

Quarterly report

Third quarter of 2009

- Cover ratio at 107%
- Assets under management €81.9 billion
- Third-quarter return 9.1%
- Decision on contribution and indexation in fourth quarter

Pensioenfonds Zorg en Welzijn (the pension fund for the care and welfare sector) achieved a return on investments of 9.1% in the third quarter, taking the total return since the beginning of the year to 12.9%. A further improvement in the economic outlook led to increased confidence among investors. Equities, listed real estate and high-income bonds in particular performed very well. The assets under management at the end of the third quarter amounted to €81.9 billion. The average long-term interest rate decreased slightly in the third quarter to 3.87%. This resulted overall in a cover ratio of 107% for Pensioenfonds Zorg en Welzijn as at 30 September 2009.

Peter Borgdorff, managing director of Pensioenfonds Zorg en Welzijn: "We are delighted that the cover ratio is turning out more favourably than was forecast in the recovery plan. However, there may yet be further rapid changes in the market and interest-rate situation, so excessive optimism would be misplaced. The board of the pension fund will take a decision on 6 November regarding the 2010 contribution and the question whether partial indexation can take place."

The cover ratio rose to 107%, i.e. above the minimum 105% level prescribed in the Pensions Act. Indexation is not permitted if the cover ratio falls below 105%. Since the cover ratio is now above that level once again, the requirements of the recovery plan agreed by the Dutch central bank (DNB) earlier this year are fulfilled. In the fourth quarter, the board of Pensioenfonds Zorg en Welzijn will consider the question whether partial indexation is possible in 2010. It will also take a decision in the fourth quarter regarding the 2010 contribution.

Key figures*

	Yearly average since 1971	2009 cumulative	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Cover ratio (quarter end)			107%	100%	89%	92%	125%
Total return	7.9%	12.9%	9.1%	8.4%	-4.5%	-13.2%	-5.5%

* The total return includes the result of the interest-rate hedge. The 2009 figures are provisional.

Cover ratio

The cover ratio rose from 92% to 107% in the first nine months of 2009. It fell to 89% in the first quarter but recovered strongly in the subsequent two quarters.

Ten percentage points of the rise in the first nine months is attributable to the combined effect of the return, the addition of interest to the provision for pension liabilities and the hedging of the interest-rate risk. Pensioenfonds Zorg en Welzijn has a policy of hedging part of the interest-rate risk on its liabilities. The rise in the long-term interest rate from 3.55% at the beginning of this year to 3.87% at the end of September had a positive impact of five percentage points on the cover ratio.

Investment portfolio and return

	<i>Investments</i>		<i>Return</i>	
	<i>as of 30-09-2009</i>		<i>YTD 2009</i>	<i>Q3 2009</i>
	<i>€ mln</i>	<i>in %</i>	<i>in %</i>	<i>in %</i>
Equities	34,757	42.4%	20.6%	12.9%
Liquid equities	29,592	36.1%	23.3%	14.1%
Private Equity	4,478	5.5%	5.8%	5.4%
Structured Credit	687	0.8%	19.0%	16.0%
Bonds	10,722	13.1%	13.2%	6.0%
Government bonds and credits	7,832	9.6%	8.4%	4.7%
High income bonds	2,890	3.5%	30.3%	9.9%
Inflation linked bonds	14,999	18.3%	9.7%	5.1%
Commodities	5,983	7.3%	10.6%	-1.2%
Real estate & Infrastructure	12,207	14.9%	6.6%	7.5%
Public real estate	5,532	6.8%	28.9%	21.6%
Private real estate	5,663	6.9%	-8.6%	-3.8%
Infrastructure	866	1.1%	-4.3%	5.6%
Portfolio of Strategies	3,081	3.8%	6.9%	5.5%
Total	81,934	100.0%	12.9%	9.1%

The above table shows the main investment categories. A number of small categories, including Cash, are not shown in the table. As a result, the totals are not exactly equal to the sum of the various investment categories. The total return includes the contribution from the interest-rate hedge.

