

Aroundtown SA

Germany / Real Estate
 Frankfurt Stock Exchange
 Bloomberg: AT1 GR
 ISIN: LU1673108939

March quarter
 results

RATING
PRICE TARGET
 Return Potential
 Risk Rating

BUY
€ 4.10
 61.4%
 Medium

FFOPS GROWTH THE NEXT TEST

Q1 results were in line with our forecasts and have the landlord well positioned to hit our full-year targets aligned with the recently upped 2026 guidance, which calls for FFO 1 of €275m to €305m (FBe: €292m). AT recorded 3.0% rental growth for the March period, spurred chiefly by strong performance in the Hotel and Resi segments. Office is holding steady but continues to be burdened by a still sputtering German economy. More broadly, the landlord is shifting from a phase dominated by defensive capital structure management to one defined by a more balanced mix of internal growth, capital recycling and selective external deployment. With the €250m share buyback ~93% completed at a 67% discount to NAV, the key test, in our view, is whether this groundwork can now be converted into sustained FFOPS growth. We maintain our Buy rating and €4.1 TP (upside: 61%).

FFOPS growth the next test Q1 reporting (overleaf) provided further validation of AT's core investment drivers without altering the broader shape of the case. Net rental income rose 1% Y/Y to €297m, while LFL rental growth held at 3.0%—the latter was led by Hotels (+4.0%) and Residential (+3.7%). AEBITDA came in flat at €250m, and FFO I declined 8% to €70m as higher finance expenses continued to bite, though FFOPS I of €0.07 matched the prior year comp, thanks to the buyback. Operationally, the key themes remain familiar: steady internal growth, further support from hotel repositionings, and a still resilient portfolio despite Germany's choppy macro backdrop. Balance sheet optimisation is largely done, and the capital structure looks materially improved. In our view, the task ahead now appears to be converting absolute FFO 1 uplift into sustained FFOPS 1 growth that shareholders can actually feel.

Other earnings call takeaways and musings AT brass offered colour on several topics likely to shape the next leg of the story, including: (1) capital allocation, where . . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025	2026E	2027E
Rental income (€m)	1,222.1	1,192.8	1,180.9	1,182.9	1,231.2	1,269.2
Y/Y growth	12.6%	-2.4%	-1.0%	0.2%	4.1%	3.1%
Adj. EBITDA (€m)	1,002.3	1,002.9	1,014.4	999.3	1,050.9	1,093.3
Net income (€m)	-457.1	-2,426.4	309.3	1,127.9	917.7	940.5
EPRA NTA (€m)	10,112.5	8,013.2	8,119.9	8,437.4	8,700.5	9,150.9
EPRA NTAPS (€)	9.2	7.3	7.4	7.7	8.7	9.2
DPS (€)	0.00	0.00	0.00	0.08	0.13	0.13
FFO 1 (€m)	340.0	309.2	292.7	268.4	291.7	296.5
FFOPS 1 (€)	0.31	0.28	0.27	0.25	0.26	0.26
Liquid assets (€m)	2,709.4	3,026.0	3,640.9	4,029.6	3,252.2	1,986.2

RISKS

Risks include, but are not limited to, unfavourable interest rate developments, unfavourable macroeconomic developments, and the departure of key personnel.

COMPANY PROFILE

Aroundtown SA is a specialist real estate company focused on investing in and managing value-add properties primarily located in the German / London and Netherlands real estate markets.

