

THE ALFRED MCALPINE PENSION
PLAN
REPORT AND FINANCIAL
STATEMENTS

YEAR ENDED 31 DECEMBER 2016

REGISTRATION NUMBER 10132644

THE ALFRED MCALPINE PENSION PLAN

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THE ALFRED MCALPINE PENSION PLAN

ADVISORS

Plan Actuary

Edwin Topper, FIA
Mercer Limited

Plan Administrators

JLT Employee Benefits

Auditor

KPMG LLP

Bankers

National Westminster Bank plc

Additional Voluntary Contribution Providers

Equitable Life Assurance Society
Legal & General Assurance (Pensions Management) Limited
Prudential Assurance Company
Friends Life

Investment Managers

Aviva Investors Global Service Limited
Baillie Gifford & Co
BlackRock Advisors (UK) Limited
Insight Investment Management (Global) Limited
Legal & General Investment Management Limited
Odey Asset Management
Origin Asset Management
State Street Global Markets
Taube Hodson Stonex Partners (closed in February 2016)
Mercer Investment Management (opened November 2016)

Longevity Swap Counterparty

Deutsche Bank AG

Custodians

BNY Mellon
Citibank N.A.
HSBC Bank plc
J.P. Morgan
Northern Trust
RBC Investor Services Ireland Limited
State Street Bank and Trust – London Branch

Investment Adviser

Mercer Limited

Legal Adviser

Sacker and Partners LLP

Principal Employer

Carillion (AM) Limited

Contact Address

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THE ALFRED MCALPINE PENSION PLAN

TRUSTEE REPORT

Introduction

The Trustee presents its Annual Report together with the audited financial statements of The Alfred McAlpine Pension Plan (the "Plan") for the year ended 31 December 2016. The Plan is a defined benefit Plan and is administered by JLT Employee Benefits in accordance with the establishing document and rules, solely for the benefit of its members and their dependants on the member's retirement and death.

The Trust Deed and Rules governing the Plan are available for inspection on application to the administrator.

HMRC approval

The Plan is a "registered pension scheme" for tax purposes.

The Principal Employer

The Principal Employer is Carillion (AM) Limited. Other participating Employers with eligible employees who are entitled to be members of the Plan are Carillion AMBS Limited, Carillion Capital Projects Limited, Carillion Government Services Limited, Carillion Infrastructure Services Limited, and Carillion Project Investments Limited. The Employer's registered address is Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR.

Appointment and removal of Trustee/management of the Plan

The Plan is managed by the Trustee, Carillion (DB) Pension Trustee Limited. This company's function is to act as Trustee to the Plan and to five other Carillion Group schemes. The Articles of this company provide for the appointment and removal of Trustee directors. The board of the Trustee is made up of sixteen directors, six of whom are appointed by the Principal Employer (one of whom is the independent chair), and ten are member representatives. All MNDs (including some who were originally co-opted) have been selected through nominations (and, if appropriate, elections).

The directors of Carillion (DB) Pension Trustee Limited are:

Appointed by the Employer:

Robin Ellison (Independent Chair)

Lee Mills

Simon Eastwood

Robin Herzberg

Alison Shepley

Brian Watkins

Appointed by the Members:

Alan Bratt

Gerald Brown

Quentin Leiper

Steven Brunswick

Stephen Rowland

Peter Forsyth

Ian Simmonds

Graham Hindley

Mike Tomlinson

Julian Wilson (appointed 1 April 2016)

(resigned 31 December 2016)

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TRUSTEE REPORT (CONTINUED)

Ian Simmonds and Steven Brunswick were reappointed with effect from 1 April 2016 in the Carillion Staff and Bower Group and Mowlem Staff constituencies respectively and Quentin Leiper was re-appointed as MND with effect from November 2016 in the 'B' Scheme constituency. Julian K Wilson was appointed as a Member Nominated Director in the AMPP constituency to replace Paul Kitto, who left Carillion at the end of 2015. Julian Wilson's appointment was to be effective from 1 April 2016, so in accordance with the agreed convention, Paul Kitto's share was transferred to Alan Bratt for the interim period. Julian Wilson resigned on 31 December 2016.

Trustee Knowledge & Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and to be conversant with the Plan documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding ("TKU") to assist trustees on this matter which became effective from 6 April 2006 and subsequent revisions were made in November 2009. The Trustee Directors recognise the need for, and participate in, on-going training, including seminars and the Pension Regulator's 'Trustee Toolkit' training program.

Changes to the Plan

There were no recorded changes to the Plan during the year.

Pensions in payment

In accordance with the Plan's Trust Deed and Rules, pensions in payment at 1 January 2016 were increased as follows:

For pension in respect of pensionable service above the Guaranteed Minimum Pension ("GMP") the increase was 0.8%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 30 September (restricted to a maximum of 5%).

Increases on the GMP are given partly by the Plan and partly by the State.

Deferred benefits

Deferred benefits held under the Plan for members who have left service or ceased to contribute to the Plan are increased over the period from the date of leaving service as follows:

- 1 The GMP part of members' deferred benefits is increased at a fixed rate dependent on the date of leaving for each complete tax year to State Pension Age.
- 2 The part of the deferred benefits in excess of the GMP is increased in line with statutory requirements over the period to Normal Retirement Date subject to a maximum of 5% per annum.

