

Investment Migration and the Asian HNWI – A World of Choice on Offer

Dominic Volek, Managing Partner and Head of Southeast Asia at investment migration consultancy Henley & Partners, gave both a head to head interview and a Workshop presentation to delegates at the Hubbis Thailand Wealth Management Forum in Bangkok. He highlighted Henley's long history in the specialised field of global citizenship and residence planning and explained that more and more of Asia's wealthy are taking these alternatives. Henley's activities span the private practice, which focuses on the needs of high net worth (HNW) and ultra-HNW clients who seek secondary residence or citizenship through investment, as well as the government practice, where Henley works with countries to design, implement and promote their individual programmes.

VOLEK BEGAN BY NOTING THAT HENLEY HAS PIONEERED the concept of residence and citizenship planning for more than two decades. Although a little-known option when Henley began, investment migration has today become an integral part of wealth management and of the strategies put in place by forward-thinking families.

Global leader

Volek explained that Henley has built both a global presence and unparalleled experience advising HNWIs and the ultra-rich on obtaining either citizenship by investment or residence by investment. “Anyone in Asia considering this route needs the best professional advice and for that Henley is the proven expert. We are leaders in this sector, with a worldwide staff of over 300 in 32 offices, and with more than 60 of our people here in Asia.”

In the Asia region, Singapore acts as the main hub. “It is an ideal location because so many of our Asian clients visit or come to us through the various financial intermediaries here,” Volek reported. “If you are wealthy and from this region, you



DOMINIC VOLEK
Henley & Partners

[Link to Content Summary page](#)
[Link to Article on website](#)
[Link to Presentation](#)
[Link to Event Homepage](#)



generally have a bank account in Singapore. And we have satellite offices in Bangkok, Kuala Lumpur, Ho Chi Minh City, Hanoi, Manila and late last year opened up in Melbourne, Australia.”

The global trend towards offshore residence and citizenship is even more intense in Asia due to the phenomenal rise in the number of HNWI and UHNWIs in the wider Asia Pacific region, which last year set a new record of 6.2 million HNWI worth USD21.6 trillion, according to Capgemini’s World Wealth Report 2018.

Residence by investment is a less complex option, whereas citizenship by investment is, understandably, the more demanding and expensive option. Citizenship programmes confer on the successful individual, and potentially their families, the same rights as ordinary citizens of those

countries; the solution is permanent and includes voting rights and passports. The great advantage of citizenship by investment is that it bypasses the traditional route of a HNWI and the entire family relocating to another country in order to earn citizenship.

Volek added that Henley offers only professional residency and citizenship advice to their clients, but it does not delve in any form into tax or legal advice, instead focusing entirely on investment migration.

Government programmes and milestones

The other element of Henley’s business is government advisory, where the firm strategically advises governments on the design, set-up and implementation of their various programmes. To date, Volek reported, the company has

helped governments raise more than USD8 billion in foreign direct investment in a number of countries, including Antigua and Barbuda, Malta, St. Kitts and Nevis, Thailand and most recently the Republic of Moldova.

Volek highlighted some government advisory milestones, dating back to 2000 when the firm began working with St. Kitts and Nevis, which boasts the oldest programme in the world, available since 1984. “The programme had been relatively dormant for many years until our government advisory team helped them to restructure to a model which since then the whole of the Caribbean has been following.”

Volek also highlighted Henley’s work with the UK on its Tier One investor visa and more recently, Antigua and Barbuda in the Caribbean and Malta, which today offers one of the most exclusive



citizenship by investment programmes in the world. And he reported that Henley is currently working with the Thai Government on the Thailand Elite programme, as well as with Moldova on its citizenship by investment programme.

The core motivations

On the private client side, Volek explained that there are various reasons why private clients come to Henley. “We might, for example, have a family from a troubled country that is seeking second citizenship, literally as a lifeline against political or economic uncertainty.” A similar motivation is having a ‘Plan B’, which is effectively an insurance policy in the event that someone’s home country becomes unstable, where there is a sovereign risk, political or economic uncertainty, or any other major problem one might encounter.