MARKET DATA

As of 29 May 2026

Closing Price	€ 2.54
Shares outstanding	1537.03m
Market Capitalisation	€ 3,904.04m
52-week Range	€ 2.16 / 3.48
Avg. Volume (12 Months)	2,547,003

Multiples	2025	2026E	2027E
P/FFO 1	10.4	9.7	9.7
P/NTA	0.3	0.3	0.3
FFO 1 Yield	9.7%	10.3%	10.3%
Div. Yield	3.1%	5.1%	5.2%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2026

Liquid Assets	€ 4,147.0m
Investment Properties	€ 25,057.0m
Total Assets	€ 34,060.0m
Current Liabilities	€ 3,296.0m
EPRA NTA	€ 8,307.0m
Total Equity	€ 15,198.0m

SHAREHOLDERS

Treasury shares*	26.0%
Avisco Group / Vergoport	15.0%
Stumpf Capital	10.0%
Free Float	49.0%

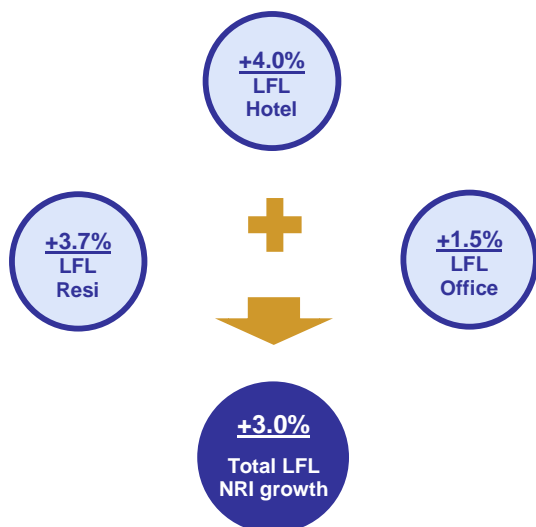
* 12% are held through TLG, voting rights suspended



. . . the €250m stock repurchase is now ~93% complete at an average €2.55 per share, equal to a 67% discount to NAV. Once wrapped up, management will reassess the broader toolkit, including a possible extension of the stock repurchase program; (2) funding, where debt maturity now stretches to 4.4 years when cash is factored in, cost of debt remains stable at 2.3%, and the full hybrid stack across AT and GCP has now been addressed, leaving the next first call dates in 2029 and 2031 respectively; (3) conversions, where economics look compelling with office assets converted into residential units generating better rents and longer leases of 15 to 20 years, with Rotterdam offering a useful proof case; (4) office, where sluggish German demand continues to weigh on leasing, but weak new-build activity and the removal of stock through conversions are helping to tighten supply-demand dynamics over the medium term; (5) external growth options, where acquisitions are likely to remain focused on Residential and Hotels. Refurbished hotels in Hanover and Rome should come back online by YE26 and should support 2027 performance; and (6) AT World and PropTech, where scale is expanding quickly but monetisation still appears at an early stage, leaving these initiatives more strategic than financial for now.

MARCH QUARTER HIGHLIGHTS

Figure 1: Like-for-like 1st quarter breakdown



Source: First Berlin Equity Research; Aroundtown

Net rental income like-for-like (LFL) was +3.0% for the January-to-March period. The Hotel segment led LFL performance at +4.0%, ahead of the 3.7% notched by Residential. The former category continued to benefit from good business and leisure travel trends as well as AT's repositioning measures as the landlord continues to upgrade select hotels. Meanwhile, CPI-indexation and a strong tenant base anchored by the public sector supported higher rents for offices. The systemic residential supply and demand imbalance again kept resi vacancies at historical lows of 3.1% (YE25: 3.2%) providing good operational tailwinds. We do not expect resi dynamics to change for the foreseeable future.

**Table 1: 1st quarter vs prior year and FBe**

All figures in EURm	Q1/26	Q1/26E	variance	Q1/25	variance
Rental income	380	385	-1%	378	1%
Net rent	297	299	-1%	295	1%
AEBITDA	250	251	0%	251	0%
Margin	84%	84%	-	85%	-
FFO 1	70	68	3%	76	-8%
FFOPS 1 (€)	0.07	0.06	15%	0.07	-

Source: First Berlin Equity Research; Aroundtown

Stable operations; financing drag Net disposal effects (below) tempered good LFL performance and meant that net rental income (NRI) of €297m for the March quarter was virtually unchanged YoY, while AEBITDA also remained stable (0%).