The economic outlook improved further in the third quarter. Not only did leading indicators point to an imminent recovery, but expenditure and production data were also better than expected. The central banks became more optimistic in their outlook, although none is yet going as far as hinting at raising policy rates and/or shutting off the inflow of liquidity. The policymakers' stimulus packages therefore

continue unabated. The total portfolio achieved a positive return of 9.1%, including the interest-rate hedge. The return since the beginning of 2009 has now risen to 12.9%.

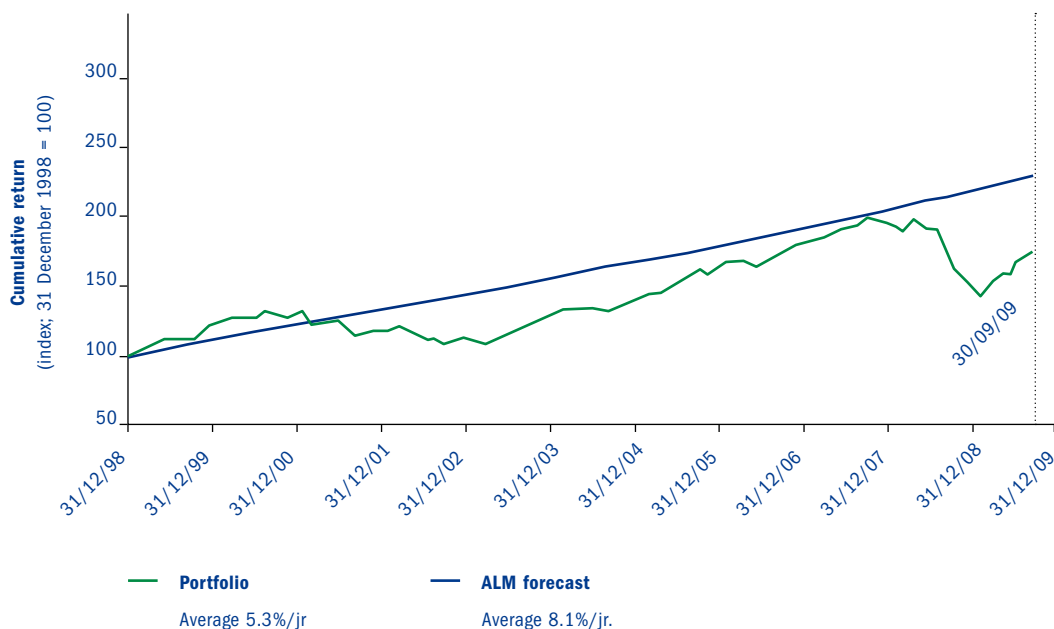
Relatively risky investments such as liquid shares (14.1%), public real estate (21.6%) and high-income bonds (9.9%) performed very well once again in the third quarter. A narrowing of credit spreads meant that corporate bonds (6.0%) and structured credit (16.0%) benefited from the increased optimism. Interest rates fell, as a result of which government and indexed bonds contributed to the positive return.

Due to a substantial rise in oil prices in the final week of the quarter, the loss on commodity investments was limited to just over one percent (-1.2%). The return on private investments once again lagged behind returns on marketable investments. Infrastructure (5.6%), private equity (5.4%) and Portfolio of Strategies (5.5%) delivered positive results. By contrast, private real estate (-3.8%) decreased in value.

Pensioenfond's Zorg en Welzijn hedges part of the interest-rate risk on its liabilities. If interest rates fall, as was the case in the third quarter, this leads to a positive hedging result. The interest-rate hedge consequently gave rise to a positive result of €0.5 billion in the third quarter.

