction allowed them to access a new market with far less friction.

Apolo Group cited the following key indicators that led to increased customer growth:

- » The common law legal framework, legal stability guarantees, and access to arbitration for dispute resolution made international clients more comfortable purchasing property.
- » Próspera’s e-Resident identification system allowed the company to use electronic forms and signatures and remove friction for international buyers.
- » The clarity and speed of importing allowed Apolo Group to build new business relationships.
- » Próspera’s jurisdictional advantages make it an attractive place to live and work, which enabled Apolo Group to acquire new customers seeking to establish an office or residence there.

While their decision to work with Próspera clearly enabled Apolo Group to significantly grow their business, the decision was about more than dollars and cents for Pitsikalis. The founder expressed great optimism for Próspera’s potential to spur economic growth in his home country. **“This is our chance, as a country, to become a first-world nation,”** he remarked. In his opinion, Próspera provides his country with a platform for economic growth — one that is creating opportunities for more companies like his to grow and thrive as trusted business partners within the international community.



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I pay my workers
in Próspera
10%-25% more...
and I still save
20% on my costs
for each project.

Erik Pitsikalis,
CEO of Apolo Group

CONCLUSION

To date, Apolo Group's experience doing business in Próspera has been an unqualified success. A review of the company's metrics indicates strong growth, attributable in large part to their decision to work within the jurisdiction. The company is experiencing business growth and higher revenues, driven by significantly lower costs for doing business within the jurisdiction. They are able to offer higher wages, enabling them to attract and retain quality labor and offer good-paying jobs to their local workforce, which is 100% Honduran. Apolo Group's experience highlights how Próspera can enable local growth benefiting Honduran companies and workers. The founder describes Próspera as a "once in a lifetime opportunity" for his country, and Apolo Group is taking full advantage of it.



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