Bottom line FFO 1 was 8% below the prior year comp, as flat AEBITDA and lower perpetual note attributions (-16% YoY) were unable to fully compensate for the 28% YoY rise in financing costs. Nevertheless, the ongoing share repurchase meant that per share FFO 1 was unchanged YoY at €0.07. FFO 2 tallied €74m vs €121m in the prior year period.

Recycling picked up post reporting Aroundtown continued to rotate capital through the portfolio in Q1 as part of its broader push to sharpen returns and preserve financial flexibility. The landlord closed €27m of disposals in the quarter at a 1% premium to book value, while YTD signed disposals tallied ~€300m. On the acquisition side, AT reported €175m of signed deals, with €75m of German residential closed after the reporting period and the balance mainly tied to London residential. The latest quarter thus suggests that management are still recycling capital selectively rather than pivoting decisively into outright expansion. The priority remains *accretive* deployment but without loosening balance sheet discipline.

Table 2: Q1 portfolio KPIs

in EURm	Unit	Q1/26	2025	Variance
Investment property	€m	25,057	24,916	1%
Value per m ²	m ²	2,673	2,657	1%
Annualised net rent	€m	1,152	1,149	0%
LFL rental growth	%	3.0	3.0	0.0PP
Rental yield	%	5.0	5.0	0.0PP
Vacancy	%	7.5	7.6	-0.1PP
In-place rent	m ²	11.7	12.1	-3%

Source: First Berlin Equity Research; Aroundtown

Portfolio KPIs largely unchanged QoQ The portfolio value edged up to €2,673 / m² (YE25: €2,657 / m²). Q1 in-place rent was unchanged at €11.7 / m² vs €11.7 / m² at YE25, and the portfolio vacancy rate stood at 7.5%, although office vacancy crept 20 basis points higher YoY to 13.2%. Annualised net rent tallied €1,152m at the end of the reporting period. The portfolio currently has rent reversionary potential of ~25% to be captured over the mid- to long-term with a host of good operational drivers in place.

**Table 3: Balance sheet highlights**

All figures in EURm	3M/26	2025	Variance
Cash and liquid assets	4,147	4,034	3%
Investment property	25,057	24,916	1%
Total assets	34,060	33,691	1%
Total financial debt	15,205	14,951	2%
Total equity	15,198	15,022	1%
Equity ratio	44.6%	44.6%	0.0PP
EPRA NTA	8,307	8,503	-2%
Unencumbered asset ratio	69%	70%	-1.0PP
Loan-to-Value (LTV)	42%	41%	1.0PP

Source: First Berlin Equity Research; Aroundtown

Balance sheet still has headroom LTV moved one percentage point higher sequentially to 42% and remains below the targeted 45% level. This also gives the landlord good headroom to pursue acquisition growth. The Q1 net debt / EBITDA and interest coverage (ICR) ratios stood at 11.1x and 3.4x respectively. The latter KPI has slightly eroded YoY (Q1/25: 4.3x), as rising rents have been unable to offset higher financing costs. Finally, the company still has ~€17bn in unencumbered assets in its financial tool kit.



OUTLOOK AND VALUATION

Management confirmed the 2026 guide (table 4) recently increased on the back of the increased stake in GCP (see note of 16 April 2026). We had already recalibrated our forecasts to reflect the deeper FFO 1 pool and higher share count from the reissued treasury shares traced to the exchange offer. Given that Q1 came within shooting distance of our targets, we leave our estimates unchanged near the midpoint of guidance.

Table 4: Guidance development vs FBe

	Unit	2026 Guidance		FBe 2026	2025
		old	new		
FFO 1	€m	250 -280	275 -305	292	288
FFOPS 1	€	0.24 -0.27	0.24 -0.27	0.26	0.26
DPS*	€	0.12 -0.14	0.12 -0.14	0.13	0.08

* subject to AGM approval, based on updated dividend policy to 50% of FFO I from 2026 onward

Source: First Berlin Equity Research; Aroundtown

Looking ahead In our view, the next step is to convert a now sturdier platform into visible per share earnings growth. With balance sheet optimisation largely done, buybacks nearly complete, and the higher GCP stake boosting the absolute FFO I base, AT brass now need to show that these moving parts can translate into sustained FFOPS expansion. We think that will increasingly hinge on disciplined capital recycling, selective external deployment, and continued delivery on internal growth levers such as conversions, hotel repositionings and rental reversion, while the office sector continues to work through a hard downcycle.

