

Press release ABP, second half year of 2007

The investment result in the second half of 2007 amounted to 0.7%, bringing the total return for 2007 to 3.8%. The invested capital grew by almost €8 billion. The financial position (coverage ratio) on the basis of current market interest rates is 140.3%. That is a rise of 6.8 percentage points compared to year-end 2006.

Main points

- The invested capital of ABP grew by almost 8 billion euros.
- The coverage ratio grew by almost 7 percentage points, to 140.3%
- All investment categories, with the exception of real estate, made a positive contribution to the result

Heerlen, 16 January 2008 – Stichting Pensioenfonds ABP reports that its investment return for 2007 was 3.8%. That means that the capital of ABP now represents an amount of more than €216 billion. The value of the nominal pension liabilities dropped by nearly €2 billion in 2007. As a result of addition of interest and the allowance of regular and post-indexation, liabilities increased in value; however, the increased capital market interest rate caused a slight decline in the value of the liabilities. Due to the increased capital and decreased liabilities, the coverage ratio in 2007 rose by 6.8 percentage points to 140.3%.

As a result of the recovery of ABP's financial position, ABP was able to index the active participants and pensioners in full (2.05%) in 2007 for the first time since 2003. In addition, post-indexation was allowed in order to compensate for the lost indexation (1.96%) for the period 2003-2006. In total, the allowance of indexation for 2007 is approximately 4%. This allowance leads to a drop of the coverage ratio of 5.7 percentage point. On balance, the ABP coverage ratio at year-end 2007 is almost 7 percentage points higher than the coverage ratio at the end of 2006.

Dick Sluimers, chairman of the ABP executive board: "The allowance of 4% indexation has turned 2007 into a good year for our participants. Despite the hefty indexation allowance and a slightly lower return, the financial position of ABP improved further, which holds prospects for the future."

The ABP investment portfolio achieved an overall return of 3.8% for 2007. All investment categories, with the exception of real estate, have shown a positive result. The alternative investment categories of commodities (+31.0%), infrastructure (+21.0%), private equity (+29.4%) and the other investments, including mainly hedge funds (+13.2%), were the positive peaks. Following a couple of years of extremely high returns, real estate fell slightly, as expected. Fixed-income securities particularly suffered from the higher capital market interest rate, but also from the unrest on the financial markets in the United States.

Roderick Munsters, Director of ABP Investments: "The past year showed two faces. The first half of 2007 saw some good returns, but the second half was affected by the credit crisis and was clearly less successful. ABP's policy, however, also proved its value during the troublesome months of the second half of the year. Our expectations are that the unrest on the financial markets will continue during the next six months. Rising inflation is a clear risk."

Development of the financial position

Across 2007, the coverage ratio rose by 6.8 percentage points. The following factors contributed to the improvement of the position (in percentage points of coverage ratio):

| | 2007 |
|---|-------------|
| increase in capital thanks to return on investments | +3.8 |
| increase in liabilities value due to required addition of interest and indexation | -8.5 |
| decrease in liabilities value thanks to an increase in capital market interest rate | +8.5 |
| denominator effect | +3.0 |
| | ----- |
| on balance | +6.8 |

The coverage ratio mainly increased thanks to the return of 3.8% achieved on the capital. The liabilities increased due to the required addition of interest and indexation. Last year, ABP included the pensions with wage trends again (2.05%), while it also made up for the missed indexation of previous years by means of so-called post-indexation (1.96%). The rise in pension liabilities however is compensated by the drop in liabilities as a result of the increased capital market interest rate from 4.25% to 4.85%. The denominator effect is caused by the capital exceeding liabilities. Amongst other things, this reflects the achieved return on the financial buffer of ABP.

Return on investments – second half of 2007

In the second half of 2007, the ABP investment portfolio achieved a return of 0.7%. This means a total return for 2007 of 3.8%. Of this percentage, 1% can be attributed to an active investment policy. The three-year average return currently stands at 8.6%.

During the second half of 2007, the commodities asset category performed extremely well as a result of the higher oil prices (23.1%). Within real assets, private equity (9.5%) and infrastructure (16.1%) did well. As a result of the continuous credit crisis in the United States, the return of shares lagged behind during the second half of 2007 (-3.5%). Real estate and property funds also achieved a negative return (-7.4%). The return of hedge funds, including other investments, amounted to 4.4% over the second half of the year. Hedging of the dollar risk in the investment portfolio has had a positive effect on the return this year. In relation to the euro, the American dollar weakened by approximately 9.8% this year. As of the end of last year, the interest rate risk in the balance sheet has been partly hedged in the investment portfolio by extending the duration. Due to the rise in the interest rate, the effect of partly hedging the interest rate on return was negative for the year 2007.

