

PRESS RELEASE

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→ Quarterly review ABP, first quarter 2006

The investment result for the 1st quarter of 2006 is +3.0%. The financial position (coverage ratio) on the basis of current market interest rates is 131.3%.

Main points

- Positive investment results and increased interest rates have caused a substantial improvement in the ABP coverage ratio
- ABP meets the solvency requirements of the supervising authority.

Heerlen, 13 April 2006 – Stichting Pensioenfonds ABP reports that its investment return for the first quarter of 2006 was 3.0%. This return corresponds to a 5.7 billion Euros rise in fund assets. The value of the nominal liabilities fell by 9.7 billion Euros, mainly as a result of an increase in interest rates. This has caused the coverage ratio to rise from 119.7% at year-end 2005 to 131.3% at the end of the first quarter of 2006.

The official figures for the first quarter of 2006 confirm initial reports indicating the financial recovery of ABP. An important milestone is the fact that ABP meets the solvency requirements of the supervising authority: the nominal coverage ratio has amply exceeded the minimum limit of approximately 125%. Provided the recovery of the financial position keeps momentum, ABP is clearly moving to the point at which it can start indexing in full. This is to be decided by the ABP Board in the autumn. Currently the minimum coverage ratio limit is set to approximately 140%.

The positive investment return on the one hand and the rise in capital market interest rates on the other has resulted in a considerable improvement of the coverage ratio. This second factor at the same time represents the biggest risk for the future: three-quarters of the rise in coverage ratio can be attributed to a rise in interest rate of 0.5 percentage point and a subsequent 0.5% fall in interest rate would cause the coverage ratio to drop again by nearly 10 percentage points.

Dick Sluimers (Finance Director and acting chairman of the executive board): "The figures confirm that we are heading in the right direction and the path we have chosen yields results. However, as long as we are unable to offer full indexation to our participants and to compensate previously missed indexation, there is still a lot of work to be done."

Development of the financial position

During the first quarter of 2006, the financial position strongly improved. The following factors contributed to the development of the asset ratio (in percentage points of coverage ratio):

Return on investments	+3.6%
A reduction in VPV* as a result of an increase in capital market interest rate	+9.3%
An increase in VPV due to other causes	-1.3%
On balance	+11.6%

* VPV = Pension Liabilities Provision

Key figures

	2005	1 st quarter 2006	Up to 1 st quarter 2006	Movement 2006
Fund position (Nominal coverage ratio, %)	119.7		131.3	+11.6
Capital (€ billion)	190.6		196.3	+5.7
Liabilities (€ billion)	159.2		149.5	-9.7
Return on investment portfolio (%)	12.8	3.0	3.0	
Fixed-income securities	4.3	-1.4	-1.4	
Shares and alternative investments	20.8	6.6	6.6	
Shares	20.8	5.8	5.8	
Property and property funds	18.2	12.3	12.3	
Private equity	27.2	3.7	3.7	
Commodities	23.2	-3.1	-3.1	
Other investments	4.8	2.8	2.8	
Composition of the investment portfolio (%)				
Fixed-income securities	43.2		42.0	-1.2
Shares and alternative investments	53.6		53.8	+0.2
Other investments	3.2		4.2	+1.0

Return on investments – first quarter of 2006

The return on the investment portfolio for the first quarter was a fine result at 3.0%. The results for the first quarter with regard to the various asset categories show a varying picture. Shares and alternative investments have again performed well, with the exception of raw materials, which showed a negative result.

Economic prospects

The prospects for the world economy continue to be favourable. Economic growth remains strong and all regions – including countries previously lagging behind – make a positive contribution towards it. A positive factor here is that inflation, despite the substantial growth and previously sharply risen energy prices, remains largely under control. A slight fall in global growth seems to be obvious in the longer-term, particularly as a result of the gradual rise in interest rate which the American Central Bank has introduced and the slowing effects thereof on the local housing market. In Japan and the Eurozone too the short-term interest rate will be increased.

During the last months, financial markets have prepared themselves for a further tightening of the monetary policy. Consequently, the interest rates on longer-term bonds rose too, causing some unrest in various share markets. The bond market interest rate is expected to rise a little further, whilst the interest rate difference between the short-term and long-term interest rates will remain small.

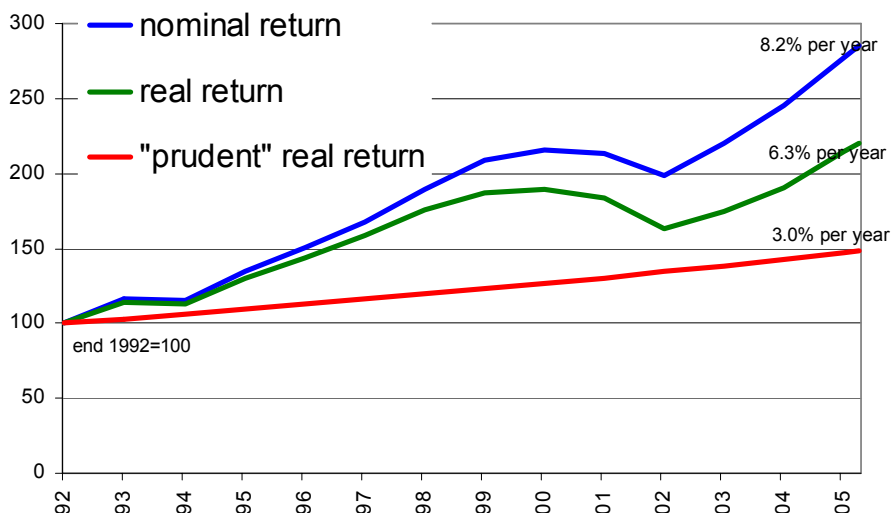
Slightly increased interest rates will soon have a negative effect on returns of fixed-interest securities, but will only have a part-negative effect on the share market. After all, corporate profits are still developing favourably and businesses dispose of ample liquid assets to invest in production means, mergers or takeovers. Relatively moderate returns for most investment categories are assumed for the near future, despite the positive market assessment reports.

The risks involved with these reasonably favourable forecasts cannot be entirely ignored. Important uncertainties include the future development of the American housing market, in which a surprisingly substantial price correction can negatively affect growth prospects. An uncontrolled weakening of the American dollar forms a risk for the future development of the worldwide economic growth and interest rate.

Long-term return

The diagram below shows the cumulative return from 1993, both in nominal and in real terms. As at 31 March 2006, the value of every € 100 invested in 1993 has grown to € 285. The average annual return is 8.2%. The return after deduction of the wage inflation (real return) amply exceeds the necessary 3%, which is applied when calculating pension contributions.

Returns 1993 - 2006 Q1



Profile

Stichting Pensioenfonds ABP (ABP) is the general pension fund for public employees in the Netherlands. ABP has 2.5 million clients and assets under management of € 196 billion (as at 31 March 2006). This makes ABP the second largest fund in the world, after the Japanese Government Pension Investment Fund.

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 were not verified by the accountant and external actuary.

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