In our view, the market still prices Aroundtown as if it were trapped in defensive mode, rather than beginning to re-emerge as a growth story. We stick to our Buy rating and €4.1 target price (upside: 61%).

Table 5: DCF model

All figures in EURm	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
AEBITDA	1,051	1,093	1,134	1,176	1,217	1,257	1,299	1,342
(-) Tax	-126	-131	-136	-141	-146	-151	-156	-161
(=) Net operating cash flow	925	962	998	1,035	1,071	1,106	1,143	1,181
(-) Total investments (CapEx and WC)	-427	-454	-414	-428	-428	-441	-457	-472
(-) Capital expenditures	-324	-443	-404	-418	-419	-433	-448	-463
(-) Working capital	-103	-12	-9	-10	-10	-8	-9	-9
(=) Free cash flows (FCF)	498	508	585	607	643	665	686	708
PV of FCF's	483	467	510	503	505	496	486	476

All figures in EUR '000	
PV of FCFs in explicit period	6,157
PV of FCFs in terminal period	12,770
Enterprise value (EV)	18,928
+ Net cash / - net debt (2024)	-14,317
+ Investments / minority interests	0
Shareholder value	4,611
Fair value per share in EUR	4.1

WACC	Terminal growth rate							
	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	
4.8%	6.4	6.8	7.3	7.8	8.4	9.0	9.7	
5.0%	5.2	5.6	6.0	6.4	6.9	7.5	8.0	
5.2%	4.1	4.5	4.8	5.2	5.6	6.1	6.6	
5.4%	3.2	3.5	3.8	4.1	4.5	4.9	5.3	
5.6%	2.3	2.6	2.9	3.2	3.5	3.8	4.2	
5.8%	1.6	1.8	2.1	2.3	2.6	2.9	3.2	
6.0%	0.9	1.1	1.3	1.5	1.8	2.0	2.3	

WACC	
Cost of equity	7.6%
Pre-tax cost of debt	3.0%
Tax rate	12.0%
After-tax cost of debt	2.6%
Share of equity capital	45.0%
Share of debt capital	55.0%
WACC	5.4%

WACC	Terminal AEBITDA margin							
	87.4%	88.4%	89.4%	90.4%	91.4%	92.4%	93.4%	
4.8%	6.9	7.2	7.5	7.9	8.2	8.5	8.8	
5.0%	5.6	5.9	6.2	6.5	6.7	7.0	7.3	
5.2%	4.4	4.7	5.0	5.2	5.5	5.8	6.0	
5.4%	3.4	3.7	3.9	4.1	4.4	4.6	4.9	
5.6%	2.5	2.7	3.0	3.2	3.4	3.6	3.9	
5.8%	1.7	1.9	2.1	2.3	2.5	2.7	2.9	
6.0%	1.0	1.2	1.4	1.6	1.7	1.9	2.1	

*Please note our model runs through 2038 and we have only shown the abbreviated version for formatting purposes; perpetual notes included in net debt for DCF purposes