THE ALFRED MCALPINE PENSION PLAN

TRUSTEE REPORT (CONTINUED)

Transfer values

The rules of the Plan permit transfers to other Occupational Pension Schemes, personal pension plans or single premium insurance policies (known as Section 32 policies). Transfer values can also be paid to Stakeholder contracts. If a transfer is made the Trustee receives a statutory discharge from any further liability once the transfer has been affected.

The Trustee confirms that all transfer values are calculated and verified in accordance with the statutory cash equivalent requirements in accordance with the Pension Schemes Act 1993 (the "Act").

The current basis meets the legal requirement of the Act and makes no allowance for the payment of any discretionary benefits under the Plan.

In October 2009, the Trustee reduced the external transfer values available to members to reflect the level of funding within the Plan; this measure was taken to protect the remaining members. It was reviewed during 2013 and will continue to be reviewed regularly. The latest review took place in early 2015.

THE ALFRED MCALPINE PENSION PLAN

TRUSTEE REPORT (CONTINUED)

Membership

Details of the membership of the Plan as at 31 December 2016 are given below:-

	Total 2016	Total 2015
PENSIONERS		
Pensioners at the start of the year	2,079	2,057
Members retiring during the year	82	74
New beneficiaries	23	20
Deaths	(63)	(65)
Beneficiary pensions created	-	(1)
Full commutation of beneficiary pension	(7)	(4)
Full commutation of pension	-	(2)
PENSIONERS AT THE END OF THE YEAR	2,114	2,079
STANDARD DEFERRED		
Number at the start of the year	2,024	2,103
New deferred ex-spouse	6	-
Employed deferred becoming standard deferred	5	6
Deferred pensioners becoming pensioners	(79)	(70)
Full commutations	(11)	(3)
Transfers out during the year	(6)	(7)
Deaths	(3)	(5)
STANDARD DEFERRED MEMBERS AT THE END OF THE YEAR	1,936	2,024
EMPLOYED DEFERRED		
Number at the start of the year	161	171
Employed deferred becoming standard deferred	(5)	(6)
Employed deferred becoming pensioners	(3)	(4)
EMPLOYED DEFERRED MEMBERS AT THE END OF THE YEAR	153	161
TOTAL MEMBERSHIP AT THE END OF THE YEAR	4,203	4,264

Pensioners include individuals receiving a pension upon the death of their spouse.

These membership figures do not include movements notified to the Administrator after completion of the report.

Pensioners include 12 members who receive their benefits from annuity policies.

THE ALFRED MCALPINE PENSION PLAN

TRUSTEE REPORT (CONTINUED)

Financial development of the Plan

The financial statements on pages 22 and 23 show that the value of the Plan's assets increased by £34.3m to £391.0m as at 31 December 2016. The increase was comprised of net withdrawals from dealings with members of £7.4m together with a net increase in the returns on investments of £41.7m.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Plan may be found in the audited financial statements on pages 22 to 36.

Contributions

Contributions received from participating Employers were in accordance with the Schedule of Contributions dated 23 December 2014. The Schedule of Contributions is on pages 39 to 41.

The Schedule of Contributions in force from 23 December 2014 expected deficit contributions of £11.2m to be received in relation to 2016. This amount was received during 2016 as shown on page 19.

Investments – policy

The Trustee's investment policy is detailed in their Statement of Investment Principles ("SIP"). The Trustee monitors compliance SIP periodically, or more frequently if necessary.

In line with the Occupational Pension (Investment) Regulations (2005), the Trustee is required to review the SIP at least every three years and without delay after any significant changes in investment policy.

The Trustee will review the SIP in response to any material changes to any aspects of the Plan, its liabilities, finances and the attitude to risk of the Trustee and the Company which they judge to have a bearing on the stated Investment Policy.

This review will occur annually, in line with the Trustee's preferred practice. Any such review will again be based on written expert investment advice and the Company will be consulted.

Investment – management¹

In order to discharge its responsibilities with regard to investments, the Trustee employs specialist investment managers. Details of these managers are set out on page 2.

Each 'active' investment manager has been set a performance target in excess of a benchmark return, and is expected to achieve the target performance over a rolling three year period. A target maximum under performance by the investment manager in any one year is also set by the Trustee.

¹ The fee analysis overleaf excludes BlueBay as the fees charged cannot be disclosed to third parties due to the confidentiality agreement in place.

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TRUSTEE REPORT (CONTINUED)

Aviva – fees are charged directly to the fund at a rate of 0.4% p.a. on the value of the fund invested in.

Baillie Gifford - fees are charged directly to the fund and are calculated on a sliding fee scale, which is dependent on the value of assets invested in the fund. As such, fees are levied at a rate between 0.45% p.a. and 0.65% p.a. of the fund value. Please note that assets with Baillie Gifford are amalgamated across all of the Schemes within the Carillion Group for fee calculation purposes.

BlackRock - fees are invoiced directly to the Plan at a rate of 0.35% p.a. on the value of the active UK equity fund. The active UK equity fund also has a performance related fee of 20% on outperformance of the benchmark.