“Having an alternative residence or even citizenship offers a secure alternative in the face of these

types of risks, not just for the individual but for their whole family as well,” Volek observed.

At the other extreme are very wealthy clients in a stable country in Asia that see a second passport as a status symbol. “To hold a European passport these days and especially one that offers unlimited access to the EU, is rather like owning a supercar or a yacht,” Volek commented.

And in the middle ground, and this is where the majority of the Henley clients are nowadays, the motivation is primarily for travel freedom. “If you are born in a country like the Philippines, Bangladesh or China, or here in Thailand, from a travel perspective your passport is very restrictive, and this impacts your ability to do business and to access global opportunities,” Volek explained.

Some of the key programmes Henley & Partners recommends for either residence- or citizenship-by-investments, include several countries in the Caribbean, EU

countries such as Greece and Portugal (for residence) and Malta and Cyprus (for citizenship) as well as the latest, the Republic of Moldova, also in Europe but not currently in the EU.

Volek also noted the typical private client is cash rich but time poor. He said most clients do not actually move to the new country, even if they obtained alternative citizenship, and that generally their motives are driven by additional freedom and flexibility.

The passport pecking order

Every year the firm releases its [Henley Passport Index](#), which ranks a citizen’s passport according to the number of countries that the holder has visa-free or visa-on-arrival access to. The Singapore passport offers visa-free access to 189 countries, so it is a great passport to hold and to travel with.

“Those of you that are lucky enough to hold a top-ranked passport never have to worry about getting visas for business or

leisure travel,” Volek remarked. “But a lot of our clients are based in Southeast Asia, in places like Thailand, Bangladesh and the Philippines where their passports do not offer much visa-free travel access. Accordingly, we assist these individuals in investing in selected countries to acquire their second citizenship.”

Frequently, Volek explained, clients do not even need to reside in their chosen jurisdiction; as long as they can pass the various anti-money laundering and strict due diligence checks, invest the required sums and pay the necessary fees, they can become citizens of those countries and obtain a second passport and all the benefits that it brings.

One good example is the Bangladesh passport, which offers visa-free access to only 41 countries in the world. If a wealthy Bangladeshi were to obtain citizenship in Moldova - the latest country with which Henley works and that has launched its citizenship-by-investment programme - their travel freedom increases significantly and includes visa-free access to Europe’s Schengen area. Another example might be a Thai national who obtains a Maltese passport, which is in the EU and that gives visa-free access to all the prime destinations in the world such as Europe, the UK, the US, Canada and Australia.

Supply rising alongside demand

“In Europe, over the last 10 years the range of options on offer has risen from two or three countries doing these programmes to 20 or 30 of them today,” Volek told the audience. “Supply is, therefore, meeting demand. For example, Moldova introduced citizenship by

investment in 2018, Montenegro will probably launch its programme in the coming months and countries such as Portugal and Greece on the residence side and on the citizenship side Cyprus and Malta have emerged in the past five to 10 years.”

A world of choice

Volek then launched into more detail on the programmes on offer. In the Caribbean, the main focus is really on the travel freedom, with five countries offering citizenship by investment programmes, namely Antigua and Barbuda, St. Kitts and Nevis, Grenada, Dominica and St. Lucia. “The Caribbean model is typically one whereby

the applicant has the option to either donate to a government fund or invest into real estate which then they can hold for three to seven years depending on which country they choose. The costs will range anywhere from USD100,000 to about USD300,000 in terms of the investment amount required.

He explained that the programme has the main applicant and then his or her spouse can be included as well as children below 18 years old, while dependent adult children can also be included up to specific ages, as well as dependent parents of the main applicant and their spouse. “Grenada,” he added, “also recently announced the main applicant can include

unmarried siblings in their application, which is a first.”