INCOME STATEMENT

All figures in EURm	2022	2023	2024	2025	2026E	2027E
Net rent	1,222	1,193	1,181	1,183	1,231	1,269
Operating and other income	388	410	361	360	368	379
Rental and operating income (RI)	1,610	1,603	1,542	1,543	1,599	1,648
Capital gains, property revaluations & other	-497	-3,218	-125	386	445	476
Result from equity-accounted investees	6	-150	-43	15	16	16
Property OpEx	-695	-638	-550	-549	-555	-564
Administration & other OpEx	-63	-65	-66	-65	-66	-68
Operating income (EBIT)	361	-2,468	759	1,329	1,438	1,509
Net financial result	-185	-230	-235	-243	-313	-352
Other financial expenses	-194	-14	-31	-49	0	0
Impairment of goodwill	-404	-137	-46	-239	0	0
Pre-tax income (EBT)	-422	-2,849	446	798	1,124	1,158
Tax expense	-117	-120	-125	-129	-136	-141
Deferred tax	82	543	-13	459	-71	-76
Tax result	-35	423	-137	330	-207	-217
Comprehensive net income	-457	-2,426	309	1,128	918	940
Minority interests	70	-592	53	256	211	216
Perpetual notes	141	176	226	226	200	200
Net income to owners	-668	-2,010	30	645	507	524
Basic EPS (€)	-0.60	-1.84	0.03	0.59	0.45	0.46
AEBITDA	1,002	1,003	1,014	999	1,051	1,093
Ratios						
AEBITDA before JV contributions (NRI)	77.2%	79.3%	80.1%	80.0%	80.8%	81.5%
FFO 1 margin (NRI)	27.8%	25.9%	24.8%	22.7%	23.7%	23.4%
Expenses as % of revenues						
Property OpEx	43.2%	39.8%	35.7%	35.6%	34.7%	34.2%
Administration & other OpEx	3.9%	4.0%	4.3%	4.2%	4.2%	4.1%
Y/Y Growth						
Net rent	12.6%	-2.4%	-1.0%	0.2%	4.1%	3.1%
Operating income	-79.2%	n.m.	n.m.	75.3%	8.2%	5.0%
Adjusted EBITDA	2.8%	0.1%	1.1%	-1.5%	5.2%	4.0%
Net income/ loss	n.m.	n.m.	n.m.	2019.3%	-21.5%	3.5%
Funds from Operations (FFO)						
AEBITDA before JV contribution	944	946	946	946	995	1,034
Finance expense	-185	-230	-235	-243	-313	-352
Tax expense	-117	-120	-125	-129	-136	-141
Minority adjustment	-136	-127	-128	-121	-96	-88
Other adjustments	5	3	2	2	2	2
Perpetual attribution	-141	-176	-226	-226	-200	-200
FFO 1 before JV contribution	369	295	235	228	251	255
JV FFO 1 contributions	46	47	58	40	40	41
Extraordinary provision for uncollected rents	-75	-33	0	0	0	0
FFO 1	340	309	293	268	292	296
FFOPS 1 (€)	0.31	0.28	0.27	0.25	0.26	0.26



BALANCE SHEET

All figures in EURm	2022	2023	2024	2025	2026E	2027E
Current assets, total	4,856	4,692	5,600	5,606	4,524	2,986
Cash and cash equivalents	2,305	2,641	3,128	3,618	2,838	1,571
Short-term investments	313	506	652	402	403	403
Receivables	1,168	1,008	1,035	849	920	948
Other current assets	138	127	81	61	62	64
Assets held for sale	931	410	703	676	300	0
Non-current assets, total	32,492	28,868	28,020	28,085	29,196	30,421
Property, plant & equipment	1,508	1,379	1,329	1,051	1,054	1,057
Investment properties	27,981	24,632	24,375	24,916	26,036	27,255
Equity accounted investees	1,292	1,087	926	1,036	1,017	1,012
Other LT assets	1,711	1,769	1,390	1,082	1,089	1,097
Total assets	37,347	33,559	33,620	33,691	33,720	33,408
Current liabilities, total	1,289	1,539	2,948	2,987	3,534	3,925
Short-term debt	123	420	1,692	1,781	2,343	2,701
Accounts payable	666	672	689	790	758	775
Provisions & other current liabilities	500	448	567	416	432	450
Long-term liabilities, total	18,235	16,870	15,662	15,682	14,851	13,538
Long-term debt	14,573	13,822	12,763	13,170	12,238	10,815
Deferred tax liabilities	2,662	2,107	2,098	1,577	1,648	1,725
Other LT liabilities	999	942	801	934	965	998
Minority interests	3,490	2,750	2,839	3,070	3,148	3,364
Shareholders' equity	14,333	12,377	12,171	11,952	12,187	12,581
Total consolidated equity and debt	37,347	33,537	33,620	33,691	33,720	33,408
Ratios						
ICR (x)	5.1	4.1	4.0	3.9	3.2	2.9
Net debt / adj. EBITDA (x)	12.1	11.2	10.7	10.9	10.8	10.5
Equity ratio	47.7%	45.1%	44.6%	44.6%	45.5%	47.7%
Financial leverage	84.3%	90.6%	89.3%	91.3%	93.0%	91.6%
EPRA NTA	10,112	8,013	8,120	8,437	8,701	9,151
EPRA NTAPS (€)	9.2	7.3	7.4	7.7	8.7	9.2
Net debt	12,087	11,216	10,870	10,918	11,329	11,530
Return on equity (ROE)	-3.2%	-19.6%	2.5%	9.4%	7.5%	7.5%
Loan-to-value (LTV)	40%	43%	42%	41%	42%	41%