Insight – fees are charged directly to the fund at rates between 0.12% p.a. and 0.30% p.a. of the fund value, depending on the fund invested in.

Legal & General – fees are invoiced directly to the Plan at rates between 0.0425% p.a. and 0.3% p.a. of the value of the fund, depending on the fund invested in.

Mercer – fees on junior private debt are charged directly to the fund at a rate of 0.325% (based on commitment) on the first year from date of first close, 0.45% (based on commitment) from the second year until the end of the investment period and 0.45% (based on NAV) post-investment period. In addition there is a performance fee of 5% (no catch up) with a 7% p.a. hurdle rate.

Fees on senior private debt are charged directly to the fund at a rate of 0.20% (based on commitment) on the first year from date of first close, 0.22% (based on commitment) from the second year until the end of the investment period and 0.22% (based on NAV) post-investment period.

Odey - fees are charged directly to the fund at a rate of 0.7% p.a. of the fund value. There is also a performance related fee of 20% on outperformance of the benchmark.

Origin - fees are invoiced directly to the Plan at a rate of 0.35% p.a. of the fund.

State Street – fees are invoiced directly to the Plan at a rate of 0.015% p.a. of the fund value. In addition to this, there are transaction charges.

THS - fees are charged directly to the fund at a rate of 0.65% p.a. of the fund value.

Custody of assets

The Trustee uses the custodial arrangements of the investment managers it has appointed to manage the Plan assets. It has a separate custody agreement with each custodian.

AVCs

With the exception of AVCs held in with profits funds and some property funds, the Trustee has decided to consolidate all the existing AVCs into one policy with Friends Life. This will be completed in 2017.

Investment performance

Details of investment performance can be found in the Investment Report on pages 11 to 18.

THE ALFRED MCALPINE PENSION PLAN

TRUSTEE REPORT (CONTINUED)

Further information

Members are entitled to inspect copies of documents giving information about the Plan.

Any member with a complaint or unresolved query can use the Internal Disputes Resolution Procedure ("IDRP") or, alternatively, they can obtain free advice through the Pensions Advisory Service ("PAS") who can be contacted at 11 Belgrave Road, London, SW1V 1RB. If a member has a complaint which neither the IDR nor the PAS is able to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at the same address.

In the event of complaint a copy of the IDR can be requested from the Secretary to the Trustee, Carillion plc, Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR.

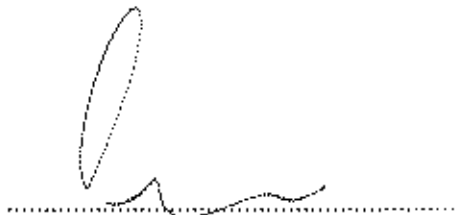
Any query about the Plan, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of The Alfred McAlpine Pension Plan care of: JLT Employee Benefits, Post Handling Centre U, St James House, 7 Charlotte Street, Manchester, M1 4DZ.

This report, including the Compliance Statement, was approved by the Trustee on 21 June 2017 and signed on its behalf by:



Trustee Director



Trustee Director/Secretary

THE ALFRED MCALPINE PENSION PLAN

STATEMENT OF TRUSTEE RESPONSIBILITIES

Statement of Trustee responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- show a true and fair view, of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised November 2014).

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee Summary of Contributions.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT

Market Background

Investment Markets¹

Over the 12 month period to 31 December 2016, both growth and bond asset classes generally posted positive returns as the ultra-accommodative monetary policy measures adopted by the world's major central banks continued to support financial markets. The strong returns posted by most asset classes came despite bouts of volatility following a sell-off in risk assets in January 2016, the surprise result of the UK's referendum in June 2016, where the electorate voted to leave the European Union and the unexpected victory for Donald Trump in the US Presidential Election in November 2016.

Sterling depreciated sharply against its major counterparts following the 'Brexit' vote and ended the year 16.2% weaker against the US Dollar compared to the prior year. This led to material gains for unhedged Sterling investors in foreign assets. Meanwhile, subdued growth expectations in the UK culminated in further loosening of monetary policy by the Bank of England in August 2016, and led to a downward shift in government bond yields – a move that was only partially offset in the fourth quarter. This augmented strong returns for defensive assets, notably index-linked bonds, where returns were further amplified by increased inflation expectations in the UK in light of the depreciation of Sterling.

Financial markets continue to be sensitive to the actions of the world's major central banks. In the US, the Federal Reserve Bank (the "Fed") matched investors' expectations by increasing its target rate by 0.25% at its December 2016 meeting. Elsewhere the European Central Bank ("ECB") firstly expanded its Quantitative Easing programme in March 2016 and then announced in December 2016 that the programme would be extended until December 2017 at the earliest, albeit at a slightly reduced pace of asset purchases. The Bank of Japan announced an explicit shift to yield curve targeting in September 2016.

While significant political and economic uncertainty remains following the referendum vote, economists now forecast UK Real GDP growth for 2017 to be 1.4% (a reduction from 2.1% from a forecast before the vote) whereas inflation, as measured by the change in the Consumer Price Index, is expected to increase to 2.5% (from 1.6% before the vote) reflecting the depreciation of Sterling².

