

# Investment Migration for Asia's Wealthy Clients – A World of Choice

*Dominic Volek, Managing Partner and Head of Southeast Asia at investment migration consultancy Henley & Partners, gave a head to head interview at the Hubbis Malaysia Wealth Management Forum and later in the day, both he and his colleague Chee Mee Ho, Country Head for Malaysia, facilitated an insightful Workshop. Their topic was global investment migration, and they highlighted why and how increasing numbers of Asia's wealthy are taking up alternative citizenship and residence options around the globe.*

**H**ENLEY & PARTNERS' ACTIVITIES SPAN THE PRIVATE CLIENT 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.

“Over 20 years ago our Chairman pioneered this concept of investment migration,” Volek told delegates. “Residence and citizenship planning at the time Henley was formed was hardly known of, but today it has become an integral part of wealth management and of the planning put in place by forward-thinking families.”

“We specialise in residence and citizenship planning,” he explained. “We advise HNWIs and ultra-HNWIs on identifying and obtaining alternative citizenship, we help them to get permanent residence in other countries. The other element of our business is government advisory, where we strategically advise governments on the design, set-up and implementation of their various programmes. To date, we have helped governments raise more than USD8 billion in foreign direct investment. We are industry leaders in both the private client and government advisory sides of the business.”



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### **A global trend**

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

Volek explained Asia's HNWI's and the ultra-rich should seriously consider these options and as they will need the best professional advice, should consider Henley, as the reputed leader in this advisory business.

He noted that today Henley has a worldwide staff of over 300 in 32 offices, and with more than 60 of those in Asia. And added that the

largest number of the Asian staff are based in the Singapore regional HQ, with other regional offices in Bangkok, Kuala Lumpur, Ho Chi Minh City, Hanoi, Manila and more recently Melbourne, Australia, which the firm opened in late 2018.

### **Residence, or citizenship?**

Residence by investment is the 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 with

little to no physical presence required. 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.

In fact, Volek noted that citizenship by investment is a relatively new concept, explaining that there are only about 10 countries currently with specific legislation in place that allows an individual - as long as they pass the due diligence and anti-money laundering checks - to invest and become a citizen of that country.

Volek noted that Henley's role is to offer professional investment migration expertise, but the firm does not directly involve itself in any form of tax or legal advisory.

### Compelling reasons

There are various reasons why private clients take up one or more investment migration options. There might be political or economic problems in their home country, or simply the wish to have a 'plan B' in case of such problems emerging later on.

The motivation might also be more lifestyle-driven, perhaps due to their education plans for children or grandchildren, or even maybe for future retirement plans. And as investment migration can also cater to the whole family and even includes parents and more distant family members, the solutions on offer are rather comprehensive.

**“And we should highlight how lucky you are here in Malaysia, which also has a fantastic passport from a travel perspective, ranking number 13 in our rankings and with 176 visa-free countries listed.”**

Another core motivation for many people in Asia is the relative weakness of their passports from a travel freedom perspective. Singapore, Japan, Korea, as well as Australia and New Zealand are very high up the annual global Henley Passport Index, which measures how many countries can be visited without a prior visa for each passport. “And we should highlight how lucky you are here in Malaysia, which also has a fantastic passport from a travel perspective, ranking number 13 in our rankings and with 176 visa-free countries listed.”

But other passports in the region, including the Philippines, Bangladesh, China, Sri Lanka, Vietnam and even Thailand, are

far more limited in terms of their visa-free travel potential.

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.

### A world of choice

Some of the key programmes Henley & Partners recommends for either residence- or citizenship-by-investment, 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 and Chee Mee then launched into more in-depth detail on the programmes on offer.

In the Caribbean, the main focus for clients is really on the travel freedom offered, 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.

They explained that the programme has the main applicant and then his or her spouse can be included as well as any children below 18 years old, while dependent adult children (up to specific ages) can also be included, as well as dependent parents of the main applicant and their spouse. Grenada 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 application processing times, this takes anywhere between three and six months from the date of submission. The outcome in the Caribbean is usually that clients obtain powerful passports from these Commonwealth countries, offering visa-free 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 entrepreneur clients.

As to the types of investments, Chee Mee explained that these are often high-quality. Clients, they said, 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 an Intercontinental 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 upon

obtaining citizenship, clients need to visit the island for just five days within the first five years.

### Europe's attractions

Moving on to Europe now, the Henley team 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 just 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

identity 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 in 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 182 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 intact 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 processing times from application to actually getting the passport takes about 16 to 18 months. This includes 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 residence 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**

They 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 which came 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 spending only 60 days per year in the country itself. It offers a 12.5% flat corporate tax, with no tax on capital gains, interest, or dividends and is one of the most tax effective

jurisdictions in Europe. Adding further appeal to Cyprus is an upcoming casino development, which will be Europe’s largest casino, due to open in 2021, and owned and operated by the Macau-based owner of City of Dreams as principal.

**The new arrivals**

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 when compared with the Caribbean programmes and provides similar visa-free access to the Schengen region in addition to as Russia and Turkey.

Moldova offers visa-free travel to 119 countries 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 within just 90-days and requires a donation of

EUR100,000, plus incremental amounts 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.

**The government practice**

Aside from the private client activities, 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, and St. Kitts and Nevis. The firm entered this segment in 2000 helping St. Kitts and Nevis, which boasts the oldest programme in the world, available since 1984. Henley has also in more recent times worked with the UK on its Tier-1 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.

Henley is also currently working with the Thai Government on the Thailand Elite programme, as well as with the Republic of Moldova on its citizenship by investment programme.

### **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 typically four to five years, and if the client spends enough time there, maintains 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 Malaysia. “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 a period of 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 between EUR350,000 to EUR500,000, while Greece is half that amount at EUR250,000, resulting in permanent residence in two to three months. Both are in the EU and the Schengen zone.

### **And in Asia...**

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 but also quite challenging as a residence or citizenship option. For the Singapore Global Investor Programme (GIP) the individual must prove himself as an entrepreneur, displaying a good track record for the last three



years. The applicant must own at least 30% of a company, which must have a turnover of at least SGD50 million in the prior 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, they turned to Australia and New Zealand, both of which he reported 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.

**Key relationships in the wealth industry**

They ended 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 aim of taking your clients through to realising their end-goals.” ■

