

LUXEMBOURG Times

Business and politics in Luxembourg

No. 13 May 2018

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LUXEMBOURG TIMES^{by Luxemburger Wort}

May 2023

Picture Luxembourg with a million inhabitants – 66% more than now. Imagine what it would mean to build enough houses. Think of eight cars on the road where there are now five, or do the same exercise for passengers on rush-hour trains. See what it would mean for the country’s climate goals, which it is already struggling to meet.

Yet in 30 years’ time, the population will reach that number, according to the estimates. And that’s not all: there will also be half a million cross-border workers by then - twice the level now. Workers from abroad have made Luxembourg one of the richest countries in the world, and the Grand Duchy needs them to keep that spot. Overcrowding is the flipside. No other country in Europe is in a similar predicament; it is a uniquely Luxembourgish problem.

Prime Minister Xavier Bettel and his successors need to take drastic steps: end Luxembourg’s addiction to cars, rein in the property market, and launch an aggressive fight against poverty. An ambitious overhaul is the only way to stop the country from grinding to a halt well before 2050. But it is doubtful Luxembourg’s live-and-let-live politicians will do so. They are good at writing grand strategic plans, but not in “implementing them on the operational level”, the Fondation Idea think tank said - politely - in a recent report.

And there is an even deeper problem. With a million people, Luxembourgers will be a minority in their own country, as they already are in the capital. A minority that decides over the foreign residents who are its neighbours, and who have different interests, but who cannot make their voice heard in national elections.

It is hard to see how democracy can be sustainable that way. As the population grows exponentially, a lack of social cohesion will rapidly become clearer. And that is a more serious problem than traffic jams, polluted rivers - and Luxembourgers moving abroad because they cannot afford to live in their own country anymore.

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A new order

Moscow's invasion of Ukraine is the next chapter in a fight over control of Europe that has lasted centuries. The lethal aggression from its eastern neighbour caused Finland – which shares a 1,300 kilometer border with Russia – to join NATO, the defence pact Europe and the US struck after WWII. Long painstakingly neutral because of its proximity to Russia, the turn to the west was a profound change of heart for Helsinki. The country also decided to fence off 200 kilometer of the border. In the photo, local farmer Ari Joronen points towards the location where the wall will arise, near Imatra, roughly midway between Helsinki and St Petersburg in Russia.

Luxembourg asleep at wheel on basic cybersecurity risk

Businesses and other organisations fail to follow through on computer updates that could prevent later disaster, government centre warns

Hundreds of Luxembourg businesses and other organisations are too lazy to follow through with basic fixes to a core part of their computer networks and are leaving themselves open to serious trouble, a government-backed cybersecurity centre has warned.

Companies, communes and others running the common Microsoft Exchange servers for email and scheduling risk having their data stolen or being blackmailed by hackers simply

because they fail to update their systems when the software giant dispatches a free repair to fix shortcomings, according to the Computer Incident Center Luxembourg (CIRCL), which helps companies respond to cyberattacks.

"CIRCL invests a lot of time to assess the situation in Luxembourg and identifies the owners of the servers or the IP addresses where such unpatched servers run, and, once identified, informing the technical point of contact," the group said in a notice last week, later repeated by

financial regulator CSSF. Even then, too often defensive action isn't taken, the centre said.

"We see a lot of delay and unresponsiveness, while we also deal with compromised servers where we have notified the owners repeatedly before," the CIRCL said. Some network owners haven't updated their servers to prevent predictable disaster in almost two years, according to the centre, which is operated by the Luxembourg House of Cybersecurity, the government's effort to advance the country's digital economy.



Amazon paid no 2022 taxes in Luxembourg on €50bn revenue

E-commerce giant Amazon has again paid no taxes in 2022 on revenues of over €50 billion, marking the fifth consecutive year without a corporate tax bill in its European headquarters in Luxembourg.

Amazon EU Sarl booked a loss of over €3.3 billion and received a €937 million tax credit in 2022, according to its annual accounts posted in Luxembourg's business register in March. The company books the sales of the global firm's UK, Germany, France, Italy, Spain, Poland, Sweden and Netherlands units in the Grand Duchy.

"Corporation tax is based on profits, not revenues, and last year Amazon EU Sarl made a loss as costs increased and we invested in infrastructure across Europe – we've now invested more than €142 billion since 2010," an Amazon spokesperson told the Luxembourg Times in an emailed statement.

Fight over Brangelina wine estate put to rest temporarily



One part of the court battle for control of a Luxembourg holding company and the French wine estate which actors Brad Pitt and Angelina Jolie once owned jointly has been put to rest, for now.

Luxembourg lawyer Claude Schmartz was earlier appointed temporary administrator of the holding company Quimicum which owns the Château Miraval winery, according to a company filing in Luxembourg's business register in March.

The battle over the property, where the Hollywood couple were married in 2014, follows Jolie's 2021 sale of Nouvel, the company which held her half of the estate's ownership, to Russian businessman Yuri Shefler. Jolie filed for divorce from Pitt in 2016, but their marital separation hasn't yet been finalised.

Jolie's former stake is now owned by a subsidiary of Shefler's Luxembourg-based vodka and drinks company Stoli Group. Pitt's company, Mondo Bongo, owns the other half.

Schmartz will be in charge of Quimicum for three months, a term which can be renewed, until both parties can find a permanent solution, Pitt's lawyer, Véronique Hoffeld, told the Luxembourg Times.



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Luxembourg to keep golden visas despite EU opposition

Scheme granting residency permit in exchange for €500,000 investment poses money laundering, tax, security and corruption risks, EU says

Luxembourg will continue to issue golden visas to wealthy foreigners, the government has said, despite low numbers of applicants and pressure from the EU to abolish a scheme rich Russians may exploit to escape sanctions.

The scheme grants non-EU nationals a residence permit – the first step on the path towards possible citizenship - in exchange for investing at least €500,000 in a business in the country.

A majority of EU countries – 17 including Luxembourg - offer some form of golden visa to attract investment, despite opposition from the European Commission, which says the schemes “raise inherent security, money laundering, tax evasion and corruption risks”.

Luxembourg received just nine applications under the scheme since it was put in place in 2017, refusing two, the foreign ministry said.

Earlier this year, both Ireland and Portugal axed their golden



Ireland and Portugal this year axed their golden visa schemes

visa schemes, but Luxembourg will not be following suit anytime soon. “It is currently not a priority to end the investor residency scheme,” the ministry said.

Following Russia’s invasion of Ukraine last year, Brussels renewed its call to countries to close down the schemes, saying they were open to potential

abuse by sanctioned Russians or Belarusians trying to escape travel bans.

The Commission urged countries to halt processing of residence applications from investors of both nations, and revoke any permits already granted to sanctioned individuals and those “significantly supporting the war in Ukraine”.

EU auditors sue insurer over Luxembourg building problems

The European Court of Auditors is suing insurer Allianz over problems relating to the EU budget watchdog’s building in Kirchberg, according to a lawsuit filed with the bloc’s top court.

The so-called K3 building, a six-story glass building at the back of the ECA’s main offices, was completed in 2012 and has suffered from problems with glazing and some of the walls, according to the lawsuit, which was filed at the European Court of Justice in February.

The auditors are asking Allianz Insurance Luxembourg to pay almost €180,000 and say the insurer is in breach of contract as it should cover the costs under its civil liability insurance.

There are cracks and damage to the glazing, and plaster on the foundation wall is peeling off, the court document states.

The ECA, which verifies how the EU budget is spent, gained a new president in September when Irish citizen Tony Murphy replaced Klaus-Heiner Lehne.

The ECA and Allianz Insurance did not respond to a request for comment from the *Luxembourg Times*.

Rare bats hanging around old ArcelorMittal mines

Some of Luxembourg’s biggest and rarest bats are scouring the night skies near Bascharage looking for bugs to eat. And the Grand Duchy’s largest industrial company is claiming credit for helping the winged mammals about the size of a blackbird or small owl sleep away the cold season in peace. Steel-maker ArcelorMittal was long required to keep curious humans

out of its former iron mines in southern Luxembourg that closed 50 years ago. Mine openings used to be blocked by steel doors with two narrow slots for ventilation. But almost four years ago, ArcelorMittal responded to requests by state naturalists, replacing the doors with metal grates, which have crisscrossing horizontal and vertical metal bars - much like barriers at medieval fortress entrances. The grates allowed bats easier access to the dark and quiet stone

walls inside, which bats grip with their hind legs as they hang for months waiting for winter to pass and their food source to reappear. A check of the mines in the “Giele Botter” section of former ArcelorMittal mine-turned-nature-preserve between Bascharage and Petange found they now offer sanctuary for five species of bats, said Jan Herr, site coordinator for the country’s Nature and Forestry Administration. That included the rare greater horseshoe bat.

“The tunnel at Giele Botter is not special in the sense that this species has been located in various other old drift entries in the region,” Herr told Luxembourg Times in an email. “But it was nice to see that the [in this case voluntary] opening of a so-far inaccessible entry by [ArcelorMittal] so quickly produced positive results.” That makes it more likely that the grates will be used at still-unsecured mine tunnels, which Herr emphasised are dangerous to enter.



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The sleeping giant

Luxembourg is more diverse than its politics would suggest. Half of residents are foreign – but just one in five of those will vote.

By John Monaghan and Gabrielle Antar
Photos: Marc Wilwert



Name: Selin Özcan
Age: 23
Country of origin: Turkey



"I have received the papers for the elections.... I am waiting for my Luxtrust information. Then, I will for sure register for the elections. [I found out about the elections] through mail, [before that] I had no idea... I feel like especially for the municipality, I feel very good that I am able to vote here. The first sentence that caught my attention in the [mail was something about] wanting to change things ... but I don't think that is the [only] reason why we should vote."



Name: Louise White
Age: 45
Country of origin: Ireland



"I have not registered for the elections yet... I've heard that if you register and then don't vote, you are in some sort of legal situation. A lot of times, [...] I go back to Ireland. So, I don't want to have to be under a legal obligation. But, I have been here now for about 10 years so, I feel bad that I'm not part of the local community. I do feel that we have an obligation to try to be more involved. So, I am guilty of [...] not fulfilling that."



Name: Paula Serra
Age: 49
Country of origin: Portugal



"I was already registered. It's been a few years. [It's important] because we live here, we work here and we have the right to decide who governs us. We are still foreigners, but we live in Luxembourg... it's been years that we've been here, that we work, that we pay our taxes, and it's the others who are deciding because we didn't have the nationality."

Luxembourg has the fastest population growth in the EU

Many Luxembourgers have only had nationality for a few years



"A permanent observation we have noticed [...] is that people who have been here longer are more likely to enrol," he said in an interview.

There were almost 35,000 foreign voters at the last local elections in 2017 - less than a quarter of all who were eligible to register - according to a study by CEFIS. When this magazine went to print, just 13% of non-Luxembourgish citizens in the capital had so far registered ahead of the April 17 deadline.

That is despite Luxembourg's population growth, which expanded at more than 15 times the rate of the EU average in the decade starting in 2011, the census statistics published by Statec show, the fastest rate in the bloc.

That expansion is largely driven by immigration. Foreign nationals now account for at least one in five residents in each of the country's 102 local communes, and expats are concentrated around the capital and in the south.

In 2021, 47% of the country's residents were foreign nationals, a four percentage point increase from a decade earlier, according to census results. There were just over 341,000 people with Luxembourgish nationality in the 2021 census, compared to more than 304,000 foreign residents.

The total number of Luxembourgish residents includes those who acquired nationality in recent years, after the process became easier under a law passed in 2017. "If you had not had the new nationality law, then the population would now be 60% foreigners and 40% Luxembourgers," said Besch.

The reasons for poor registration levels for local elections are varied, Besch believes, and not just because many foreigners leave after a few years. "When all the political debates take place in Luxembourgish, that is a great barrier to participation. There are also not many debates organised at a local level between the parties and candidates in many communes," he said.



Name: Dionísia Fernandes
Age: 31
Country of origin: Guinea-Bissau.



"I will register [before] the 18 March. [I found out that I could register] because they sent me the letter. [This will be] the first time that [I register]. [It's important to participate in the elections] because I live here. I have to make choices, what [party] will be the best [for me]. It's good [that the government is pushing foreigners to vote]. Everyone's opinion matters. I think if you live in a country, you should have the right to vote and choose which [party] is good for you."



Name: Wissam El Saleh
Age: 44
Country of origin: Iraq



Has been living in Luxembourg for: 13 years

Occupation: Owner of the Green Oliver restaurant in the city

"[I found out I could register when] I got the letter at home and I started with the internet and I registered. [This is my first time voting in Luxembourg. It's important to vote] because we live in Luxembourg, we must do this. [We need to vote] because [the government] does a lot for us."



Name: Carlos Ribeiro
Age: 48
Country of origin: Portugal



Has been living in Luxembourg for: 30 years

"I am registered for the elections because someone asked me to do so. And that's it.... I don't feel like it. I don't believe in any of the politicians. None of them. It's normal [that the government is pushing foreigners to vote] but it is nothing special to me. For the moment, [nothing has been done that would change my mind. And, I have never been motivated to go vote.]

National elections aren't open for foreigners

In the capital, 70% of the people are foreigners



Foreign residents are also excluded from general elections later this year, which determine policies on crucial issues for the country such as the soaring housing prices and shortage of affordable accommodation, which is the main issue for voters, regardless of nationality, said Pascale Zaourou, from Luxembourg's Liaison Committee of Foreign Associations (CLAE).

It is hard to say what would change if foreigners suddenly turned up at the polls in large numbers. Only select groups have been able to vote in local elections in the past and it is likely foreign voters are drawn to a "candidate and the issues they have stood on", Zaourou believes, rather than a party.