Equity Markets

At a global level, developed markets as measured by the FTSE World Index, returned 29.6%. Meanwhile, a return of 35.4% was recorded by the FTSE All World Emerging Markets Index.

At a regional level, European markets returned 19.7% as indicated by the FTSE World Europe ex UK Index. At a country level, UK stocks underperformed most major developed countries, returning 16.8% as measured by the FTSE All Share Index. The FTSE USA index returned 33.4% while the FTSE Japan Index returned 22.7%.

Equity market total return figures are in Sterling terms over the 12 month period to 31 December 2016.

² Sourced from Consensus Economics, 09 January 2017.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Bonds

Returns on UK government bonds as measured by the FTSE Gilts All Stocks Index were 10.1%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of 18.5% over the year. The yield for the FTSE Gilts All Stocks Index fell over the year from 2.3% to 1.6%.

The FTSE All Stocks Index Linked Gilts Index returned 24.3% with the corresponding Over 15 Year Index exhibiting a return of 32.5%.

Corporate debt as measured by the Bank of America Merrill Lynch Sterling Non-Gilts Index returned 10.6%.

Bond market total return figures are in Sterling terms over the 12 month period to 31 December 2016.

Property³

UK property investors continued to benefit from the improving property market. Over the 12 month period to 31 December 2016, the IPD UK All Property Index returned 2.6% in Sterling terms. The three main sectors of the UK Property market each recorded positive returns over the period (retail: 1.1%; office: 1.1%; and; industrial 7.1%).

Employer Related Investments

Under the Pensions Act 1995 particular types of investment are classed as "employer-related investments". Under laws governing employer related investments (ERI) not more than 5% of the current value of scheme assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer related loan or guarantee. In September 2010 the prohibition of Employer Related Investments was extended to cover pooled funds, excluding funds held in life wrappers.

The Trustee reviews its allocation to employer-related investments on an on-going basis and is satisfied that the proportion of the Scheme's assets in employer-related investments does not exceed 5% of the market value of the Scheme's assets as at 31 December 2016, and the Scheme therefore complies with legislative requirements. This will continue to be monitored going forward.

Investment Management

General

The overall investment policy of Plan is determined by the Trustee, in consultation with Mercer Limited ("Mercer"). The day-to-day management of the assets is delegated to professional investment managers across a range of asset classes. These managers are regulated by the Financial Conduct Authority ("FCA").

All investments held by the Plan have been managed during the year under review by the investment managers Aviva Investors Global Services Limited ("Aviva"), Baillie Gifford & Co ("Baillie Gifford"), BlackRock Advisors (UK) Limited ("BlackRock"), Legal and General ("LGIM"), Insight Investment Management Global Limited ("Insight"), Mercer Investment Management ("Mercer"), Odey Asset Management ("Odey"), Origin Asset Management ("Origin"), State Street Global Markets ("SSGM") and Taube Hodson Stonex Partners ("THS").

³ STATISTICS SOURCED FROM INVESTMENT PROPERTY DATABANK.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Investment Principles

The Trustee has produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. A copy of the SIP is available upon request.

Strategic management of the assets is the responsibility of the Trustee acting on expert advice and reflects the investment objective of the Plan. To guide it in its strategic management of the assets and control of the various risks to which the Plan is exposed, the Trustee has considered its objective and adopted the following:

- To make sure that the Trustee can meet its obligations to beneficiaries of the Plan.
- To target a return on the Plan's assets at least in line with the return assumptions of the recovery plan and to deliver the emerging benefits of a maturing pension plan based upon realistic expectations of investment returns.
- To maximise the return on investments, subject to adequate control of solvency risk.

The Trustee recognises that the Plan is closed to future service accrual. As such, the Plan is expected to mature over the coming years. To reflect this, it is an aspiration of the Trustee to gradually de-risk the investment strategy of the Plan where appropriate over the coming years.

The Trustee recognises the Company's preference to avoid unplanned increases in employer contributions. However, the possibility of unplanned increase cannot be totally removed given the Recovery Plan requires a high level of investment return. Such a return requires the holding of volatile assets.

Responsible Investment and Corporate Governance

The Trustee believes that good stewardship, ethical and environmental social governance ("ESG") issues may have a material impact on investment returns. The Trustee has given their investment managers full discretion when evaluating ESG issues and in exercising rights attached to the Plan's investments.

The Plan ensures that the votes attached to its holdings are exercised whenever practical. The Plan's voting policy is exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and UK Stewardship Code.

Managers who are authorised in the UK are expected to report on their adherence to these Codes on an annual basis.

Code of Best Practice

The principles set out in the Code of Best Practice are high level principles which aid trustees in their investment and governance decision making. While they are voluntary, pension plan trustees are expected to consider their applicability to their own plan and report on a 'comply or explain' basis how they have used them.

The principles emphasise the importance of investment governance, notably the importance of effective decision making, clear investment objectives and focus on the nature of each scheme's liabilities. The principles require that trustees include a statement of the scheme's policy on responsible ownership in the SIP and report periodically to members on the discharge of these responsibilities.