Long-term overview

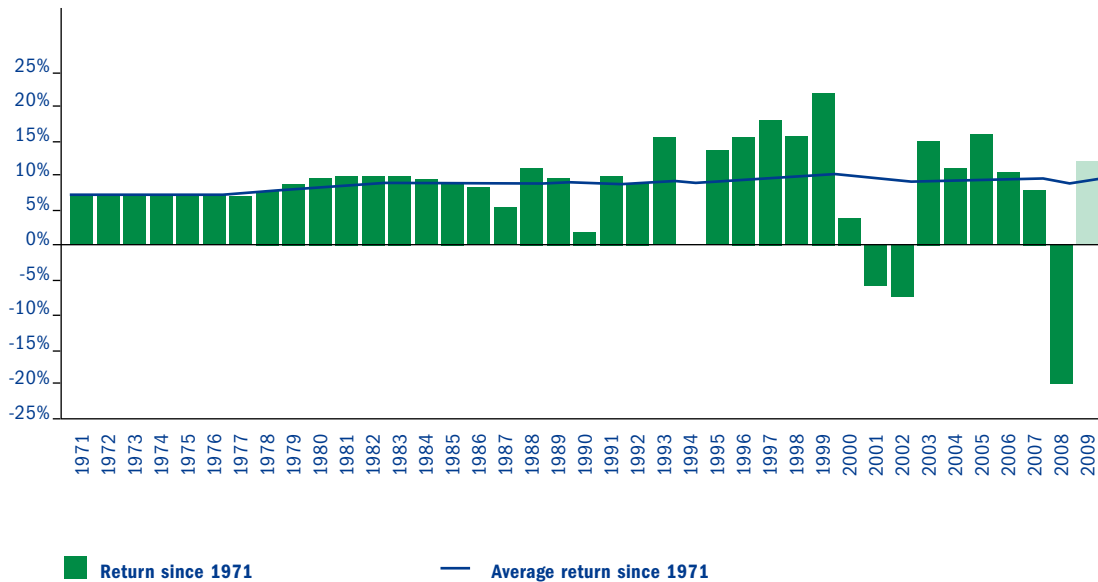
Cumulative return Pensioenfond's Zorg en Welzijn since 1999



In the chart above, the cumulative return over the last 10 years is compared to the cumulative forecast used in the ALM policy. The chart shows that the actual return in 1999 was above the ALM forecast. In the years 2000-2002, the actual return was lower, after which it recovered up to 2007 inclusive. As a consequence particularly of the negative result for 2008 and the first quarter of 2009, the cumulative return over the last 10 years is lower than the ALM forecast. The positive result for the last two quarters was higher than the ALM forecast.

The ALM forecast is used to gear the investment policy to the future trend in pension payments. The ALM policy is assessed annually.

Return since 1971



2009 concerns the first nine months

The average annual return since 1971, the year in which the pension fund began operating, is 7.9%. The chart above shows the returns since 1971. It clearly demonstrates that a broadly diversified portfolio can generate a high and relatively stable return in the long term, even if the annual return fluctuates widely. This underlines Pensioenfonds Zorg en Welzijn's long-term view.

Profile of Pensioenfonds Zorg en Welzijn

Pensioenfonds Zorg en Welzijn provides a compulsory group pension scheme for the care and welfare sector. The aim is to provide participants with a high-quality pension package at the lowest possible price. The basic principle of the scheme is solidarity. Participants and employers can accumulate a supplementary pension by means of the Extra Pension product in the group scheme.

Pensioenfonds Zorg en Welzijn invests the contributions paid by employers and employees with the aim of achieving a high, stable and responsible return over the long term at an acceptable level of risk. The fund invests globally in the investment categories of equities (including private equity), fixed-income securities, real estate and infrastructure, commodities and Portfolio of Strategies.

Pensioenfonds Zorg en Welzijn has the status of a foundation (stichting). The board of the foundation is responsible for the policy and implementation of the group pension scheme. It comprises six representatives of employer organisations in the sector, six representatives of employee organisations and an independent chairperson.

The Pension Council, consisting of participants, pensioners and employers, is an important part of our organisation. In order to implement the principles of good pension fund governance, it has been decided to integrate co-determination and the new accountability function into the Pension Council.

Disclaimer

PGGM, acting as the implementing organisation under the authority of Pensioenfonds Zorg en Welzijn, has taken the utmost care in compiling this quarterly report. The published information may nevertheless be incomplete or inaccurate. Neither Pensioenfonds Zorg en Welzijn nor PGGM accepts any liability in this regard.

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All 2009 figures stated in this quarterly report are provisional, unaudited figures.

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