This week's census showed foreigners distributed widely across the country, making up 70% of residents in Luxembourg's capital, the largest share anywhere in the country, followed by the neighbouring commune of Strassen, where 61% of residents are expats.

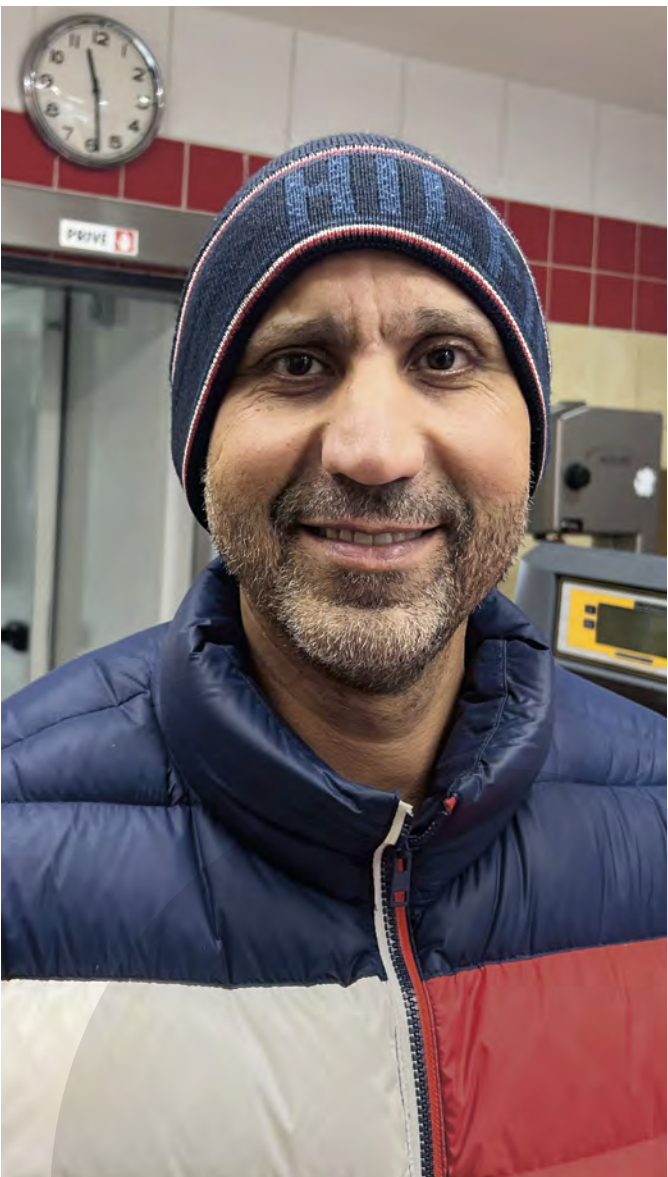
Foreigners also make up the majority – albeit a slim one - in Luxembourg suburbs, at 54% in Hesperange, 53% in Bertrange, 51% in Mamer and Walferdange, and just over 50% in Kopstal.

Away from the capital, border areas along the country's south are home to the largest numbers of foreign residents. In the country's second largest city, Esch-sur-Alzette on the French border, foreign nationals account for just under 57% of the total population, and 53% in nearby Differdange.

Expats outnumber Luxembourgers in two other council areas, Larochette – around 30km to the north of the capital – and in Vianden on the German border. There are just seven council areas where foreign nationals make up less than a quarter of the population, according to the 2021 census.



Name: Muhamed Aihi
Age: 53 year
Country of origin: Morocco, by way of Portugal



Has been living in Luxembourg for: 32 years

"Oh, I've been registered [for the elections] for quite some time. [The reason for that is that] it's our civic duty. We are citizens, so we should vote. [...] I have always voted in Luxembourg. Always, for the same reason: because it is my civic duty. It is a way to show my commitment to this country. It would be a positive thing to see all residents participate in the elections."

We built this city

It's not their fault that so many foreigners don't vote, argues Ines Kurschat. Politicians' attempts to woo them are half-hearted.

The prosperity of Luxembourg City and other communes throughout the country is the result of hard work by Luxembourgers as much as foreign residents, who make up half of the population. Just like Luxembourgers, they are people who work here, send their children to school, and pay taxes.

Foreigners contribute to Luxembourg's multicultural image in Europe - and yet have hardly any say in politics. Around two-thirds of the people in the capital do not have citizenship, and only a fraction of them vote. Decisions about the fate of the city are increasingly detached from the majority of its inhabitants. Foreigners rightly ask themselves: what does local politics have to do with me?

Foreign residents had time to register in their municipality's electoral register until 17 April for the vote on 11 June. The electoral law allows this - and as of this year, a five-year residence clause no longer applies. Nevertheless, a rush to the electoral rolls has failed to materialise, as it did in previous years. Once again, politicians are left discussing how to increase voter turnout.

But their search for the foreign vote is half-hearted. There are no nationwide campaigns targeting every household, visible on advertising pillars throughout the country. Each election year, the government dutifully holds a press conference, and updates the letzvote.lu website. Everything else stays the same. If someone has a new idea, and starts ringing doorbells to encourage foreigners to vote, they are harshly criticised. Yet democracy thrives on participation.

Turnout among the Portuguese - the largest group of foreigners in Luxembourg - is also low in their country of origin, a sociologist recently stated in the press. That's interesting, but it's not an excuse. Why are there no welcome committees from municipalities that tell newcomers about their rights (and duties) so that they feel that they count, and that they are being taken seriously? Why not register foreign citizens on the electoral roll upon arrival? Some foreigners only stay for a few years and care little about the town or village in which they live. But this is by no means true for everyone. And even if it was: where is the ambition of politicians to change this?

Each party promises greater citizen participation in their party manifestoes. They advertise with slogans like



Each party promises greater citizen participation in their party manifestoes.

“Méi no” (“closer”) or “No bei dir” (“close to you”). But in reality, the Gemengerot is a distant body, and citizens in Luxembourg's traditionally paternalistic approach to politics are hardly involved in their community, or the neighbourhoods where they live.

Does that mean foreigners just aren't interested? Hardly. Just ask for their opinion whether the local crèche is accessible, where the next playground should be built, or if they think the route to school is safe. On Facebook, newcomers share their experiences about a rigid, top-down school system, with no chances for parent participation. And even the municipal commissions for foreigners are of little help. If all they do is appear at the local neighbourhood festival but little else, foreigners in Luxembourg rightly ask themselves: Why vote?



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Luxembourg, deal hub?

Booming investor interest should bode well for private equity. But can the market in Luxembourg mature?

Luxembourg has established itself as a prime European domicile for private equity funds over the past decade and a servicing hub for the industry. European Union rules known as the Alternative Fund Managers Directive (AIFMD), which took effect in 2013, are one of the reasons for the new business. Another is Brexit, which closed the doors for the EU single market for alternative funds that the legislation created for UK asset managers.

“More than a decade ago, the presence of a private equity houses in Luxembourg amounted to holding company structures known as Special Purpose Vehicles,” said Stephan Pesch, CEO of the Luxembourg Private Equity and Venture Capital Association.

Traditionally, Luxembourg-based entities would hold a fund’s portfolio companies – the underlying investment – and take care of the administrative functions relating to these SPVs, from incorporation to liquidation, Pesch said. Meeting the so-called substance requirements – which are meant to prevent empty shells from proliferating – means holding board meetings, applying good governance and meeting all the local legal requirements.

What changed in 2013 was the EU regulatory framework that established a single market, not unlike the 1985 UCITS rules for retail funds. “The AIFMD legislation, although initially perceived as cumbersome, evolved into a more mature framework and helped us to structure the upcoming growth and strengthen the Luxembourg toolbox of fund structures,” Pesch said.

Then came Brexit, which accelerated the trend favouring Luxembourg as a private equity hub. “More and more general partners – fund sponsors – moved

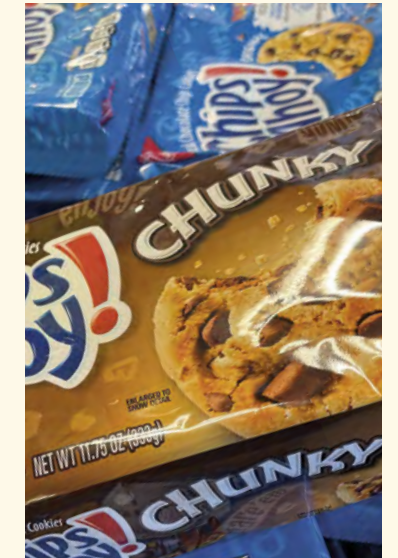


A journalistic expose about one of the biggest private equity deals ever lent the industry the “Barbarians at the Gate” moniker.

to domicile their funds in the Luxembourg jurisdiction, offering them the possibility to benefit from a European passport, which enables the fund to be marketed throughout Europe and also decided to set up their European Management company (“AIFM”) in Luxembourg.”

That also brought more senior staff to the country in functions such as risk management, valuation and compliance. “In some cases we are even seeing Chief Financial Officers (CFOs) fundraising experts and analysts relocating here,” Pesch said.

As of 2021 – no official and more recent data is currently available – the world’s 18 largest private equity firms all had a presence in Luxembourg, LPEA said, while nine of the top 12 had significantly expanded their operations in the previous couple of years. The sector – including venture capital – already accounted for thousands of jobs, and oversaw €509 billion in assets under management, the lobby organisation says.



So what about the more high-profile front-office jobs – investor relations, fundraising and even deal teams, which scout for companies to buy? Could they come to Luxembourg too? Pesch is hopeful: “We like to think that Luxembourg is seen, especially from a US perspective, as an efficient and neutral hub from which to operate in Europe. The multilingual environment and more than 30 years of experience [with retail funds] can certainly facilitate fundraising in other European countries,” he said.

But even Pesch – whose job is to promote the industry in the country – conceded that it is a big ask to lure highly qualified dealmaking staff away from bustling European capitals. “There is still a perception of Luxembourg as a “small” city,” Pesch said. “It is hard to compete with Paris, Munich, Zurich, Amsterdam, Madrid, Milan or London, especially amongst the bigger players in the industry, and there are few target companies to acquire here. If you are fundraising or brokering investment deals with target companies, you want the best international transport connections possible. “Where is that direct New York-Luxembourg flight we are still expecting?” is a comment we heard on many occasions from the biggest US players who opted for Luxembourg some years ago.

Moderately rich clients

Even if Luxembourg may never become a bustling deal-making hub, industry members see new chances in the changing composition of the private equity investor base. So far, the investors that private equity companies allow in – the so-called limited partners – have almost exclusively been institutional: pension funds, insurance companies, sovereign wealth funds, govern-

Luxembourg has become a go-to place for servicing private equity funds, who often forge ties with local private banks.

The best-known leveraged buyouts (LBOs) in history

Energy Furure Holdings (2007)	\$	458B
HCA Healthcare (2006)	\$	338
RJR Nabisco (1989)	\$	31B
Hilton Hotels (2007)	\$	26B
Alltel (2007)	\$	25B
Kinder Morgan (2006)	\$	22 B
PetSmart(2007)	\$	8.7B
Safeway (1988)	\$	4.2B
Manchester United Football (2005)	\$	0.79B
McLean Industries (1955)	\$	0.049B

ment agencies, banks, endowments, foundations and fund of funds. But the sector appears poised to attract wealth individuals and families as well, benefiting from the long-standing presence in Luxembourg of private banks and wealth managers, as well as high-end life insurers, whose tax-efficient products are targeted at the same clients.

“Wealth managers and their clients are increasingly interested in private assets,” said Pesch, who also points to the influx in recent years of private investment structures. “Family offices, have been moving here, and the trend isn’t just tax-driven. Even if these entities don’t want to create their own private funds, they are interested in new investment opportunities. It is easy to conduct business here due to the size of the country, the competitive and flexible framework, and people feel comfortable about just picking up the phone and talking to investment firms directly.” This



points to increased potential for fundraising within the Grand Duchy; leading LPEA to start a Wealth management club. “In the near future I can see more [private equity companies] organising investor sessions here in Luxembourg. Family offices are definitely a profile of interest to be nurtured,” Pesch said.

There are limits, he said, to the extent to which the industry can target retail investors, at least directly. “Most pure retail investors [may not] be comfortable with the “entry ticket” or underestimate the necessary risk assessment, the limited liquidity or complexity of a typical private equity structure. These elements require some serious training, external advice and guidance first. Some asset managers have started to experiment with new regulated products that offer a greater liquidity, for example a monthly [value calculation] and [the possibility of an] exit [...]although individuals would still need to invest a minimum of €25,000.”

In addition, financial technology is also opening up new avenues to attract less wealthy investors to private equity. “Investment platforms now exist, where an individual with for example €50,000 and upward can invest,” Pesch said. He also pointed out that, since most national pension funds in Europe hold private equity assets, it would be “logical to see Luxembourg’s Fonds de Compensation [the national pension fund] diversifying by placing a small proportion of its assets in [...] private equity investments.”

Private equity companies invest their capital in buying up companies and selling them at a profit, either in public markets or to other investors. The sector first hit public attention in 1988, with the battle for control of the US conglomerate RJR Nabisco. The largest leveraged buyout in history – eventually won by KKR - was immortalised in Barbarians at the Gate, the book by Wall Street Journal reporters Bryan Burrough and John Helyar.

“Where is that direct New York-Luxembourg flight we are still expecting”
Stephan Pesch

The bitterly contested acquisition of the food and tobacco company lent private equity a reputation for aggressive dealmaking it never has completely been able to rid itself of. Nevertheless, the sector has continuously been growing since the 1970s.

Transactions are typically agreed deals, with the industry’s targets typically mature businesses, that need capital to expand, or where the buyer sees an opportunity to create value, for example through expansion, restructuring, spinning off activities or acquiring competitors to create scale. Private equity firms will usually take a majority stake in companies through their funds. Venture capital firms by contrast usually take minority shareholdings in the companies in which they invest, which tend to be early-stage businesses, often in innovative fields such as information technology or biotech.