The Trustees considers that its investment policies and their implementation are in keeping with these principles.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Deployment of Assets

As at 31 December 2016, the Plan's assets were managed by Aviva, Baillie Gifford, BlackRock, Insight, LGIM, Mercer, Odey, Origin and SSGM.

During Q1 2016, there was a change to the investment strategy. In February 2016, Scheme disinvested its entire holding in the THS Global Equity portfolio and transferred the assets to a new LGIM Global Equity portfolio.

During Q4 2016, there was a further change to the investment strategy. In November 2016, assets were disinvested from the LGIM Global Equity portfolios and later, in December 2016, were invested in new PIP IV Private Debt and PIP IV Senior Private Debt portfolios.

The private debt portfolios will be funded by a series of ongoing investments and will be built up over time. The strategic allocation will be adjusted to reflect this.

The investment strategy, as at 31 December 2016, is shown in the tables below:

Asset Class	Strategic Allocation (%)
Growth	57.5
UK Equity	19.2
Global Equity	22.1
Emerging Markets Equity	1.2
Diversified Growth	15.0
Mid-Risk	8.1
HLV Property	5.0
Private Debt	3.1
Bond	34.4
Fixed Interest Gilts	2.4
Index-Linked Gilts	15.0
Buy and Maintain	17.0
Total	100.0

Figures may not sum to total due to rounding

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Manager	Strategic Allocation (%)
BlackRock	11.4
LGIM	18.5
Odey	8.4
Origin	10.2
Baillie Gifford	15.0
Aviva	5.0
Mercer	3.1
Insight	19.4
SSGM	11.0
Total	100.0

The Plan's Investments

As at 31 December 2016, the market value of the Plan's investments (based on bid prices where applicable) amounted to c. £393.8m. The distribution of these assets across the whole portfolio is highlighted below:

Manager	Asset Class	31 December 2016		Target %
		£m	%	
BlackRock	UK Equity	47.6	12.1	11.4
	Cash	3.9	1.0	-
	UK Equity	15.9	4.0	7.8
L&G	Global Equity	12.3	3.1	3.5
	Emerging Market Equity	2.4	0.6	1.2
	Sterling Non-Gilts	2.5	0.8	0.0
Odey	Index-Linked Gilts	8.0	2.0	4.0
	Global Equity	35.5	9.0	8.4
Origin	Global Equity	56.4	14.3	10.2
Mercer	Private Debt	8.3	2.1	3.1
Baillie Gifford	Diversified Growth	53.6	13.6	15.0
Aviva	HLV Property	18.2	4.6	5.0
Insight	Fixed Interest Gilts	2.3	0.6	2.4
	Sterling Buy and Maintain	88.4	16.9	17.0
SSGM	Index-Linked Gilts	60.5	15.4	11.0
Total		393.8	100.0	100.0

All assets are marketable, with the exception of Mercer PIP IV Private Debt and Senior Private Debt assets. Aviva HLV Property is valued monthly. Insight Buy and Maintain and LGIM assets are valued weekly. All other assets can be valued on a daily basis.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Ten Largest Investments

The ten largest investments for the Plan as at 31 December 2016 were as follows:

- 1) Insight Special Buy and Maintain Fund 1
- 2) SSGM Index-Linked Gilt Mandate
- 3) Origin Global Specialist Equity Fund
- 4) Baillie Gifford Diversified Growth Pension Fund
- 5) BlackRock UK Focus Fund
- 6) Odey Allegra International Fund
- 7) Aviva Lime Property Fund
- 8) LGIM UK Equity Fund
- 9) LGIM World Developed Equity (Hedged) Index
- 10) LGIM Over 5 Year Index Linked Gilts

Investments Exceeding 5% of Total Assets

The following investments exceeded 5% of the total Plan assets as at 31 December 2016:

- 1) Insight Special Buy and Maintain Fund 1
- 2) SSGM Index-Linked Gilt Mandate
- 3) Origin Global Specialist Equity Fund
- 4) Baillie Gifford Diversified Growth Pension Fund
- 5) BlackRock UK Focus Fund
- 6) Odey Allegra International Fund

Review of Investment Performance

The Trustee monitors the performance of the Plan's investments, which is monitored by Mercer on a quarterly basis to March, June, September and December month ends.

Performance over the one, three and five year periods to 31 December 2016 is shown in the table below. Performance takes into account the strategy changes over the year.

	Last Year %	Last 3 Years % p.a.	Last 5 Years & p.a.
Plan	14.3	9.3	9.7
Benchmark	17.4	9.8	9.3

Figures shown are gross of fees and are based on performance provided by the Investment Managers, BNY Mellon Asset Servicing, Mercer estimates and Thomson Reuters Datastream.