The Caribbean offers easy travel access

As to processing time from the date of submission of the application, this takes between three and six months. “The outcome in the Caribbean,” Volek reported, “is that clients obtain outstanding passports from these Commonwealth countries, offering easy access to Europe, the UK, Singapore, Hong Kong and so forth. Grenada is unique in that it is one of only about 15 passports in the world that has visa-free access to China, which is great for our entrepreneur clients.”

As to the types of investments, Volek noted that these are often

“Grenada,” he added, “also recently announced the main applicant can include unmarried siblings in their application, which is a first.”

high-quality. “Clients are typically investing into branded five-star resorts, or hotels, getting a title deed on a unit or several units that are part of the resort, which might be managed by a Six Senses or a Four Seasons type operator, so it is generally a reputable, hassle-free investment.”

And the flexibility of these Caribbean programmes means the clients do not even need to visit the island, except in the case of Antigua and Barbuda where once they obtain their citizenship, clients need to visit the island for just five days during the first five years.

Europe’s attractions

Moving on to Europe now, Volek highlighted some key opportunities, noting that over the

last 10 years the range of options on offer for either citizenship or residence has risen from two or three countries doing these programmes to more than 20 today.

For EU citizenship, besides Malta and Cyprus, Austria offers what is perhaps the ‘Rolls Royce’ of programmes, but it comes at a hefty price. “It does not offer an actual citizenship by investment programme,” Volek reported, “but if an individual significantly contributes economically to the country they can be granted citizenship and that means starting with a donation of at least EUR3 million or investment of EUR8 million. These must be into specific projects which we help to identify and structure, and we at Henley then show the government how this has created significant economic benefits and all going well, the client then receives citizenship within about two years.”

Flying the Maltese flag

Malta is another good example, benefitting from significant uplift in its revenues through its Malta Individual Investor Programme (MIIP). Malta is a member of the EU and with a population of just

more than 400,000 residents offers a passport with visa-free travel to 188 countries, including the US.

The MIIP was launched in 2014 and requires a donation of EUR650,000 to the government for the main applicant, plus EUR25,000 for their spouse, as well as EUR25,000 for each applicant under 18 years old.

The applicant must also buy a property in Malta at a value of at least EUR350,000 or rent a property for at least EUR16,000 per year and must invest in a Maltese financial instrument of at least EUR150,000 and leave that money in for at least five years. And the applicants must hold private health insurance. The all-in cost for Malta will thus typically range between EUR900,000 to EUR1.2 million depending on the size of the family and the processing time to actually get the passport takes about 16 to 18 months, including a mandatory 12-month residence period, although that does not mean the applicant needs to be physically residing in Malta.

“At the first stage of the process,” he explained, “which

is quite quick, we submit the residency application, which is granted usually within a month or two. They then need to just hold that card for 12 months before the citizenship is approved. The resident card actually is very useful as it offers free movement to any Schengen country without having to get the passport. On citizenship you will then become a European citizen.”

Cyprus also beckons and is open for investment

He also focused on Cyprus, which along with Malta is the current ‘go-to’ programme in the EU. Cyprus requires an investment of EUR2 million, usually into real estate which must now be held for five years under the recently revised regulations. Another new requirement coming into effect on 15 May 2019 is that on top of the EUR2 million investment, the client will also have to donate EUR75,000 to the Institution of Research and Innovation as well as another EUR75,000 to the Cyprus Land Development Organisation.

Cyprus also offers the opportunity for individuals to achieve tax residence through only



spending 60 days per year in the country itself. It offers a 12.5% flat corporate tax, no tax on capital gains, no tax on interest, no tax on dividends and is one of the most tax effective jurisdictions in Europe. A further appeal of Cyprus is a new casino development, which will be Europe's largest casino, due to open in 2021, owned and operated by the Macau-based owner of City of Dreams as principal.

The newbies...

The latest entrant in Europe is the recently introduced Moldova Citizenship-by-Investment programme. Although not yet part of the EU, the programme is extremely cost-competitive with the Caribbean examples and provides similar visa-free access to the Schengen region as well as Russia and Turkey.