The private equity firm, which acts as the General Partner (“GP”) of the fund, will manage its assets on behalf of other investors, known as Limited Partners (“LPs”). The GP will usually work closely with the company’s management, providing operational expertise and guidance, as well as overseeing restructuring or refinancing. The GP receives management fees, often 2% of the fund’s assets under management, and a performance fee, known as carried interest, that is typically a 20% share of the fund’s returns. Funds usually have a lifespan of around a decade, and investments may be held for between five and seven years – less if an attractive offer allows the fund to exit earlier, sometimes longer if exits are more difficult. Apart from an initial public offering for the company, an exit may involve a sale to another company active in the field (“trade sale”), or to another private equity firm.



Private equity for the masses?

Can private equity open up for mom-and-pop investors and help Europe invest in infrastructure?

Europe is having a second go at devising workable rules to give retail investors access to sophisticated products that have long been a no-go area for them. One of the reasons is that the European Long-Term Investment Fund (ELTIF) regulation is supposed to attract money from private investors to fund much-needed infrastructure, especially for the sustainability and renewable energy transition. The ELTIF regime seeks to create a new class of investment products for retail – or at least affluent – investors, giving them access to so-called alternative assets such as private equity and hedge funds, which used to be largely the preserve of institutions such as pension funds, insurance companies and family offices.

After more than a decade of meagre interest rates paid on savings accounts and bond coupons, pressure has grown for the ‘democratisation’ of alternatives through the relaxation of rules that previously treated most non-traditional investment categories as too risky for ordinary people. That dovetails with the cloudier prospects for established national pension schemes, putting more pressure on individuals to save more for their retirement.

The fund regime was a ubiquitous topic during a conference last month organised by the Association of the Luxembourg Fund Industry. Noting that the Grand Duchy was already the domicile chosen for more than half of the ELTIFs which already exist, Finance Minister Yuriko Backes was confident that the new instruments “promise to lower the barrier for retail investment in private markets”. And John Berrigan, a senior civil servant specialising in finance at the European Commission, said the new legislation represents an important contribution to harmonize Europe’s capital markets. “The ELTIF reform is designed to mobilise retail capital while maintaining investor protection,” he said. “There have been several new ELTIFs created in recent months, and we believe the sector is set to grow

in the coming years.” The funds can benefit from investors’ greater need for active portfolio management and fund selection in a more turbulent economic and market environment, BlackRock analyst Wei Li argued at the conference.

Nevertheless, some caution is in order, not least because the ELTIF 2.0 legislation, as it is widely known, is not the EU’s first attempt to square the circle of giving retail investors access to products that require endurance – and strong nerves – as they are designed to build value over a timescale measured in decades rather than months or years. The first version of the ELTIF regime, which went live in December 2015, proved a damp squib. Asset managers and fund promoters complained that the rules governing investment were too complex and restrictive to fit their strategy and investor profile within the framework.

Under the original regime, at least 70% of an ELTIF’s asset had to consist of equity, debt or loans, shares or units in other alternative funds regulated by EU rules, and direct holdings of real assets including infrastructure, property, ships, aircraft and trains. Moreover, the legislation set its own fairly restrictive criteria for investor eligibility, discouraging managers from targeting individual investors. As a result, the funds that were launched under the ELTIF rules were still mostly aimed at professional investors.

Take two

As of April 4, the ELTIF register at the EU markets regulator ESMA contained 89 funds, of which 53 were domiciled in Luxembourg, along with 21 in France, 13 in Italy and a handful in Spain. While the regime has attracted a broad range of private market asset classes, including private equity, real estate, infrastructure and private debt, there is a consensus among industry members that the previous regime has failed to deliver on its aims.

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Still, it has also taken time for industry members to understand the regime, and for the education both of fund promoters and potential investors about its benefits, according to Silke Bernard, a partner at Linklaters Luxembourg. Bernard, arguably Luxembourg's foremost advocate of the ELTIF concept, said there are signs that momentum was gradually building behind the asset class even before the revamp of the regime, noting that the number of ELTIFs has increased by 32 over the past 18 months. She points to demand from investors, along with government measures such as the introduction in Italy of a tax incentive scheme for retail investors, which has boosted the number of ELTIFs there.

Industry members were particularly heartened by the Commission's consultation of 2021, which they say sought to identify the reasons the old regime had failed to take off, welcoming input on how its goals of giving wider access to alternative investments and boosting capital for infrastructure, could be achieved. The result is ELTIF 2.0, which received final approval from the European Parliament in February. It is due to take effect early in January next year, although Bernard pointed out that existing ELTIFs may already prepare for the new rules immediately. "Many previous barriers

to the regime's success have been removed or clarified, as well as offering easier access to retail investors while creating carve-outs for funds restricted to professional ones. On the investor side, in place of the previous complex eligibility checks, the rules are now aligned with MiFID requirements, and while investors must still take advice first, they are free to overrule the adviser's recommendation," she said.

Highlights include a more flexible approach to asset diversification. The previous 10% limit on exposure to a single investment or issuer required funds to hold at least seven separate investments, which was unsuited, for example, to infrastructure strategies that usually involve a small number of very large assets; the new ceiling of 20% is in line with existing practice throughout the private markets sector. The ability to use leverage to increase the size of investments is now also higher, at 50% of assets from 30%, and 100% for ELTIFs only marketed to professional investors. Portfolio managers can also use leverage by credit funds to increase their lending capacity, which was not possible before. The new rules also remove a minimum size of investment in assets such as property or infrastructure, increase the scope of smaller companies in which funds can invest, and ease access to securitisation.

Brussels push

So how big is the potential for ELTIFs in the coming years? The European Commission estimated that assets held by the funds amounted to as little as €2.4 billion in 2021, although the total has almost certainly increased significantly since. However, Michiel Hoo-geveen, a Dutch member of the European Parliament who coordinated the legislation, says ELTIFs could contribute as much as €100bn in additional private financing for the European economy over the next five years. Much of this is expected to be channelled through Luxembourg funds, reflecting the country's established position as Europe's leading fund domicile across both traditional and alternative asset classes.

"Many of our clients are already drafting fund documentation based on the ELTIF 2.0 rules," said Bernard. "Especially fund sponsors looking to establish funds of funds or co-investments. Some are looking to establish master-feeder structures in which the feeder fund is aimed at the retail market while the master vehicle is geared to professional investors. And some ELTIF funds of funds are at an advanced drafting stage, close to being ready for submission to the regulator for authorisation."

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Will housing prices fall?

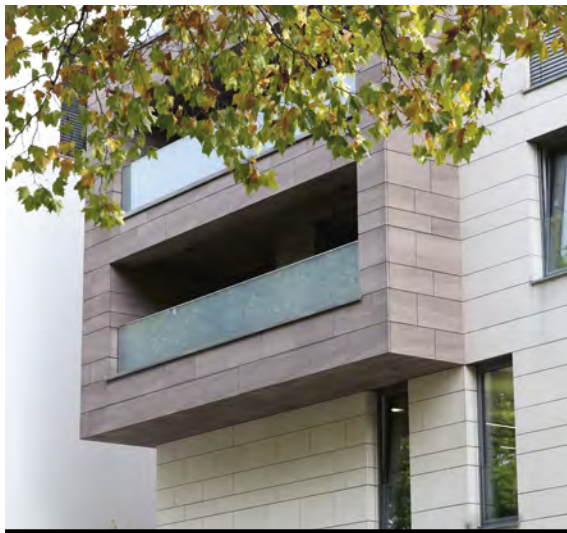
Rising interest rates, fewer sales and a potential decrease in prices are short-term issues. But the problems in Luxembourg’s market are deeper than that, Julien Licheron argues.

The latest figures from the Housing Observatory and Statec have shown a clear turning point in the residential real estate market at the end of 2022. The number of transactions slowed down significantly compared to the same period last year, across all market segments. But it is in the ‘off-plan apartment’ segment that the number of deals has fallen most dramatically. The marketing of new housing appears to be on hold, as real estate developers have become more hesitant.

As for prices, a deceleration is also visible after several years of double-digit growth. The annualized growth rate reached “only” 5.6 % in the fourth quarter of 2022. For the first time since the 2008/2009 crisis, housing prices are increasing less rapidly than inflation (6.0% over the same period). Could residential real estate prices fall in 2023? This scenario is no longer impossible. Prices are already down slightly across all segments in the 4th quarter, compared to the previous quarter. Information on real estate advertisements suggests frequent reductions in asking prices.

In any case, the market needs an adjustment to restart: the increase in interest rates at the end of 2022, which was undoubtedly faster and stronger than expected, led to a loss of purchasing power of between 15% and 25% for potential buyers, compared to the end of 2021. This weighs heavily on the demand for housing, given that prices were already very high before the interest rate surge. Whether the adjustment occurs via the number of transactions (with a deepening of the already observed drop in volume) or via prices (resulting in lower nominal prices), will depend on the duration of this “real estate crisis” and the behaviour of sellers: will individuals and developers lower their asking price, or can they wait the crisis out?

No doubt, conditions will be difficult for those involved in the Luxembourg residential real estate market this year and the next. Yet these squalls should not detract from addressing the structural challenges Luxembourg’s housing market is facing. The years 2017 to 2021 were marked by spectacular price increases, which were very homogeneous since they affected all segments (apartments and houses, existing ones as well as off-plan sales) and the entire territory. Double-digit price increases were the norm over this period, which meant households



Real estate buyers lost up to 25% of their purchasing power because of higher interest rates

were spending increasingly large proportions of their income on housing.

These price increases are fueled by the mismatch between the supply and demand. Demand, historically driven by population growth, has also been bolstered by the appetite of buy-to-let investors, sensitive to tax incentives and prospects of capital gains, with low interest rates making borrowing cheaply available. At the same time, the supply of housing remains extremely constrained because of a lack of access to land. Housing Observatory reports have shown enough land is available that is slotted for residential construction in municipal planning documents. The difficulty is to convince landowners to sell or develop the land, in the absence of a significant property tax, or of a specific tax on undeveloped land. The challenge for the next few years is therefore to find structural solutions to significantly increase the number of dwellings produced each year, to finally get out of the country’s perpetual housing shortage. Otherwise the current real estate dip will further exacerbate a Luxembourg’s more structural housing crisis.

Julien Licheron is a Research Fellow at the Luxembourg Institute of Socio-Economic Research (LISER). He holds a PhD in Economics from University of Rennes.



Julien Licheron
Research fellow
at the Luxembourg
Institute of
Socio-Economic
Research (LISER)

MVGM Luxembourg reveals its Sustainability Plan: European Regulation on ESG criteria and climate objectives



The Luxembourg property management company is committed to sustainable development by redefining its long-term investment strategies to embrace ESG criteria.

To this end, **Christian Guzmán**, Europe Sustainability Lead, took over the management of the Sustainability Area (Espace Développement Durable) in January 2022. His mission is to make the company more environmentally responsible and to help its clients meet environmental challenges.

Building the Future

Two words, but not just any words, to sum up an ambitious programme based on five pillars: implementing a NetZero plan, strengthening the partnership with customers, becoming an exemplary employer, building a community and becoming a reference in the market.

All with a common goal: to clarify what the company can do to optimise its own operations and what it can offer its customers in terms of sustainable development services.

Internally, this programme is based on concrete actions. Some are already being implemented:

- Implementation of an anti-corruption policy and training sessions for business units,
- Formalization of a Code of Ethics that defines the company’s responsibilities towards employees, customers and the market.
- Three other measures are only partially implemented yet:
- Mitigation of any negative environmental impact that may arise from business operations,
- Putting Corporate Social Responsibility at the top of the agenda,
- Organising tools and processes to respond to risks: floods, fires, technological threats...
- In addition to these first five measures, three actions are in the pipeline:
- Implementing a policy of financial savings and sustainable procurement, optimising resources,
- Communicating transparently on the objectives achieved in terms of sustainable development,
- Preparing an annual report and disclose the company’s health and safety performance.

The Value of a Dedicated International Team

In 2023, MVGM aims to become the Environmental, Social and Governance partner of its clients with a catalogue of services deployed in all countries: consultancy, technical audits, reporting and data monitoring.

By setting up a team specialised in sustainable development, MVGM has a direct impact on the energy performance of buildings. The company is committed to realistic action, helping property managers and technical teams to comply with sustainability requirements.

Last but not least, it complies with the Sustainable Development Programme adopted by the Member States of the United Nations in 2015.

Sustainability affects every person on the planet, and every company is accountable to the rest of the world for its actions. The tools to slow global warming, reduce inequalities and secure a future for the next generations are available, and it is up to everyone to make them a reality.



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PASSION FOR
PEOPLE AND
PROPERTY

Luxembourg leads in Aussie cold case

After decades of hiding their stories, new alleged victims of a serial conman spoke to the Luxembourg Times. Their stories may help police in Australia find a missing woman in a decades-old case they suspect the Belgian man knows more about.

By Yannick Lambert



Marion Barter

Gradually, the relentless scheming of the octogenarian - who used dozens of aliases during his life - were starting to become clear. More and more women said they were victims of the man currently calling himself Ric Blum, though his name at birth was the distinctly Flemish-sounding Willy Wouters. One was a cousin; another he had met through an advertisement.

Blum is now in Australia, where an inquest by a court in New South Wales (NSW) had heard him over the presumed death of Marion Barter, a teacher who disappeared on 22 June 1997. But before he moved down under, Blum - who



has admitted to having been arrested at least three times during his life - had run a business in Luxembourg. And there were more links to the Grand Duchy.

The NSW state coroner opened the inquest in 2020, after insistent probing by journalists of "The Lady Vanishes", one of Australia's most widely heard podcasts.