The Scheme has underperformed the benchmark over the one and three year periods to 31 December 2016 and has outperformed the benchmark over the five year period to 31 December 2016.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Custodial Arrangements

The assets with SSGM are held in a segregated portfolio, all other assets are held in pooled fund units. For the pooled funds it is the managers' responsibility to organise the custody of the underlying securities. For SSGM, the custodian is appointed by the Trustee. The custodians for each manager are listed below:

Manager	Custodian
BlackRock	BNY Mellon, J.P.Morgan and Citibank
LGIM	HSBC Bank PLC
Mercer	M.M.Warburg & CO Luxembourg S.A.
Odey	RBC Investor Services Ireland Limited
Origin	HSBC Bank PLC
Baillie Gifford	BNY Mellon
SSGM	State Street Bank & Trust Company
Insight	Northern Trust

Source: Investment Managers.

Given the nature of the investment, there is no custodian for the Aviva fund, but the administrator for the fund is State Street (Jersey) Limited.

The custodians are responsible for the safekeeping of share certificates and other documents relating to the ownership of listed investments. Investments are held in the name of each custodian's nominee company, in line with common practice for pension plan investments.

Bases of Investment Managers' Fees

The Plan's investment managers are remunerated on a fee basis that is dependent on the size of assets under management ("base fee"). In addition to the base fee, the fees for the BlackRock UK Focus Fund and the Odey Global Equity Fund include a performance related element equal to 20% of any outperformance relative to the benchmark. For Mercer the PIP IV Junior Private Debt fund has a performance related element of 5% of any outperformance over a hurdle rate of 7% p.a. For SSGM, fees include a transaction based element in addition to the base fee.

Remuneration for Professional Services

Mercer is remunerated on a retainer fee basis for ongoing monitoring and day-to-day consulting issues. Additional consulting projects are quoted and charged for separately.

THE ALFRED MCALPINE PENSION PLAN

INVESTMENT REPORT (CONTINUED)

Longevity Swap

In December 2013, the Plan entered into a longevity swap contract with Deutsche Bank AG ("Deutsche Bank") as counterparty in respect of pensioners who retired before August 2013. The swap is a bespoke contract which references the experience of actual Plan members and protects against the financial impact of people living longer than expected. This transaction means that where the covered group of members live longer than expected the funding strain due to the additional pension payments required will be met by matching payments from the counterparty. Note, the converse will apply should the members die earlier than expected.

The contract covers cashflows projected over an 80 year period. However, in practice, the swap is subject to de-minimis termination in advance of this on the earlier of either 40 years or the date that the present value of the remaining projected fixed leg cashflows to be paid by the Trustee to DB has fallen below 1% of the initial value of those cashflows. There are also a number of other potential termination events with different final payouts depending on whether termination is deemed to be a Plan "fault"; Deutsche Bank "fault" or mutual event.

In order to manage counterparty risk, the swap is two-way collateralised to protect both parties. Acceptable collateral assets are cash and gilts. In order to support this structure, collateral assets are held in Index-Linked Gilts at SSGM.

It is assumed that the contract was fair value at inception and as at 31 December 2013 i.e. the initial value of the swap is therefore zero. Details of the valuation and collateral postings at 31 December 2016 are set out in note 9 on page 29 of the accounts.

THE ALFRED MCALPINE PENSION PLAN

SUMMARY OF CONTRIBUTIONS

Statement of Trustee Responsibilities in respect of contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions payable towards the Plan by the Employer of the Plan and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Plan in accordance with the schedule.

Trustee summary of contributions payable under the Schedule of Contributions in respect of the Plan year ended 31 December 2016

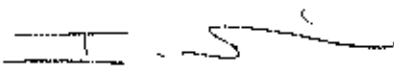
This summary of contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustee. It sets out the Employer contributions payable to the Plan under the Schedule of Contributions certified by the Actuary 23 December 2014 in respect of the Plan year ended 31 December 2016. The Plan Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Summary of contributions payable during the Plan year ended 31 December 2016

Contributions payable to the Plan by the Employer under the Schedule of Contributions in respect of the year ended 31 December 2016 were as follows:

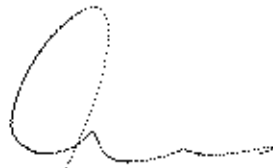
	Financial Statements £000	Schedule of Contributions £000
Deficit contributions paid by Employer	11,059	11,200

Signed on behalf of the Trustee:



Trustee Director

Date: 21 June 2017



Trustee Director

THE ALFRED MCALPINE PENSION PLAN

STATEMENT ABOUT CONTRIBUTIONS

Independent Auditors' Statement about Contributions, made under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee, of The Alfred McAlpine Pension Plan.

We have examined the summary of contributions payable under the Schedule of Contributions to the Plan in respect of the Plan year ended 31 December 2016 which is set out on page 19.

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an Auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee Responsibilities set out on page 19, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Plan and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Statement about contributions payable under the schedule of Contributions

In our opinion the contributions for the Scheme year ended 31 December 2016, as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the actuary on 23 December 2014.