CASH FLOW STATEMENT

All figures in EURm	2022	2023	2024	2025	2026E	2027E
Net income	-457	-2,426	309	1,128	918	940
Depreciation & amortisation	21	18	20	18	18	18
Capital gains, property revaluations & other	497	3,218	125	-386	-445	-476
Profit share from equity accounted investees	-6	150	43	-15	-16	-16
Goodwill impairment	404	137	46	239	0	0
Shared based payment in a subsidiary	5	5	5	4	0	0
Net finance expenses	379	245	266	292	313	352
Tax result	35	-423	137	-330	207	217
Operating cash flow	879	923	952	950	995	1,035
Changes in working capital	-27	-54	-51	-11	-108	-18
Provisions for other liabilities	-2	-5	-4	-40	23	24
Dividend received	35	19	37	28	34	22
Tax paid	-97	-111	-113	-119	-136	-141
Net operating cash flow	788	772	821	808	809	922
CapEx/ intangibles	-26	-16	-19	-20	-21	-21
Disposal / investment in investment properties, net	556	575	237	324	-324	-443
Proceeds from investments in financial assets	-121	50	-65	-118	20	21
Cash flow from investing	409	608	153	186	-325	-443
Debt financing, net	-629	-338	204	551	-370	-1,065
Equity financing, net	0	0	0	0	0	0
Payments for own shares	-255	0	0	0	-250	0
Dividends paid	-169	0	0	0	-87	-130
Other financing activities	-506	-499	-466	-828	-243	-200
Net paid financing expenses	-204	-214	-233	-228	-313	-352
Cash flow from financing	-1,764	-1,052	-496	-505	-1,264	-1,747
Net cash flows	-567	329	477	488	-779	-1,268
Assets held for sale - cash	-6	9	-1	0	0	0
Fx effects	5	-2	11	1	0	0
Cash, start of the year	2,873	2,305	2,641	3,128	3,618	2,838
Cash, end of the year	2,305	2,641	3,128	3,618	2,838	1,571
FFO 1 before JV contribution	369	295	235	228	251	255
FFO 1	340	309	293	268	292	296
FFOPS 1 (€)	0.31	0.28	0.27	0.25	0.26	0.26

¹ Previously FFO 1 after perpetuals, covid adjusted

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The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	29 September 2015	€3.40	Buy	€5.70
2...65	↓	↓	↓	↓
66	31 March 2025	€2.51	Buy	€4.00
67	5 May 2025	€2.60	Buy	€4.00
68	2 June 2025	€2.79	Buy	€4.00
69	1 September 2025	€3.38	Buy	€4.40
70	2 December 2025	€2.89	Buy	€4.10
71	30 January 2026	€2.70	Buy	€4.10
72	24 March 2026	€2.29	Buy	€4.10
73	16 April 2026	€2.64	Buy	€4.10
74	Today	€2.54	Buy	€4.10

INVESTMENT HORIZON

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

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