On the right: Immigration form indicating Marion's name as "Florabella Remakel"

Below: A card sent by Ric Blum to Charlotte's family in Bali

INCOMING PASSENGER CARD

1 Family/Surname: REMAKEL

2 Given names: FLORABELLA NATALIA MARION

3 Passport number: L5733095

4 Nationality as shown in passport: AUSTRALIAN

5 Country of birth: AUSTRALIA

6 Date of birth: Day 3 Month 10 Year 1945

7 Sex: Male Female ☒

8 Current marital status: Never married ☐ Widowed ☐ Separated but not divorced ☐ Married ☒ Divorced ☐ Common law / de facto ☐

9 Please ☒ and answer only one of A or B or C

A Migrating permanently to Australia

B Visitor or temporary entrant ☒

C Resident returning to Australia

(1) Intended length of stay in Australia: Months 8

(2) Main reason for coming to Australia: ☒ Other (specify):

(3) Country of residence: LUXEMBOURG

Bali. Cousine !

wishing you all happy Easter !

... Sommes en vacances prolongées depuis janvier dernier avec toute la famille

... Viet-Nam, Laos, Cambodge, - Thaïland - malaisie

Indonésie (Sumatra, Java, & Bali) Nous retrouvons la semaine prochaine tous les jours mais heureux d'être là

Mme & M. Michel

BELGIUM

"He told me about his life – or at least his stories of it, as we must say today. In the end, he robbed me"

Ghislaine Danlois, victim.



Ric Blum appearing at a court hearing in New South Wales

Below: Marion Barter and her ex-husband, Soccerroo star Johnny Warren



Earlier investigations into the case - with more than a whiff of Netflix's 2022 "The Tinder Swindler" film - had yielded no results.

Blum was no suspect in the case, and courts were to rule on how to proceed – and whether Barter would be declared dead - in November. But when the Luxembourg Times and Luxemburger Wort published new revelations about Blum and the women he tricked, police started digging in again.

One testimony was from a Belgian woman who came forward saying Blum had defrauded her of money and valuables in 2006. When Ghislaine Danlois, now well into her eighties, met Frederick De Hedervary, as he then called himself, he started pushing her to get married in Bali, pretending to be a bank manager in Australia. Sharing letters she had exchanged with Belgian police and photos to prove her point, she told her story in public for the first time to this newspaper.

"We met several times, and he told me about his life - or at least his sto-

Sient ganz Luxemburg

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Super LUX-POST

bauforum

Möbel und Elektrogeräte unter einem Dach

Am 15. Oktober fand in Noertzange gleich eine doppelte Eröffnungsfest statt. In ein und demselben Gebäudekomplex in der Kayler Straße feierte Herr David die Eröffnung seiner Möbelfertigungs- und Möbelverkaufshalle "Européenne du Siège" und Herr und Frau Bintz begingen die Eröffnung ihres Geschäftes "Electricité en Gros".

Fährt man von Noertzange in Richtung Kayl, so leitet wenige Meter vor der Kreuzung, wo die Straßen nach Düdelingen und Kayl sich trennen, eine schmale Straße zu den neuen Geschäften. Große Schilder weisen den Weg. Durch ein steinernes Tor führt die Zufahrt zum großangelegten Parkplatz.

Die Firma gibt 5 Jahre Garantie auf massive Holzmöbel. Die Ausstellungshalle ist täglich von 10 bis 20 Uhr geöffnet.

In der linken Hälfte des riesigen Gebäudekomplexes befindet sich das Geschäft "Electricité en Gros". Hier bieten Herr Bintz und seine Gattin u.a. Haushaltsapparate, Waschmaschinen, Küchenherde und Eisschränke an. Im Erdgeschoß befindet sich ein breitgefächertes Angebot dieser Artikel.

Ein Techniker kümmert sich schnell und ausführlich um eventuell anfallende Reparaturen und nimmt selbstverständlich auch Reparaturen an diesen Geräten vor. Desweiteren vertritt das Geschäft die Firma Ignis.

5 Jahre Garantie

In der rechten Gebäudehälfte befindet sich das Möbelgeschäft "Européenne du Siège", zu welchem ebenfalls eine kleine Möbelfertigungsfabrik gehört. In einer riesigen Halle stehen die Fertigprodukte dieser Kleinfabrik: Wohnzimmer- und Esszimmer-Sessel und Tische.

Der Kunde kann eigene Wünsche bezüglich Farbe der Bezüge und Form der Möbel äußern. Die individuelle Anfertigung eines bestimmten Stückes ist jederzeit möglich. Der Kunde hat die Auswahl unter 100 verschiedenen Stoffen. Alle gängigen

Anbau-küchen

Das 1. Stockwerk wird ab Januar als Ausstellungshalle für Anbauküchen verwendet. Die Markenfabrikate der Firma GORENJE werden ohne Zwischenhändler

Ein riesiges Angebot an Holzmöbeln

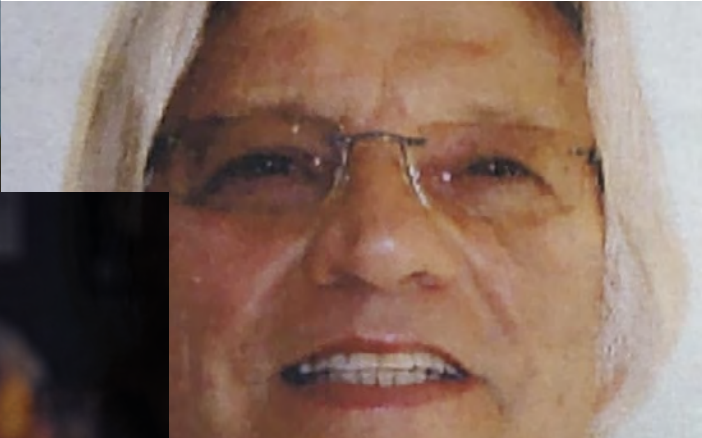
POUR VOS TRAVAUX DE SERRE

CONTACTEZ-NOUS!

Résident des neuen Wohneinrichtungszentrums.



Marion Barter, a digital sketch of how she might look now, a photo of Ric Blum his victim Ghislaine Danlois, kept, "Charlotte", another Belgian victim and Ghislaine Danlois during an interview with the Luxembourg Times (clock-wise from top left).



ries of it, as we must say today. In the end, he robbed me," said Danlois, who now lives in the south of France.

De Hedervary persuaded her to part with her money - proceeds from the sale of her house and car - saying he had set up bank accounts for her children in Australia, where he would deposit the cash in anticipation of a life together on the continent. He also urged Danlois not to tell her children.

A second Belgian woman later also told the Luxembourg Times the scammer had stolen money and valuables from her. When she became a widow, the woman - who asked not to

be named, and will go by the name of Charlotte in this story - was glad when a cousin of her late husband visited just eight months later, in February 2012. Known to Charlotte as Willy, and with the same surname as her husband, Blum wanted to "keep her company and distract her from her grief", she said in an interview in a brasserie near Tournai, the city in western Belgium where she lives.

Yet a few months later, she found herself deserted on the island of Bali. Her new-won friend had walked out on her, together with more than €125,000 in cash and jewels, she said, also publicly telling her story for the



TRANSLATION 2/

DATE	JURISDICTION	OFFENCE	SENTENCE
5. 4.65	C. Tournai	Cheque without cover	1 month 50 Fr. 5 years suspended sentence
4. 2.65	P. Brussels	Visit Certificate Motor vehicle registration infringement	35 Fr 35 Fr
25. 2.65	P. id	Traffic offence	60 Fr
22. 9.65	P. id	Unregistered vehicle	50 Fr
6.10.65	C. Charleroi	Road tax	50 Fr
6. 1.66	P. Leuven	Traffic offence	30 Fr
	C. Brussels	False documents and usage thereof Larcenies	1 month 26Fr 15yrs 8 months 100Fr suspended sentence
28. 9.65	P. Brussels	Traffic Offence	150 Fr
9. 2.66	P. Charleroi	id.	200 Fr
21.12.65	P. Brussels	Radio Licence fee	50 Fr
21. 1.66	P. id	Traffic offence	50 Fr
29. 4.66	P. id	Traffic offence	50 Fr
10. 5.66	C. id	Involuntary injuries	100 Fr
20. 6.66	C. id	Embezzlement	250 Fr
11. 2.66	P. id	Traffic offence	100 Fr
11. 2.66	P. Brussels	Traffic offence	100 Fr
30.11.66	P. Brugge	Traffic offence	26 Fr
27. 6.67	P. Brussels	Traffic offence	100 Fr
9. 5.67		Disqualified for 45 days from driving all motor-vehicles in classes A to F	
13. 2.68	P. Brussels	Traffic offence	100 Fr
24. 4.68	P. Wareme	Traffic offence	50 Fr
28. 4.69	P. Brussels	Traffic offence	50 Fr
20. 5.69	P. Brussels	Traffic offence (2)	200 Fr
17.10.69	APP Brussels	Fraud; issue of cheques without cover	6 months 50 Fr
9.12.71	C. Rouen (Fr)	Fraud; attempted fraud; breach of trust; use of false documents and false impersonation	4 years
16.11.72	C. Lille (Fr)	Concoalmnt; frauds; false impersonation	1 year 5,000 Fr (To be served concurrently with the sentence pronounced on 9.12.71 and 16.11.72)
23. 1.73	C. Lille (Fr)	Fraud	1 year 6,000 (To be served concurrently with the sentence pronounced on 9.12.71 and 16.11.72)



A chameleon of names

Ric Blum used the following names, according to the Australian inquest. Anthony Grech, Atilla Dupont, Bernard Dupont, Charles Guyon, Christopher Du Pont, Christopher Stien, Fernand Nicolas Remakel, Francis David De Hedervary, Franck Melan, Preddy David, Richard Blum, Ric Blum, Richard Lloyd West, Rick West, Willy Wouters, Wouters Willy, David Freddy, Frederick David De Hedervary, Frederick De Hedervaru, Frederick De-Haverdery, Frederique De-Haverdery, Gaetan Le Bouriscot, Guy Divio, Philippe Dint, Remy Laojoy, Rich Richard, Richard Lloyd Westbury, Rick Richard, Roger Lazoney, Roger Lauxoney, Roger Lauzoney, Willy Coppenolle, Willy David Coppenolle



Billboard highlighting an earlier reward for Marion Barter

Can you help?

Do you recognise the man in the photos? Do you remember a man named Roger Lauzoney, Ric West, Richard Lloyd Westbury, Frederick de Hedervary or Fredy David? Do you remember L'Européenne du Meuble in the commercial area in Noertzingen, on the Route de Kayl? Do you remember employees of the store? Then we would be happy to hear from you: yannick.lambert@luxtimes.lu, tom.ruedell@wort.lu.

first time. Since then, more reports about possible cases of fraud have emerged in the Australian press over recent weeks. Blum has repeatedly denied the allegations.

Charlotte's case, and the one of Danloise bear eerie similarities to that of Marion Barter, born in 1945. Just a month before disappearing, she quit her job as a teacher, and changed her name to Remakel - a common surname in Luxembourg. She did so without saying a word to her next of kin. Last seen by a neighbour, who drove her to a bus station in Southport before she left Australia via Brisbane, she may have re-entered Australia in August 1997 under the name of Florabella Remakel, stating she was married and resided in Luxem-

bourg, according to the website of Police NSW.

That was the extent of public knowledge about Barter's disappearance and possible death until recently. When Blum started testifying in February and April, he spun a narrative in which it was hard to distinguish between the likely, the possible and the patently false. The ambiguity began with Blum's identity. With a history of arrests and convictions for fraud and forgery in several countries, Blum confirmed he was born in Belgium in 1939 under the name of Willy Wouters. He had also been arrested as Roger Lauzoney - born in Casablanca, Morocco - in Luxembourg in the 1970s. At that occasion, police found him carrying a passport in the name of Frederick de Herdevary.

Blum, possibly under the name Fredy David and perhaps with his brother, opened a furniture shop called Européenne du Siège in the village of Noertzange in the south of Luxembourg in August 1980, next to an electronic shop called Electricité en Gros, the inquest brought to light. Australian journalists also uncovered an 1994 advertisement in an Australian French-language newspaper, "Le Courier Australien", from a person under the name M. F. Remakel, who is looking for a partner. Blum said it was he who put out that advertisement, according to the evidence produced in Australia.

It is not clear whether Barter responded to the advertisement, to a different one under

the same name, or if Blum answered to an ad that she may have put up herself. It is also not clear whether the two were married - which would explain the name change. An investigation by an Australian TV crew initially centered on Fernand Remakel, a former Luxembourg football player, but he later turned out to be a victim of the conman himself.

Evidence during the inquiry brought to light that Blum had adopted the Remakel name as one of his many aliases. He also said to have been romantically involved with Remakel's now ex-wife, Monique Cornelius, in the early 1980s. Blum said he met Remakel and Cornelius through the Noertzange store in the early 1980s. But Remakel has said he does not know Blum, denying any link between him and Australia whatsoever, to authorities and in the press.

Blum spent three years in Luxembourg between 1980 and 1982, more or less continuously, he told the court. The store, which declared bankruptcy on 1 December 1983, was run from Belgium by Blum's current wife, Diane de Hedervary, according to court and business register information.

A local person confirmed to this newspaper that there had been a furniture store next to an electronics shop, run by a person with the surname David. Later, he had another store in nearby Schifflange, the local person said, adding that the person running the shop was known to use more than one name. There are likely to be more Luxembourg connections.

A three-day hearing into the disappearance of Barter will resume in Australia on 31 May.