Nadia Dabbagh-Hobrow, for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill, Snow Hill Queensway

Birmingham

B4 6GH

Date: 21 June 2017

THE ALFRED MCALPINE PENSION PLAN

INDEPENDENT AUDITORS REPORT TO THE TRUSTEE

We have audited the financial statements of The Alfred McAlpine Pension Plan for the year ended 31 December 2016 set out on pages 22 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Plan Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustee, as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee Responsibilities set out on page 10, the Plan Trustee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

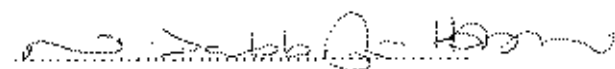
Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 December 2016 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



Nadia Dabbagh-Hobrow, for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill, Snow Hill Queensway

Birmingham

B4 6GH

Date: 21 June 2017

THE ALFRED MCALPINE PENSION PLAN

FUND ACCOUNT

	Notes	31 December 2016 £000	31 December 2015 £000
CONTRIBUTIONS AND BENEFITS			
Employer contributions	3	11,059	11,200
		11,059	11,200
BENEFITS			
Benefits paid	4	(17,525)	(18,022)
Payments to and on account of leavers	5	(337)	(425)
Administrative expenses	6	(552)	(330)
		(18,414)	(18,777)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(7,355)	(7,577)
RETURNS ON INVESTMENTS			
Investment income	7	1,531	3,466
Investment management expenses	8	(639)	(536)
Change in market value of investments	9	40,774	5,093
NET INVESTMENT RETURNS		41,666	8,023
NET INCREASE IN THE FUND DURING THE YEAR		34,311	446
NET ASSETS AT 1 JANUARY 2016		356,719	356,273
NET ASSETS AT 31 DECEMBER 2016		391,030	356,719

The notes on pages 24 to 36 form an integral part of these financial statements.

THE ALFRED MCALPINE PENSION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AT 31 DECEMBER 2016

	Notes	31 December 2016 £000	31 December 2015 £000
INVESTMENT ASSETS			
Bonds	9	60,483	44,661
Pooled investment vehicles	9	333,406	305,550
Longevity Swap	9	-	500
AVCs	9	1,411	1,313
Cash and accrued income	9	245	2,049
INVESTMENT ASSETS		395,545	354,073
Longevity Swap	9	(5,800)	-
INVESTMENT LIABILITIES		(5,800)	
TOTAL INVESTMENTS		389,745	354,073
CURRENT ASSETS	10	2,396	3,674
CURRENT LIABILITIES	11	(1,111)	(1,028)
NET ASSETS AT 31 DECEMBER 2016		391,030	356,719

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the actuarial liabilities report on pages 37 to 38 and in the actuarial certificate on page 41 and these financial statements should be read in conjunction with them.

The notes on pages 24 to 36 form an integral part of these financial statements.

These financial statements were approved by the Trustee at a meeting held on 21 June 2017 and were signed on their behalf by:



Trustee Director



Trustee Director/Secretary

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (revised November 2014).

2. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

2.1 Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

2.2 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

2.3 Transfers to and from other schemes

Transfer values have been included in the financial statements when received and paid. They do not take account of members who have notified the Plan of their intention to transfer.

Individual transfer values to and from other pension arrangements represents the amounts received and paid during the year for members who either joined or left the Plan and are accounted for when a member exercises their option to transfer their benefit.

2.4 Investment income

Investment income on cash deposits and fixed interest securities is accounted for on an accruals basis. Dividends and interest on securities are accounted for to the extent that they are declared and payable.

The majority of income from pooled investment vehicles is not distributed but is reinvested and included within the closing value of the fund at the year end. Income from pooled investment vehicles which distribute income is accounted for on an accruals basis.

2.5 Valuation of investments

Investments are included at fair value as detailed below. The market value of pooled investment vehicles at the accounting date is based on the bid price for funds with bid/offer spreads; or single price where there are no bid/offer spreads, as advised by the investment managers.

Unquoted securities have been valued by the Trustee after taking the available professional advice.

Fixed interest securities are stated at their clean prices.

The Plan Actuary has valued the longevity swap as the present value of its expected net future cash flows using assumptions which are consistent with the latest Plan Funding valuation at 31 December 2014, updated for financial conditions at the reporting date and taken this into account in his funding calculations. For accounting purposes, receipts and payments arising from the swap are reported as sales and purchases of investments in the investment reconciliation table in note 9. All gains and losses arising on the swap are reported within "Change in market value" in the Fund account.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.6 Additional Voluntary Contributions ("AVCs")

AVCs are valued at the single price provided by the AVC provider, and the resulting investments are included within the Net Asset Statement.

2.7 Administration expenses and Investment Expenses

Administration and Investment expenses are accounted for on an accruals basis.

2.8 Taxation

The Plan is registered with HMRC and is exempt from Income and Capital Gains tax, with the exception of certain withholding taxes charged on income earned from overseas investments.

2.9 Annuity policies

There are also certain legacy annuity policies held in the name of the Trustee within the Plan. The Trustee has discussed these annuity policies with their advisers and have concluded that they are immaterial to the Plan assets.

3. CONTRIBUTIONS RECEIVED

	31 December 2016	31 December 2015
	£000	£000
Employer deficit funding contributions	11,059	11,200

Deficit funding contributions are being paid by the Employer into the Plan in accordance with a recovery plan in order to improve the Plan's funding position. The contributions were paid in accordance with the Schedule of Contributions dated 23 December 2014.

A prepayment of £141k was made in a prior period so that contributions for the year were paid in total at least to £11.2 million.