Key figures

| | 2006 | 2 nd half of 2007 | 2007 | Movement 2007 |
|--|-------|------------------------------|-------|---------------|
| Fund position (Nominal coverage ratio. %) | 133.5 | | 140.3 | +6.8 |
| Capital (€billion) | 208.9 | | 216.7 | +7.8 |
| Liabilities (€billion) | 156.4 | | 154.5 | -1.9 |
| Return on investment portfolio (%) | 9.5 | 0.7 | 3.8 | |
| Fixed-income securities | 0.9 | 2.6 | 1.9 | |
| Shares and alternative investments | 17.0 | -1.8 | 5.2 | |
| • Shares | 13.5 | -3.5 | 5.3 | |
| • Property and property funds | 35.9 | -7.4 | -9.4 | |
| • Infrastructure | 41.3 | 16.1 | 21.0 | |
| • Private equity | 29.8 | 9.5 | 29.4 | |
| • Commodities | -18.5 | 23.1 | 31.0 | |
| Hedge Funds (incl. other investments) | 9.5 | 4.4 | 13.2 | |
| Composition of the investment portfolio (%) | | | | |
| Fixed-income securities | 41.8 | | 40.3 | -1.5 |
| Shares and alternative investments | 54.4 | | 55.2 | +0.8 |
| Hedge Funds (incl. other investments) | 3.8 | | 4.4 | +0.6 |
| Development in the financial markets | | | | |
| Capital market interest rate (%) | 4.25 | | 4.85 | +0.60 |

Economic prospects

What looked like a summer slump at first, turned out to be a serious winter cold. The markets focus on the downward risks, and there are grim faces all around. The central banks have found it extremely difficult to restore peace and quiet to the markets, and they very actively served the financial markets with liquidity. It was only during the second half of December that the extremely high risk premiums on the money markets returned to more normal levels.

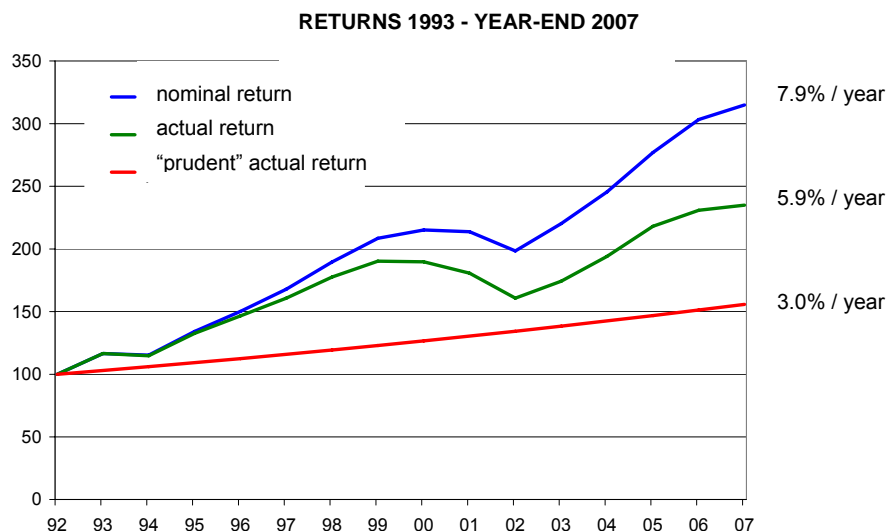
During the past months, the world economy clearly lost some of its glamour. Nevertheless, we are cautiously optimistic about the macro-economic developments. A recession in the United States seems not unavoidable. The American housing sector will remain weak, but it will slow down growth only to a limited extent. The fall on the housing market is not a recent one; it started as early as two years ago. The larger part of the adjustment has already taken place. A larger downward effect on growth from this sector will only occur when it works out even better in the future, which seems rather unlikely. American export is growing fast and the labour market and development of incomes continue to support the economic growth. In the event of an emergency, budgeting and monetary policies will provide help, as they did in 2001. Compared to last year, the growth of the European Union will slow down, but the rate of growth can still be significant in 2008 partly under the influence of the impulses from its periphery.

We expect a decreasing world growth rate and a lower export growth rate to slow down the growth in upcoming markets only slightly as a result of appreciation in currencies. Furthermore, the monetary policy of a number of countries has tightened so as to curb inflation. Asia has developed its own dynamics, and the trade among Asian countries is now much more important than the export growth towards the United States. The tax position in most countries is healthy, and governmental expenditure can give a big enough boost if so required. Infrastructure in particular requires many more investments so as not to halt economic progress.

The investment returns in 2008 are expected to mirror those of 2007. The risk aversion will continue into the first half of the year, while the search for returns will continue later. The risk aversion is more likely to last months or quarters than years. This implies that investments such as state bonds and indexed loans are expected to show a good result in the first half of 2008, while the slightly more risky investments can yield a good profit later.

Long-term return

The diagram below shows the cumulative return from 1993, both in nominal and in real terms. As at 31 December 2007, the value of every €100 invested in 1993 has grown to €315. The average nominal annual return is 7.9%, while the actual annual return stands at an average of 5.9%.



PROFILE

Stichting Pensioenfonds ABP (ABP) is the general pension fund for public employees in the Netherlands. ABP has 2.7 million clients and managed assets of € 217 billion (as at 31 December 2007). This makes ABP one of the three largest pension funds in the world.

DISCLAIMER

This announcement contains future expectations. They are based on current assumptions and insights. ABP is not obliged to publicly update these as a result of future insights or events. Furthermore, ABP points out that the expressed expectations are subject to insecurities perforce, as a result of which ultimate returns can substantively deviate, for instance due to unforeseen circumstances in markets relevant to ABP, exchange rates, the interest rate level and developments in legislation. The figures in this document are partly based on estimates and have not been verified by the auditor or external actuary.

For more information:

ABP
 00 31 0)45 579 2911
 E-mail concern.communicatie@abp.nl
www.abp.nl