Terrace of the year

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Véhicules Utilitaires



LIVES UPTURNED: UKRAINIANS IN LUXEMBOURG, ONE YEAR ON

*After fleeing war, refugees tell of
their new battle to find a home of
their own in Luxembourg*

By John Monaghan

*More than 5,000 people found
their way from war-torn Ukraine
to Luxembourg*



Long-term support plan needed

Luxembourg needs to put in place more permanent support measures for refugees from Ukraine, an association which assists immigrant workers has said, in recognition of the likelihood that the “war will last for longer than we had originally thought”.

“For us it is fundamental that we have continuity about what will happen when the temporary protection status ends next year,” said Sérgio Ferreira from ASTI (Association de Soutien aux Travailleurs Immigrés).

In addition to the language challenges facing Ukrainian refugees, there are also hurdles in terms of recognition of diplomas. “In this case what makes the situation even more complicated is the fact that they are under temporary protection,” Ferreira said. Further government investment is needed in preparing refugees for the Luxembourg job market, Ferreira believes, citing the success of a previous ‘coach for work’ scheme, where applicants were mentored throughout the process. “It showed us that when people are accompanied, most... get a job or traineeship,” he said.



“I took my children by the hand and one backpack... I thought it would be just a few weeks and then we would go back to Ukraine”

Anna Ivanova





“When my landlord asks me what will we plant in our garden, I always say: well, next spring we hope to be in Kyiv”

Anna Ivanova

Ukrainian refugees in Luxembourg, in numbers

- **5,374** people who fled the war in Ukraine have so far obtained temporary protection status in Luxembourg, including 631 people who have since renounced it, "generally in order to leave the country", the Office national de l'accueil (ONA) said.
- **1,295** refugees from Ukraine are currently housed in 10 temporary structures hosted by the ONA.
- The arrival of people since the start of the war has "considerably decreased", according to the ONA. "In the week from 28th February to 6th March last year, **209** people arrived, compared to six people in the week of March 20th this year," the ONA said.
- Any Ukrainian refugee forced to leave their private rented accommodation can seek shelter in the ONA centres. "At any time, beneficiaries of temporary protection accommodated privately can join an ONA temporary protection accommodation structure. People can go to the first reception site in Kirchberg at any time, where they are welcomed before being relocated to a SHPT," the ONA said.

One year on from fleeing war in Ukraine and now staying with her third host family, Anastasiia Kichihina is facing another challenge of a different kind – trying to find a home of her own and build a new life in Luxembourg.

Kichihina's dilemma is an increasingly familiar one for many of the 5,000 Ukrainian refugees who left their homeland for Luxembourg in the past year.

Kichihina desperately wants to stay in the country she took eight days to reach last March, and to which she is grateful for offering her – and her 14-year-old daughter Lena – a fresh start away from the violence in Mykolaiv.

With her temporary part-time job at a school in Differdange due to end in August, and her stay with her third host family already extended beyond its initial six months, she is keen to put down roots of her own in Luxembourg. But she is struggling to see a way forward.

“When people see my job contract and salary they don't want to offer me accommodation,” said Kichihina, who was a travel agent with her own flat in Mykolaiv before the war. Most Luxembourg landlords request a permanent, full-time job from prospective tenants.

“In Luxembourg... I have safety. I prefer to stay here, my daughter wants to stay here,” Kichihina said.

Those hopes and fears are echoed by Alona Romanova, who escaped Kyiv two weeks after Russia launched its invasion. “I couldn't even imagine that the war would last more than two weeks. I thought that we would stay here two weeks, see another culture and then go back,” said Romanova, who works as a waitress in Luxembourg City's Gare area.

Arriving in the Grand Duchy without any knowledge of the country's three main languages, she adopted a novel approach to learning. “For the first two to three months I worked without communicating. Then I memorised phrases in French at work,” she said.

Romanova, along with her 9-year-old son Danil, came to Luxembourg on a bus organised by Frenchman Julien Doussot and his Ukrainian wife Tetiana, who raised funds and created an association, Slava Ukraini, to rescue refugees, assisted by the Sales-Lentz bus company.

Many of the original volunteers and host families were under the impression that the government would have stepped in to assist after one year, Doussot explained. “A refugee programme cannot be run always with volunteers. Now after one year... a lot of these people will be on the streets,” Doussot said, explaining that he is still receiving around a dozen requests for help every week, and adding that the accommodation shortage is so dire in Luxembourg he has had to put refugees in contact with volunteers in France.

“We need to have a strategy for



Anna Ivanova

the Ukrainians who are here because they will be here for a minimum of another 1-2 years. We are adding stress to their stress," Doussot said.

Like Kichihina, Romanova describes herself as "very lucky" to have a host family in Limpertsberg, Sarah and François, who have said they will continue to support her as she searches for a place of her own.

"It is very stressful," she said, adding that while she has been able to secure employment, a lot of Ukrainian refugees have not been as fortunate. Returning to reunite with family members still in Ukraine is not a realistic prospect, with no end in sight to Russia's invasion, Romanova explained.

"I don't think about it (whether to go back there). I thought it would be over af-



Top: Yuri Skobel, at the Ukrainian House in Strassen. Bottom: Sérgio Ferreira from ASTI, an association which assists immigrant workers.

a further 12 hours crossing the border into Poland on foot. "My older daughter was always crying because she didn't want to be separated from her father," she said.

Like her compatriot Romanova, she assumed her stay abroad – first in Poland, and then the Czech Republic – would be a short one. "I thought it would be just a few weeks and then we would go back to Ukraine," she said.

Helped by European clients who had frequented her salon in Kyiv, she moved on to France, where difficult discussions about their next steps ensued. "Alina (my teenage daughter) said: I want to go back home, but I told her that was impossible," Ivanova explained.

Ivanova and her daughters took a train to Luxembourg, where they were taken in by Tania and Jeannot, a host family in Grosbous. Keen to resume her pre-war career as a beautician, she won a small grant from the Luxembourg-Poland Chamber of Commerce and is currently taking steps towards opening her own salon in the Grand Duchy.

With her online business and shifts at a salon in Hamilius, she has been able to get an apartment of her own in Mamer, though she admits she dreams of the day she can return to her home in Kyiv.

"In Luxembourg I am living day by day and step by step. When my landlord here asks me what will we plant in our garden, I always say: well, next spring we hope to be in Kyiv," she said. "For now I want to stay here but I think about going back to Ukraine when the war stops. My apartment is still in Kyiv... I dream of living in the flat," Ivanova added.



ter 2 weeks and then after 6 months. There is no life there," she said. "I cannot plan my future." Before the war, Romanova worked overseeing different shops for the Ukrainian lingerie brand Anabel Arto, and said it is her eventual "dream to open a shop in Luxembourg". There are 1,295 refugees from Ukraine currently being housed in ten government centres across the country, a spokeswoman for the Office National de l'Accueil (ONA) said. Any refugee asked to leave their private housing can "at any time" seek accommodation at any one of the ten centres, the ONA spokeswoman told the Luxembourg Times.

One refugee who has been able to move out of host accommodation is Anna Ivanova, who works in a beauty salon in the city centre, and also has her own online beauty business.

Ivanova, who ran her own beauty salon in Kyiv prior to the war, made the decision to flee the Ukrainian capital with her two daughters, Arina (14) and Veronika (4), in the first fortnight of the invasion.

"I took my children by the hand and one backpack," she recalled, opting to escape on a bus run by volunteers instead of her own car, citing stories of people who were killed when Russian forces fired on their vehicles.

After a journey of more than 20 hours to the western city of Lviv, she then spent

Council house, a central hub for refugees

A council-owned house in Strassen has become a key hub for Ukrainian refugees in Luxembourg, who have been able to take classes, learn about services and meet new friends.

The Ukrainesch Haus Stroossen (Ukrainian House Strassen) has been receiving between 50 and 100 people each week, explained Yuri Skobel, who himself fled the war, and is now a manager at the house.

The commune of Strassen offered the building last year as a "meeting place for Ukrainians", said Skobel, who was a university professor for two decades before the war, and was allowed to leave Ukraine as he is the father of three children.

There are a range of activities every day at the house, including French classes, IT courses and areas for children to play. New refugees are continuing to arrive at the house, Skobel said, a year on from Russia's invasion, although some families "are going back because they have no jobs or places to live".

"Many of the problems are in finding a house or an apartment," he said, adding that refugee families with one earner were often being turned down by private landlords.

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From London to the Caymans via Luxembourg

Many Luxembourg real estate holding companies are run from the Cayman Islands, Jersey or Delaware

By Yannick Lambert and Yannick Hansen / Illustration: Eberhard Wolf

Luxembourg remains a crucial lynchpin in a network of offshore companies owning billions worth of property throughout Europe, many of which are run from exotic locations such as the Cayman Islands, where they pay little tax. A flurry of celebrities, including basketball star Magic Johnson and H&M owner Stefan Persson, own real estate worth billions in the UK through Luxembourg companies, many of which are empty shells that have no offices or staff, the Luxembourg Times reported exclusively.

A closer look at such structures reveals that many holding companies in the Grand Duchy are in turn owned by a parent company in tax havens such as the Cayman Islands, the Isle of Jersey, or the US state of Delaware.

Many vehicles owned by the same parent also engage in providing credit to each other - sometimes at double-digit rates - business register filings show, a practice tax activists say allows companies to lower their tax burden.

The Luxembourg Times looked at four different examples of such corporate structures: a vehicle owned by US real estate billionaire Barry Sternlicht, one by a trio of UK property investors, one by UK property billionaire Mark Dixon, and the company of Ivan Chrenko, Slovakia's first billionaire.

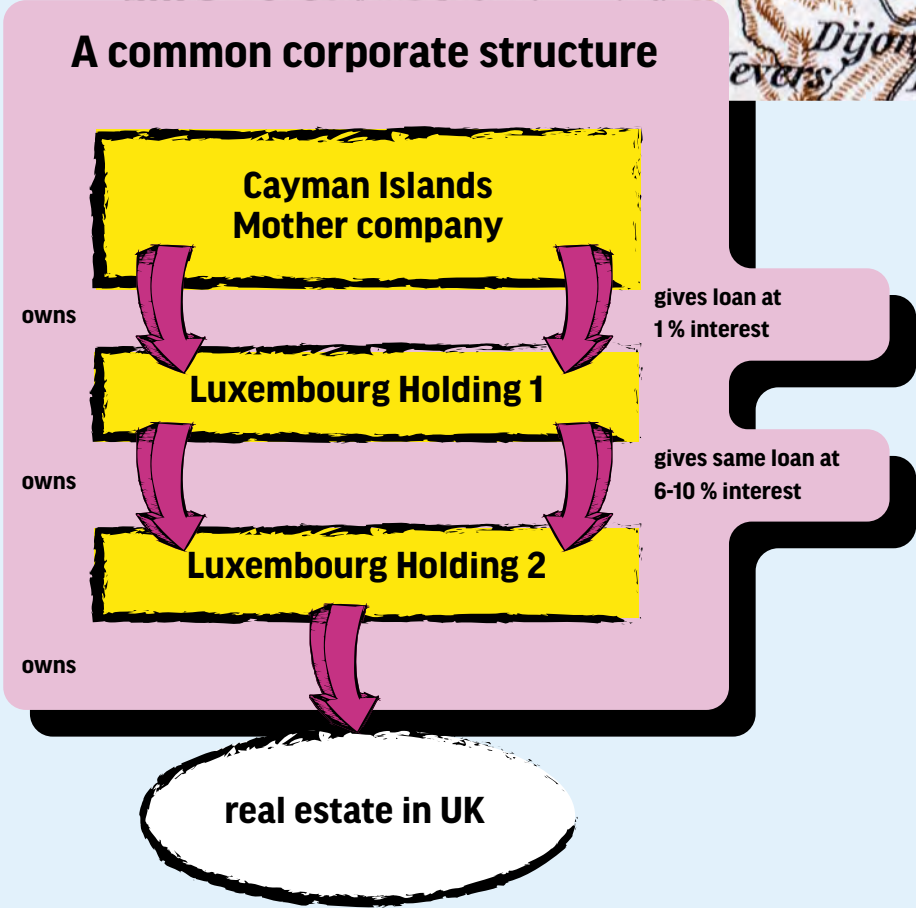
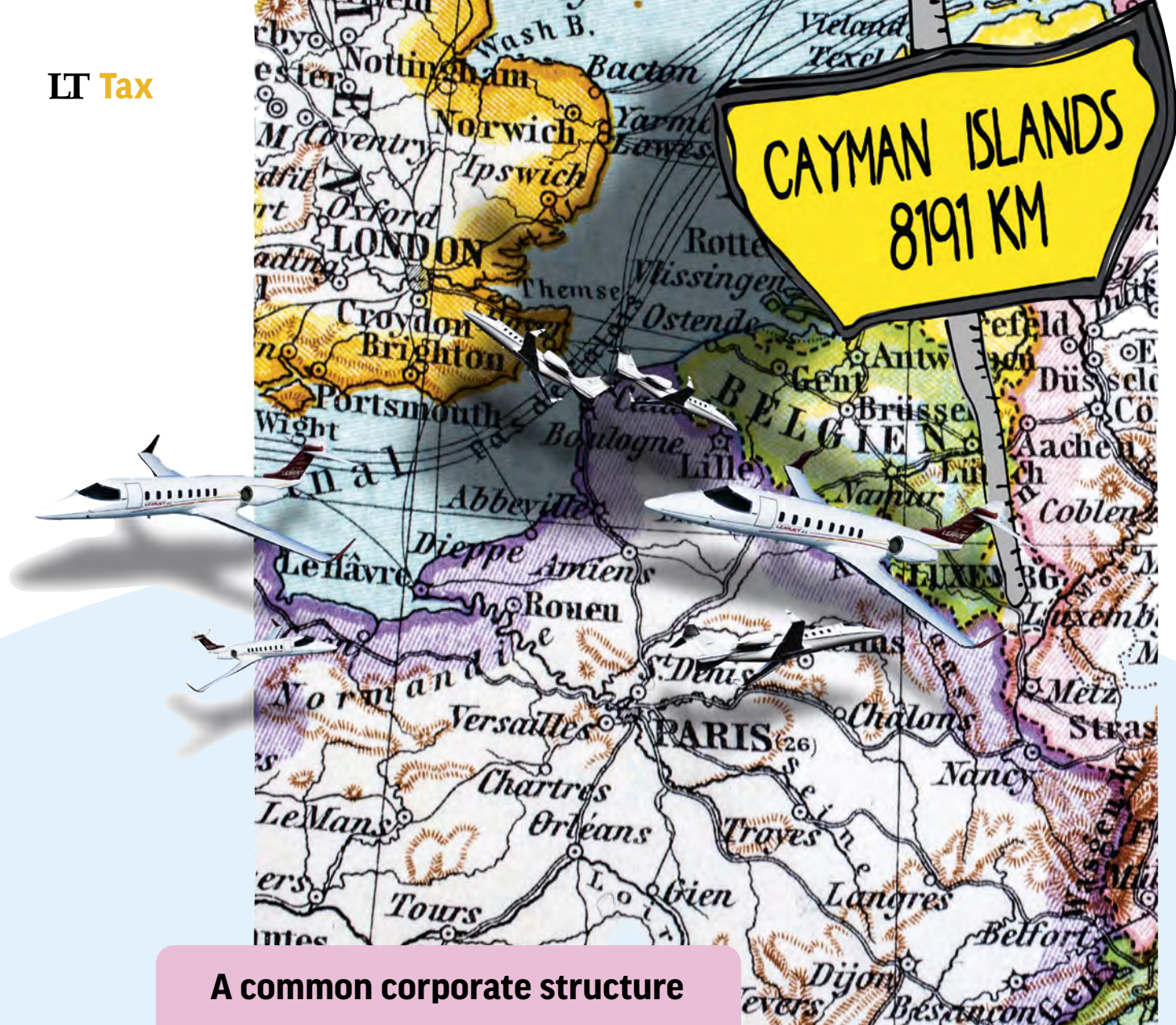
While there is no indication that any of these companies are illegally incorporated, or engaged in unlawful activities, they will be the in the scope of a new set of rules in a European Union clamp-down on tax avoidance.