Moldova offers visa-free travel to 121 countries without a visa and is also a Commonwealth of Independent State country. This means that Moldovan citizens can go to Russia, Ukraine and Belarus without a visa. The citizenship programme processing is highly efficient in just 90-days and requires a

donation of EUR100,000, plus extra for dependents up to a total of EUR155,000 for a family of five or more. There is also a government service fee of EUR35,000 per application.

Residence by investment options

Volek then turned his attention to the residence by investment schemes, noting that the US has the EB-5, while Canada had a very successful federal programme but that is now closed. And Australia still has a very successful investment migration programme.

He explained that residence by investment generally involves investing into a country, obtaining a residence visa for generally four to five years, and if the client spends enough time there, keeps their investment, learns the local language, they may often qualify to apply for citizenship later. "The main drivers here are education and lifestyle," he added, "so this route is really more about physically uprooting and moving to another country to enjoy these benefits."

Canada's only option today is via Quebec and requires a CAN\$1.2 million zero-interest

loan to the government for five years to obtain permanent residence. The US equivalent is USD500,000 into a regional centre that creates 10 jobs and results in a green card.

In Europe, the UK Tier 1 investor visa is still very popular particularly with Henley clients, especially in Thailand. "Instead of sending the children to the UK on a student visa, which when they finish studying ends their legal right to remain in the UK, it is better to do it under the Tier 1 investor visa, so that when the children finish their studies they become permanent residents which is known as indefinite leave to remain in the UK. And if they end up spending enough time there, they can also become citizens after six years.

The charms of Portugal and Greece

The other two very popular options in Europe are Portugal and Greece. Portugal requires a real estate investment of EUR400,000 to EUR500,000, while Greece is half the price at EUR250,000, resulting in permanent residence in two to



three months. Both are in the EU and the Schengen zone.

And in Asia, there are programmes such as Thailand Elite, which Volek said is growing and taking about 150 applications a month. While Malaysia has its very successful Malaysia My Second Home (MM2H) programme.

Singapore has become increasingly popular and also tough as a residence or citizenship option. For the Singapore Global Investor Programme (GIP) the individual must prove himself as an entrepreneur, showing a good track record for the last three years. The applicant must own at least 30% of their company, which must have a turnover of at least SGD50 million in one year, and an average of SGD50 million for the last three years. If so, the individual can then invest at least SGD2.5 million to set up or expand an existing business in Singapore in order to gain permanent residence.

However, it is tough as the Economic Development Board (EDB) scrutinises the applicant's

background and the businesses also need to be in an industry that the Singapore government prioritises, such as technology, fintech or medical-related, all of which are in demand. Moreover, for later renewal, the businesses must hit certain milestones at the three- and five-year marks.

There is also the family office option, which requires the main applicant to have a personal or direct net worth of SGD400 million and then invest SGD2.5 million into establishing a single-family office in Singapore. The family office must then have SGD200 million of assets under management in Singapore in order to acquire permanent residence.

ANZ shines

Finally, Volek turned to Australia and New Zealand, which he reported both remain very popular. “Australia is still the number one destination for HNWIs to move to,” he remarked, “with investments from AUD1.5 to AUD5 million. If the applicant invests only AUD1.5 million they must physically spend two out of four

years there to become a permanent resident. “But if you have the money and you don’t have the time then you invest AUD5 million and you only have to spend 40 days a year there to get permanent residence after four years.” For New Zealand, the programme is similar, with a range of between NZD3 million requiring you spend more time, and NZD10 million with less time required.

Volek closed his talk by noting that a considerable portion of the Henley private client business is generated through relationships with private banks, independent asset managers, family offices, law firms and other advisory businesses. “We like to build and expand our relationships with the wealth management community,” Volek explained. “We have a 60-plus team in Asia and a fully global presence,” he explained. “If you have clients that are interested, feel free to introduce us to them and we can work professionally and responsibly together to educate the clients and your teams with the goal of taking your clients through to realising their end-goals.” ■