The draft Unshell directive aims to strip shell companies of any tax benefits, unless they have



Barry Sternlicht

62, is an American real estate magnate and CEO of \$60bn investment fund Starwood Capital Group. His net worth is estimated at \$4.3 billion.



at least five staff, an office, and a bank account in one of the countries of the bloc. Brussels is still fine-tuning the rules, but there is little doubt the package will be in place at some stage soon.

Luxembourg is working hard behind the scenes to secure large carve-outs for its \$5 trillion fund industry, the Luxembourg Times reported last year. The country is home to the world's second-largest fund management industry, behind the US only, and the largest in Europe.

Barry Sternlicht, an American who made his estimated \$4.3 billion fortune buying and selling real estate, is at the centre of one Luxembourg structure. His SOF-10 Bourne Propco - listed as owning UK property - contains some 75 entities with similar names, with some investing in assets beyond the UK.

The Propco, which holds 60 million pounds of land and buildings in the UK, is in turn owned by a company called SOF-X International Holdings, based in Wilmington, Delaware - a US state known for its low taxes. The Delaware entity is also the "ultimate parent" of several other holdings Sternlicht owns through Luxembourg.

The Propco received several intercompany loans. One came from an entity called SOF-10 Student Housing UK SARL - also ultimately owned by the Delaware entity. The loan stood at just below 8 million pounds in 2021, at an interest rate of 10%. Another company of the network - SOF-10 Think Lux - reported financial assets of close to €112 million in 2020, and gave out the same amount in loans to "affiliated entities" in which it owned shares that year.

According to filings in the Delaware business register, SOF-X International Holdings paid a total tax of just \$300 in 2022.

In Luxembourg, holding companies pay 0.5% of assets in an annual wealth tax, and another 0.05% on assets over €500 million. While that is a low rate, their vast number makes them the single-biggest corporate taxpayers, responsible for 28% of all corporate income taxes in Luxembourg. Nominally they are also subject to corporate income tax, but there are significant carve outs.

The Luxembourg Times did not establish what the filings of the companies under the Propco reported on taxes. The 2020 accounts for SOF-10 Think Lux showed that Luxembourg tax authorities owed the company money.

Sternlicht did not respond to a request for comment.

Professional investors are far from the only ones who have flocked to the Grand Duchy. US basketball star Earvin "Magic" Johnson is among a group of VIPs who hold real estate through the country, as is H&M billionaire Stefan Persson, the son-in-law of a former

Earvin "Magic" Johnson
won 5 NBA titles with the Los Angeles Lakers. Off the court, he became a successful investor and activist.

Mark Dixon
63, is a British Monaco-based billionaire and CEO and founder of office rental empire IWG. His net worth is estimated at £1.4 billion.

Ivan Chrenko
is the majority owner of Luxembourg-based real estate developer HB Reavis. He is Slovakia's first billionaire.

Kazakh president, the ultra-rich widow of a former Moscow mayor, an investor known as the "Warren Buffett of Shanghai", and one of the world's foremost diamond traders.

These six individuals alone jointly have stakes in Luxembourg companies holding at least 1.3 billion pounds worth of property, most of it in the UK. The Luxembourg Times was able to establish searching hundreds of filings in the UK's brand new overseas entities register, as well as the beneficial ownership register in Luxembourg.

The fact that this newspaper could identify individual owners makes their ownership structures an exception, given that more than 75% of the over 800 Luxembourg companies owning real estate in the United Kingdom did not disclose their beneficial owners, or listed their managers instead.

That could indicate those companies are owned by a fund, Thierry Lesage, tax partner at law firm Arendt & Medernach said in an interview. "Having the fund in Luxembourg, the master holding company [...] - and the various [special purpose vehicles] managed under the same roof, greatly facilitates the management of the corporate administration", Lesage said. "That is why it is a very widespread, common model," he added.

Another corporate spider web belongs to a trio of UK-based property investors: Christian Jamison,

Robert Savage and Jeffrey Kelter, who run the London-based firm Valor Real Estate Partners. The sprawling network includes dozens of holding companies in Luxembourg, eight of which appear in the UK overseas entities register. Of these, two are owned by two Luxembourg entities that list a company based in the Cayman Islands as their parent entity.

Six of the holding companies in Luxembourg are called "Valor Lux Holding", each of which had granted a loan at 6.5% in or before 2021 to a Luxembourg-based subsidiary owning real estate. Each Valor Lux Holding in turn had received a loan at just 1% from the Cayman entity.

"Real estate income and gains are taxed where relevant in accordance with applicable law and we retain legal and professional advisors to ensure that this is the case," Valor said. "Luxembourg is an effective jurisdiction due to its administrative excellence, rule of law and deep pool of advisory talent."

UK billionaire Mark Dixon, who runs global office buildings empire IWG, is equally present in Luxembourg, where he is listed as the part-owner of 10 companies holding real estate in the United Kingdom.


IWG Group Holdings sarl, in which he has a 28% stake, made close to 3 billion pounds in revenues in 2021 from stakes in over 500 subsidiaries, which include Luxembourg's airport, according to the business register.

It sent a 3.68 billion pound dividend to its shareholders that year, filings showed. IWG Group Holdings' parent company is registered in Jersey, a jurisdiction that is home to over 4,700 entities holding real estate in the UK, according to Companies House. The Luxembourg holding paid just €10,000 in taxes in 2021, according to its filings in the business register. IWG group did not respond to a request for comment.

In rare cases, the parent company is in Luxembourg. That is the case with HB Reavis, the real estate company of Slovak billionaire Ivan Chrenko.


The holding company, HB Reavis Holding SA, held more than €1.6 billion in assets in 2021, almost all in the form of shares in "affiliated undertakings" in the UK, Cyprus, the Netherlands, and in Delaware.

One entity, THIRTYFIVE House SARL, which held more than 100 million pounds in property assets, including some under construction, in 2021, "entered into loan agreements" with HBR Financing, based in Cyprus, with an interest rate at 5.13% for an amount of up to 175 million British pounds and an interest rate of 14.63% for a second loan for up to 73 million British pounds. The main holding company paid €6,000 in tax in Luxembourg in 2020, and was owed around €5,000 by the tax authorities in 2021. The company did not respond to a request for comment.



Stefan Persson

75, is the son of the H&M founder Erling Persson. His shares in the clothing empire bag him a net worth of \$21 billion.



Timur Kulibayev

56, is the son-in-law of Kazakhstan's long-time autocratic ruler Nursultan Nazarbayev. His net worth is estimated at \$3.7 billion.

The Luxembourg Times could not verify why the companies it identified had issued the intercompany loans, but such credit granted between entities in a corporate network are a recurring feature of tax avoidance, Christoph Trautvetter, a researcher at the Tax Justice Network, said in an interview.

"The parent company owns a company which owns the real estate, and then there is a second company owned by the parent company, which gives the loan to the first one", Trautvetter said. The loans often bear interest well above market rates, to lower the taxable income of the holding company.

The loans are so popular because it is difficult for the tax authorities to prove in court that they were issued at inflated rates and violate the so-called arm's length principle, a measure to ensure related entities treat each other like any other third-party company, Trautvetter said.

"(...) Intercompany loans need to be conform with the rules regarding transfer pricing. Interests owned by a company in Luxembourg are not tax-free but flow into its taxable base in Luxembourg," the finance ministry said when asked for comment.

Companies in Luxembourg are barred from sending income to tax havens that are on the EU blacklist, which currently spans just 12 jurisdictions. The list does not include the Caymans, Jersey or the United States - or anywhere in the EU.

Tax litigation in Luxembourg: increasingly varied and relevant

Pierre-Antoine Klethi and Peter Moons

“Settle with your opponent quickly while on the way to court. Otherwise, your opponent will hand you over to the judge [...].”
This approach, recommended in the Gospel according to Matthew, seems in line with the tax ruling practice for Luxembourg companies at the beginning of this century. But this situation has changed: for Luxembourg companies, tax litigation cases have multiplied, covering a varied range of challenging topics.

An increasing variety of key tax litigation topics

Over the past years, a number of cases have dealt with the *appel en garantie* – when managers are asked to pay taxes that their company failed to pay. Another big topic is the exchange of information on taxpayers between different countries: some of these cases made it up to the Court of Justice of the European Union, often seeking less information being exchanged, trying to fend off what can amount to a fishing expedition by a foreign tax administration.

For companies operating in Luxembourg, based on recent tax audits, we can anticipate that 2023 will bring cases addressing the way companies deal with related parties (transfer pricing), the debt v. equity qualification of financial instruments, the application of certain tax exemptions (e.g., for foreign branches) and abuse of law.

Why resort to tax litigation?

The number of tax litigation cases is growing each year. At the level of the administrative court, tax cases represented 20% of the overall number of judgments issued in 2020/21. During 2022, the administrative jurisdictions issued for the first time over 200 tax related judgments.

Furthermore our experience indicates that cases where a high amount of tax is at stake arise with increasing regularity, and in some cases the taxpayer challenges tax liabilities with 8- or 9-digit figures.

Finally, and importantly, the courts can provide key guidance to companies and their advisers when legislation is insufficiently clear. Recent case law on the tax treatment of share class redemptions and the tax qualification of certain financial instruments are just two examples.



Pierre-Antoine Klethi, senior associate and Peter Moons, partner, lead the tax controversy team of Loyens & Loeff Luxembourg

Challenges and alternatives

Going to court is not without its challenges. The main one that comes to mind is the ever-increasing time tax proceedings take to complete. Tax authorities seem to rarely deal with objections within the minimum 6-month period, and the administrative tribunal is overwhelmed by the volume of new cases. As a result, tax proceedings easily take around 2 years at tribunal level.

Taxpayers and their counsels could help by doing their homework and avoiding introducing requests that are likely to be inadmissible (around 25% of cases judged in January 2023). Both taxpayers and the tax authorities could also improve their assessment of cases, as quite some cases seem to have a predictable outcome.

Another potential solution to relieve the administrative tribunal might be exploring an intermediate jurisdiction that involves professionals of the tax authorities and advisers alongside a professional judge (like the *prud'hommes* in France for labour law litigation). Mediation might also be considered to resolve tax disputes.

Wary buyers, booming rents

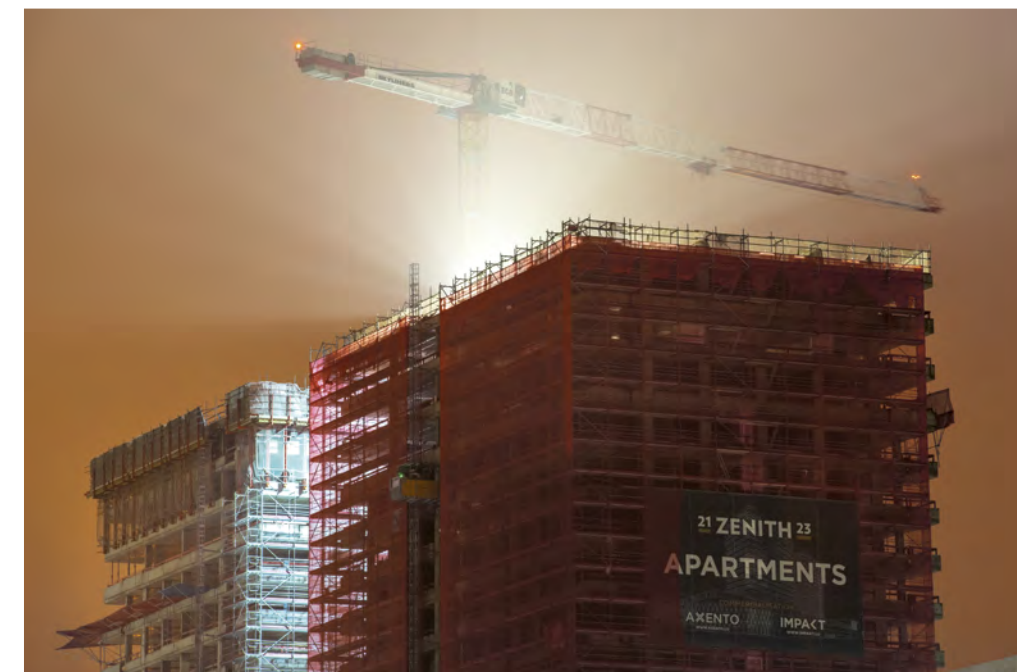
Think renting is a cheap option in Luxembourg's overheated housing market? Not any more. Mortgage rates are rising, and more and more people are opting out of buying a home. That means demand for renting is up – and so are prices.

By Heledd Pritchard
Photos: Eberhard Wolf





“I don’t expect the market to restart in 2023, mainly because of high interest rates” – Julien Licheron



Investors are no longer interested in buying new-build flats, fearing that interest rates may go up even further.

Rents in Luxembourg could soar over the coming months as tenants battle over the dwindling number of rental properties on the market, adding to the country’s struggle to attract workers and businesses.

Luxembourg’s notorious property shortage has seen prices increase by double digits over the past five years, but the market is now starting to cool. High mortgage interest rates and rising costs of living mean people are shying away from buying a home and are looking to rent instead.

“There has been a boom on the rental side and the problem is the lack of stock,” said Robby Cluyssens, residential director at real estate agency JLL. “I fear that rents will increase considerably. It will reach a level that’s too high. It could be the same problem as we saw for buying in the past years.”

The cost of buying a property jumped by 17% in 2020 alone and prices grew by an average of 11.4% in each year between 2017 and 2021. Now, housing prices are set to drop 2.3% over the year, Luxembourg’s national statistics office said.

Variable mortgage rates stood at 2.6% on average at the end of last year - up by 1.2 percentage points year-on-year - while fixed rates for property loans were at 3.5% - up by 2.1 percentage points, data from Statec showed. Banks

also provided fewer mortgages in January, central bank data found.

“I don’t expect [the market] to restart in 2023, mainly because of high interest rates,” said Julien Licheron, a real estate researcher at the Luxembourg Institute of Socio-Economic Research (LISER).

“People have lost at least 20% to 25% of purchasing power because of the rate increase alone, and this has a direct impact on the demand. We are already seeing quite a substantial increase in rents.”

Investors – who are often landlords – are also wary of the current uncertainties, and without investors buying to rent, the shortage will get worse, Cluyssens said. “The risk, in a few months, is that new housing supply will decrease and rents



Price per square metre for rental flats (2021-2022)

Area	Rental price per sqm in €
Leudelange	43.35
Mondercange	38.12
Luxembourg City	36.80
Sandweiler	35.83
Esch-sur-Alzette	34.14
Mamer	33.50

Source: Housing Ministry and Observatoire de l'Habitat

Price per square metre for rental flats in areas of the capital (2021-2022)

Area of Luxembourg City	Rental price per sqm in €
Neudorf	43.93
Bonnevoie	41.82
Rollingergrund	41.50
Eich	41.34
Dommeldange	40.99
Gasperich	39.13

Source: Housing Ministry and Observatoire de l'Habitat

are at risk of going up,” said Jean-Nicolas Montrieux at Inowai. “In order to have more flats available on the rental market we need investors and now they are not buying because of the interest rates and the uncertainties."

“The market changed brutally last year, there is more and more demand for rental properties and there are more applicants per property. Landlords have a choice of tenants, so we are in the same situation as in big cities like Paris, where there is a long queue,” Montrieux said.

People are increasingly looking outside Luxembourg City to save money and those areas are running out of stock, Cluyssen added. In Differdange, for example, there

are no more two-bedroom flats available and prices in the area have increased from €18 per square metre last year to €22 per square metre this year, he said. In the capital, there is very little on offer for families, and prices are going through the roof, he added.

The worsening of the housing squeeze could jeopardise Luxembourg’s attractiveness,



both agents said. “The main threat for the Luxembourg economy now is that companies are having difficulties to recruit and this could also have an impact on companies’ decision to expand to Luxembourg,” said Montrieux.

If workers cannot afford to live in the country - or fail to find accommodation at all - companies will think twice about setting up shop in Luxembourg, he said.

“People will compare cities and because there is no housing available and because of prices it could be less attractive,” Montrieux added. “It’s a question of competitiveness.”

Luxembourg is already struggling to attract and retain workers, mainly due to its expensive housing. Many companies are short-staffed and often have to look further afield as they grapple to fill vacancies for key sectors such as banking and tech, recruiters have previously said.

At the end of last year, the country slipped down in the annual World Talent Ranking for its attractiveness and its ability to lure staff and make them want to stay. And Luxembourg must develop job seekers' skills to match the ever-evolving market, a separate report published by the OECD in February showed.

The Luxembourg government has tabled proposals to levy taxes on unoccupied housing and vacant land in a bid to urge people to rent out or sell the property and make more land available to build new units. The policies are not intended to lower property prices in Luxembourg as the country cannot afford a recession, Housing Minister Henri Kox previously said.

“This year is a big question mark,” said Licheron. “Either we have very few transactions so prices won’t really decrease, like we saw in 2008 and 2009, or sellers will feel obliged to lower the price.”

Transferring your business? Here’s how



Johny Basher, Business Transfer Division of the Corporate Banking Department at Spuerkeess

Dedicated business transfer support

Spuerkeess gives specialised guidance to entrepreneurs who are transferring ownership of their companies to others. The bank has a team dedicated solely to supporting clients through this challenging process, explained Johny Basher, a member of the Business Transfer Division of the Corporate Banking Department.

All banks offer some form of business transfer guidance to their clients who are planning to retire or seek a new challenge. Normally, this is handled by relationship managers who also work on every other aspect of a client's business. What is special at Spuerkeess is the dedicated team which focuses uniquely on this often complex process, guiding clients from start to finish.

Complete attention

“Our complete attention is given to working with clients over the period during which they transfer their SMEs to a new owner, a process which can last up to two years. This often requires single-minded focus,” said Mr Basher, because sufficient time and expertise must be committed to each unique circumstance. However, he points out that the Business Transfer team are advisors but not consultants. For specialist help with tax, legal, strategy, human resources, etc, Spuerkeess can recommend trusted external partners.

The bank does, of course, offer help with financing. The Business Transfer Division generally sees transactions valued at between €1m and €30m, which require the purchaser to have anything up to 40% in own funds. “We help structure transactions, including using specially designed funding products which complement entrepreneurs’ existing own funds,” said Mr Basher. “We discuss this on a case-by-case basis with our customers; conversations which also feature a committee of selected retired entrepreneurs.”

Building on success

Spuerkeess is keen to encourage women and all would-be entrepreneurs to consider taking over existing businesses. Unlike a start-up, a going-concern already has a reputation, a business plan, experienced staff, loyal customers, supply chains and demonstrated resilience, all of which can be built upon.

“Given these foundations there is less risk than when starting a new company, where business leaders must often learn by doing,” said Mr Basher. The purchaser will add their personal outlook and fresh entrepreneurial flair to this structure. Academic studies and business experience shows that bringing a new outlook – particularly from a female perspective – adds to the innovative potential. “Spuerkeess, via its Business Transfer Division, supports all entrepreneurs – regardless of their background – throughout the journey of taking over a company,” he added.

Cultural fit

Moreover, there are numerous opportunities. There are more than 30,000 SMEs in Luxembourg, and many are family owned and managed by people nearing retirement age. “These businesses are an important part of the national economy, contributing growth, innovation and employment thanks to the dynamic entrepreneurial spirit of their owners,” said Mr Basher.

A takeover can be managed in six months, but ideally from the seller’s point of view, at least a couple of years are recommended for the whole process. It is important that when an owner/manager is considering retirement they find a purchaser for their business who shares their values. “This can be an emotional time for owners who have given so much to their company, its staff and customers. It is best to take time to plan, and the Business Transfer Division can help at every stage of this journey,” said Mr Basher.

To find out more about the specialist business transfer support available at Spuerkeess, please contact johny.basher@spuerkeess.lu.



Your Bridge to Life

By Sarita Rao

A guide to donating blood

Blood for transfusions is in high demand and the Red Cross is always looking for donors. The country's small population means it relies on registered donors to give blood regularly.

When you donate your blood, it is usable for 42 days, and plasma can be stored for three years. Every 500ml of blood given can help up to three patients in need of transfusion during surgery.

To give blood, you must be aged 18 to 60 years, weigh more than 50 kilos and be in a healthy condition. First-time donors must register at the main Blood Transfusion Centre at 42 Boulevard Joseph II. When you attend, you need to bring your ID card or passport and the 13-digit identification number you received when registering in Luxembourg.

Your blood will be analysed to prevent transmission of a viruses, bacteria, parasites, or antibodies to the recipient, and you will also have an appointment with a doctor to ensure there is no risk to you. You should eat normally, stay hydrated, and avoid sports and the sauna on the day of your appointment.

Once you've registered as a blood donor, you can give blood every 3-4 months at collection points in Clervaux, Colpach, Differdange, Dudelange, Ettelbruck, Esch-Belval, Grevenmacher and Wiltz.

You might be asked to wait if you've had a tattoo, visited a tropical malaria region, or have recently given birth.



Open air pools for summer

By Sarita Rao

When summer temperatures soar, there is nothing better than a dip in an outdoor pool. Luckily there are several dotted around the Grand Duchy open from May to September. Bermuda-style shorts are not always allowed, so check entry rules on a pool's website before setting off.

Set in beautiful greenery right by the Moselle River, the **Grevenmacher** open air pool is several conjoined pools with a small slide, diving board, and separate paddling pool for younger children. If you go two hours before closing, tickets are half-price. The **Remich** outdoor pool has lane swimming, diving boards, and a small water slide. Set in a park, you can install yourself under a shady tree and there is a small shop.

In the south, **Dudelange's** outdoor pool was refurbished last year and has two large basins, one with a slide, and two smaller splash paddling pools, plus a snack area, all set in a shady green park complete with a beach volleyball

court. **Aquasud Oberkorn** is spread over 2000sqm of sandy beach and green spaces with two pools. There is a water slide, an aquatic play area and several water features.

If you want a club tropicana feel, head to the **Hesper Beach Club** which opens in June. Part of the park restaurant in Hesperange, you can tuck into some barbequed food after your swim. In Strassen, Les Thermes has a huge garden complex complete with sun loungers, and a place to buy ice-cream, soft drinks and pizza. The indoor pool has a wave machine and toboggan slides.

Reidener Schwemm in Redange has an outdoor pool with wave ball, and a bubble bench for neck and back massages. There's an extreme speed water slide for added fun, and a brasserie offers drinks and snacks. **Syrdall Schwemm** in Niederanven is not big, but has a nice green setting with sun loungers. Slides and diving boards are available at the indoor pool.

At the time of writing, Piko in Redange, and the Vianden open air pool, were closed for refurbishment.



Unfortunately, those who lived in the UK at any point between 1980 and 1996 for a period of 12 months or more, cannot donate blood due to international rules relating to mad cow disease.

LUXEMBOURG TIMES
EXPAT HUB

Artisan ice cream parlours

Hooray, at last it is ice cream season! If you fancy an artisan scoop, you can try these ice cream parlours that use local and organic ingredients, and secret recipes from the gelateria vaults of Venice, Bologna and Florence.

Bargello – Place de Paris

People walk out of their way for this Florentine family-made ice cream. Whilst melon is one of their popular flavours, all the sorbets are gluten-free and vegan, and you can try something different such as kiwi with mint. Vegans can also tuck into almond and peanut butter flavours. For something luxuriant, try the ricotta and dark chocolate sorbet or lavender and blueberry cheesecake. If you insist on counting calories, then they have frozen yoghurt too.

NICE – avenue du X Septembre

Four Luxembourg friends with a passion for ice cream opened this modern-design ice cream parlour near Merl Park. They use natural fresh ingredients and have a daily vegan flavour on offer. Try peach and lavender, or grapefruit with rosemary, vegan-friendly and lactose-free sorbets. The ice cream cakes and tarts combine flavours and you can wash it all down with some freshly roasted coffee.

Bonomaria – rue Wurth-Paquet

Also near Merl park this ice cream parlour doesn't use artificial sweetener. You can try their ice cream cakes or filled chocolates, or stick to a scoop of vegan hazelnut, mango, aperol spritz, and lemon basil. Locally produced milk, seasonal fruit and Belgian chocolate are amongst the ingredients. You will also find them in Bertrange.

Amorino – Cloche d'Or shopping centre

The perfect respite from some retail therapy, beautifully scooped into rose petals sprouting from your cone. Try tiramisu, salted caramel, passion fruit or lime and basil. No artificial colours or flavours, and plenty of choice for vegans or those who prefer gluten-free.

LUXEMBOURG TIMES
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Family bicycle paths

There is nothing like some exercise in the fresh air, surrounded by natural



LUXEMBOURG TIMES
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New direct flight destinations

If you are planning a city break or short holiday, you can now fly direct to Chania, Izmir, Pescara, Prague and Split from Findel airport.

There are four flights a week to the Czech city of Prague from April to October, taking about 1 hour 25 minutes. In the winter months you can still visit, with flights on a Friday and Monday. Prague is a fairy-tale city, with a 9th century castle complex complete with crown jewels. You can visit the KGB museum filled with Soviet-era memorabilia, or one dedicated to writer Franz Kafka, take a stroll across the medieval Charles Bridge, and visit the Jewish quarter. Catch some of Mucha's Art Nouveau works, or a performance of Dvořák's compositions, and try some famous goulash.

There are flights on a Friday and Monday from March to October to Italy's coastal town Pescara, taking two hours and 15 minutes. Visit the Pineta Dannunziana nature reserve, and catch a sunset from the Ponte del Mare, shaped like a giant sail, before wandering past the traditional fishing huts on stilts to the Corso Umberto pedestrian area, the perfect spot for a glass of Italian wine.

From April to October, you can reach Split, Croatia's second largest city, in two-and-a-half hours. Founded by the Greeks, settled by the Romans and once part of the Venetian empire, it is a UNESCO World Heritage Site. Visit the oldest cathedral in the world to get fantastic views from the belltower, or the maze of cobbled streets in the old town filled with cafes.

Take a direct route to the famous Roman ruins at Ephesus, via Izmir in Turkey, just three hours away on a weekly flight from April to October. The UNESCO listed ancient city contains the well-preserved remains of Hellenistic and Roman settlements including the Library of Celsus and the Temple of Artemis, considered one of the seven wonders of the world. Visit the old bazaar Kemeralti in Izmir for some traditional Turkish cuisine.

From mid-May you can be on the northwest Cretan town of Chania on a Friday in three hours and 15 minutes. A 14th century Venetian harbour with narrow streets and colourful houses set around a harbour, it's the perfect spot for lunch. Afterwards, you can visit the Nautical Museum, the Firkas Fortress, or the Archaeological Museum filled with Minoan and Roman artefacts including coins, sculptures, and floor mosaics. Alternatively, kick back and relax on the beach at Balos.



LUXEMBOURG TIMES
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Fancy a family afternoon at the playground?

Luxembourg has some lovely children's playgrounds, ideal for a family picnic, a birthday celebration or just a chance to run off some steam and enjoy

the sunshine. We've picked three in the city to try out.

Pirate-themed park

Close to the old town on Avenue Monterey, the pirate-themed park had a makeover and reopened last year with a brand new ship to climb and explore, and soft flooring. The summer draw for families is the water play areas, so remember to bring swimsuits or a change of clothes.



New wine bars in town

By Sarita Rao

Popular with yuppies in the 1980s, the wine bar is making a comeback, but this time with a nod to the biodynamic and organic wines. Here are three very different ones in the city to check out.

In the heart of the old town on rue des Capucins near the theatre, you'll find Glou, which serves natural wines grown without pesticides. A small, intimate place, it stocks French, Italian, Spanish and German wines, and has some 20 Luxembourgish offerings. Biodynamic wines are lower in calories and less likely to give you a hangover because they don't contain any chemicals. You can sample by the glass accompanied by a cheese platter.

Wine Not is the latest adventure from Cocottes, which has successfully opened up several branches selling vegan, vegetarian, lactose- and glucose-free dishes. Located at Place Joseph Thorn in Merl, the wine bar has a nice summer terrace for supping, whilst inside the simple wooden benches, stools and cushions give it a laid-back feel. Food is paired with wine, and you can tuck into a cheese platter with a recommended glass of Côte du Rhône, or some local goat's cheese on toast with a Luxembourgish Riesling.

Champagne and wine can be found at Flûte Alors on the Grand Rue – a perfect pitstop after shopping. You'll find rarer wines and bubbles on the menu, but you can also pick up a flute of champagne at a reasonable price and tuck into sharing platters of oysters, caviar or foie gras.

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Kids can climb the rigging, take a tube slide, or ride a tyre swing. There is a kiosk selling ice creams and drinks from May to October.

Airport-themed park

With its own check-in, departure and arrivals area, and wooden plane, surrounded by a sandpit area, kids can play at being pilot whilst the real ones fly overhead from the nearby Findel airport. Located at Op der Heed, the only drawback is there is no shade, so bring a parasol or sun cream if it's a hot day.

Farm-themed park

Luxembourg has plenty of real farms, but for something a little less odorous, head to Rue Abbé Francois Lascombes in Gasperich and this park complete with a wooden tractor, a play barn, pigsty and a wooden cow. The park has picnic tables and football goal posts too, and there is a nearby skate park at Muehlenweg.

LUXEMBOURG TIMES
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The city neighbourhood of Merl

A leafy district of the city, Merl is home to polo clubs, a manga and comic bookstore, and the Luxembourg Music Conservatory. It is also home to 100 nationalities and some 6,500 people.

Demand for property is high, with new apartments fetching more than €14,500 per square metre. Merl is also home to a Naturata bio supermarket selling fresh fruit and vegetables, organic bread, speciality cheeses and vegan products. Bodani sells wines, cured meats and oils.

Merl is also the location of four state secondary schools, including the Athénée de Luxembourg which runs an IB programme in English, and International School Gaston Thorn where the European Baccalaureate is offered in English, French, and German. The Music Conservatory gives lessons on a variety of instruments to 2,500 students from 60 countries.

Merl is well-served by public transport and has three Veloh bicycle stations, and five playgrounds – the biggest of these

is Merl Park, home to a large play park, currently undergoing refurbishment to make it more accessible, a duck pond, rose garden and dog park. Future plans include a racetrack for bikes, a picnic area, splash pad and a pond for mini sailboats.

If you are horse mad, then Rue des Celtes is home to a riding school and two polo clubs. The quarter also has fitness, yoga and dance studios. The National Theatre of Luxembourg is based in Merl, and there are several bakeries, including Boulangerie Kremer. You can sample locally handmade Japanese craft Ramen at Manzoku, fusion sushi at Hakii, or some steak or fish in a classy setting at Brasserie des Jardins. The Pavilion in the park is also a restaurant serving burgers and poke bowls, whilst there are three artisanal ice cream parlours – Bonomaria, Gelateria Marcello and Nice.

If you fancy a glass of wine, head to Wine Not or the popular Pacha bar, which spills out onto the pavement in summer. Brasserie l'Arret holds salsa classes and is suitably adorned with flags and posters of Che Guevara.

LUXEMBOURG TIMES
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When a cinema and palace joined forces

You cannot have failed to notice the imposing yet beautiful Cercle Cité located at one end of the old town's Place d'Armes, a building which has a 100-year history. In fact, it is two buildings. The Cercle Municipal, which was originally built in the early 19th century as a home for the literary society, and the 1950s Cité cinema.

Transformed between 2005 and 2011, today it continues to be a forum for literature, arts, and music, and hosts stately visits, royal banquets, and balls.

The site was a former barracks and guardhouse due to be transformed into a home for the literary circle in 1825, but almost a century later, the College of Alderman decided to commission a grand administrative building. Rooms were needed for official receptions, concerts

and celebrations, but also committee meetings, administrative offices, and even space for both a police and fire station.

The current French-style neo-baroque palace still standing today was designed by local father and son architects Pierre and Paul Funck. A turret rises from the first floor and the entrance has three arches, above which is an extravagant main ballroom with three windows opening onto a terrace.

Wooden floors to absorb sound, plus stone and marble, were all sourced locally, as were the craftsmen, from masons to painters. The exception being the 58 bronze and crystal chandeliers and the parquet flooring which came from Frankfurt.

The building displays a giant frieze of the Countess Ermesinde presenting the charter of emancipation to the alderman and artisans. Inside, the stained glass windows and stucco have symbols of the rose, including garlands of them crowing the columns, in recognition of the reputation at that time of Luxembourg's rose growers.

The Cité has a rather different history, and was built as a cinema by local notary Charles Michel, and run by Marivaux & Victory Cinemas. It opened its doors in 1958 with a screening of David Lean's Bridge over the River Kwai. Air-conditioned, it seated 800 people, but was later divided into smaller auditoriums.

During renovation, the Grand Salle and other salons were meticulously restored, whilst the fifth floor was transformed into a conference centre, and the Ratskeller into an exhibition space. The architects deliberately contrasted the historical monumental architecture of the municipal palace with the contemporary transparent design of the old cinema, adding a glass panelled footbridge to connect the two. The old cinema now houses the city's library, and incorporates a suspended auditorium, visible through the glass façade.

You can visit the Cercle Municipal during "Open Doors" in September and October, when many of the country's private buildings are open to the public.

Orchid Fever

Jean-Jules Linden uncovered: Luxembourg, colonialism and 19th century plant hunters.

By Faye Peterson



Plant hunters like Jean Jules Linden followed in the trail of colonisers and slave owners

A popular house plant with exotic beauty; the orchid has cultivated a fanatical devotion in plant hunters throughout history. Pioneer plant hunters risked deprivation, disease and even death in the race to discover new species. In return, they received financing from collectors, in addition to a celebrity status.

Plant hunting reached heady heights in the nineteenth century. Fuelled by scientific innovation, pushed on by industrial progress and bolstered by colonial expansion - plants were big business. And successful plant hunters were stars, as Luxembourg's travelling botanist, businessman and horticulturist Jean-Jules Linden proves.

Born in 1817, Linden studied at Luxembourg's Athénée. He moved to Belgium to study science at the University of Brussels before embarking on a voyage of discovery that would take him to the still unknown realms of Latin America - all before the age of 20.

The primary motivation of such expeditions was collecting rare plants, exotic flowers and live animals – and bringing them back home. To this purpose Linden's journey was a success; igniting a lifelong obsession with orchids. Less than six months after his return - and with more money from the Belgian government - Linden set sail for the Americas again.

As far as location was concerned, he hit the jackpot! The world's richest orchid gen-

era are found in the tropics, with countries like Ecuador and Colombia having more orchids per square metre than any other country in the world. His plant haul was impressive. Yet, the field notes from Linden's travels proved to be even more important.

Europe had become the graveyard of orchids. Even if plants survived the journey, they often died in stifling hot greenhouses or from being over-watered at the hands of enthusiastic collectors. Linden's observations of how to do it right were a revelation, enabling him to grow orchids in Europe, by recreating the conditions he found in nature.

Linden's work transforming the cultivation of orchids extended to rival botanists of the day, such as the revered English horticulturalist and orchidologist, John Lindley. Orchid hunting was a hugely competitive business, and there was little collaboration. Dirty tricks and deceitfulness were de rigueur during this period of orchidmania. Plant hunters often resorted to desperate measures, urinating on leftover specimens in the wild or destroying them, so as to leave their rival collectors red-faced and empty-handed.

As Linden's reputation grew, so did his orchid empire. Funded by wealthy companies, bourgeois patrons and the government, expeditions soared to meet demand. At its peak, Linden's business spanned Brussels, Ghent, Luxembourg, Paris and South America. His companies included the Établissement d'Introduction de Plantes - founded

with friend and compatriot, Nicolas Funck, and situated at the heart of Luxembourg’s rose-growing quarter, Limpertsberg - and the Compagnie Continentale d’Horticulture in Ghent. It was in Belgium that Linden was joined by his son Lucien, who took over the business after his father’s death in 1898.

Robusta coffee

Linden junior went on to create the trading company, L’Horticole Coloniale. His name may be long forgotten, but his legacy lives on in your morning cup of coffee. For, towards the end of the nineteenth century, coffee was in crisis, as plant after plant succumbed to a fungal disease known as coffee leaf rust. Colonial plantations across Africa, Asia and the Pacific were affected and the direct economic impact of an interrupted coffee supply began to be felt. A solution was needed - fast! Enter Linden and his Luxembourgish protégé, Edouard Luja. Under a royal warrant from King Leopold II, Linden dispatched Luja to Congo, where he discovered a variety of coffee known as Coffea canephora or robusta coffee. Robusta, as the name suggests, was resistant to rust disease and is purported as saving coffee from collapse.

New discoveries of old species offered the chance to promote plant diversity. Colonialists cultivated ‘new’ coffee to sell commercially on the market as supplies of arabica became scarce. Today, robusta accounts for 45% of global coffee sales. Think this was a nineteenth century problem? Think again. As climate change pushes plants around the globe past their comfort zones, coffee is facing further problems and the race to save the species has begun anew.

The achievements of successful plant hunters were impressive, and Jean-Jules Linden was no exception. He succeeded in introducing over a thousand species of orchid to Europe and cultivating a number of new ones. The scientific name "lindenii" is given to plants to denote the orchids he

found. His impressively illustrated books of orchids, ‘Lindenian’ and ‘Pescatorea’, are just two standouts in a series of publications. And the accolades don’t stop there. Linden was honoured with a number of positions and titles befitting his status: horticultural consultant, diplomat, director of the zoological and botanical gardens in Brussels, and receiving the Knighthood of the Order of Léopold.

With what we know now, much of Linden’s lustre pales. One should never forget how much his business and bourgeois standing were indebted to colonial enterprise. Traders were often granted rights to control commerce and conduct ‘diplomacy’ by force, in the scramble to usher in two of the great pillars of empire - European administration and legislation. And Leopold II, of course, is known for his particularly barbaric reign of the Congo, long his personal property.

‘Discoveries’ of native plants by Europeans in foreign realms led to their renaming in Latin - hence the Lindenii orchid species, named after the ‘first person’ to discover them. The consequent erasure of local names, and the appropriation of local knowledge supplants the narratives of native people in preference for a European one - effectively rewriting history.

Ghost orchid

And while it’s tempting to consign plant collectors and plant hunting to the past, orchids, like rhinoceros horn, are still part of the illegal wildlife trade. In 1994, orchid poacher John Laroche was arrested for taking the Ghost Orchid – the poster pin-up for rare orchid collectors, and incidentally also a Linden species - out of the Fakahatchee natural reservation in Florida. And while that case gained notoriety because it became the subject of a film starring Nicolas Cage and Meryl Streep, such thefts still regularly happen, as there is money to be made. Colonialism may be over, but orchid-mania still exists.



Linden introduced more than a thousand species of orchid to Europe, and cultivated a number of new ones. The scientific names of many of these plants, still carry the “lindenii” label.

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