4. BENEFITS PAID

	31 December 2016	31 December 2015
	£000	£000
Pension payments	15,959	16,075
Commutations and lump sum retirement benefits	1,524	1,958
Lump sums on death	42	(11)
	17,525	18,022

Lump sums on death is negative in 2015 due to benefits deemed payable and therefore accrued in 2014 subsequently being found not to be payable in 2015. This is because no beneficiaries were found for the members in question.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	31 December 2016 £000	31 December 2015 £000
Individual transfers to other schemes	337	425

6. ADMINISTRATIVE EXPENSES

	31 December 2016 £000	31 December 2015 £000
Administration and processing	346	132
Actuarial fees	112	125
Audit fee	17	14
Legal and other professional fees	49	26
Regulatory fees	17	16
Trustees fees and expenses	11	17
	552	330

Admin fees have increased due to the GMP reconciliation currently underway, the AVC transition project, some timing issues around recharges and a write off of old accruals from 2011.

7. INVESTMENT INCOME

	31 December 2016 £000	31 December 2015 £000
Income from pooled investment vehicles	1,354	3,289
Income from other investments	164	161
Annuity income	6	6
Interest on cash deposits	7	10
	1,531	3,466

Income from pooled investment vehicles was higher in 2015 due to a change of custodian resulting in an underpayment of income by BlackRock. This was accrued at the end of 2015.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT MANAGEMENT EXPENSES

	31 December 2016 £000	31 December 2015 £000
Administration, management & custody	573	451
Investment consultancy	66	85
	639	536

9. INVESTMENTS

	Value as at 1 January 2016 £000	Purchases at cost and derivative payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Value as at 31 December 2016 £000
Bonds	44,661	160	-	15,662	60,483
Pooled investment vehicles	305,550	222,631	(227,495)	32,720	333,406
Longevity Swap	500	1,477	-	(7,777)	(5,800)
AVC investments	1,313	-	(71)	169	1,411
Sub total	352,024	224,268	(227,566)	40,774	389,500
Cash deposits	1,821				6
Accrued investment income	228				239
	354,073				389,745

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Costs are borne by the Plan in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not, therefore, separately identifiable.

Transaction costs within the segregated funds are immaterial and therefore no separate disclosure is required.

Pooled Investment Vehicles

	31 December 2016 £000	31 December 2015 £000
Bonds	12,827	17,815
Equities	170,151	160,026
Private Debt	8,322	-
Diversified growth pension fund	53,661	50,301
Property	18,176	17,709
Buy and maintain credit	66,369	59,699
Liquidity	3,900	-
	333,406	305,550

Other Investments

	31 December 2016 £000	31 December 2015 £000
Longevity swap	(5,800)	500

a) Capital commitment

At 31 December 2016, the Plan had settlement commitments in respect of the longevity swap contract of £109k (2015: £97k) based on the value date of 30 November 2016 and £287k (2015: £131k) based on the value date of 31 December 2016. These were paid to Deutsche Bank AG in January and February 2017 respectively.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Collateral assets

As part of the longevity swap contract, the Plan is required to assign collateral assets to be held by State Street. As at 31 December 2016, the collateral assets held, included in investments above, were as follows:

	31 December 2016	31 December 2015
	£000	£000
Bonds	60,483	44,661

c) Private Debt commitment

At 31 December 2016 the Scheme had an outstanding commitment of £31,078k to Mercer Private Investment Partners.

AVC Investments

The Trustee holds assets which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year-end is shown below.

	31 December 2016	31 December 2015
	£000	£000
Prudential Assurance	423	378
Equitable Life	372	405
Legal & General Assurance	616	530
	1,411	1,313

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fair Value Hierarchy of Investments

In March 2016, an amendment was made to FRS 102 revising the fair value disclosure requirements for retirement benefit plans. This amendment applies for accounting periods beginning on or after 1 January 2017, however, early adoption is permitted for periods ending 31 December 2015 onwards. The Trustee has decided to adopt the amended disclosure early as set out below:

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The quoted price for an identical asset in an active market
Level 2	When quoted prices are unavailable, the price of a recent transaction for an identical asset or other observable data, adjusted if necessary
Level 3	Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses non-observable market data

For the purposes of this analysis daily priced funds have been included in Level 1, weekly priced funds and monthly net asset values for Absolute Return funds in Level 2 and monthly net asset values for Private Debt funds in Level 3.

The Plan's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 December 2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	60,483			60,483
Pooled investment vehicles		325,084	8,322	333,406
Longevity Swap			(5,800)	(5,800)
AVC investments		1,411		1,411
Cash deposits	6			6
Accrued investment income	239			239
	60,728	326,495	2,522	389,745

At 31 December 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	44,661			44,661
Pooled investment vehicles		305,550		305,549
Longevity Swap			500	500
AVC investments		1,313		1,313
Cash deposits	1,821			1,821
Accrued investment income	228			228
	46,710	306,863	500	354,073

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment Risks

FRS102 requires the disclosure of information in relation to certain investment risks to which the Plan is exposed to at the end of the reporting period.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee is responsible for determining the Plan's investment strategy. The Trustee has set the investment strategy for the Plan after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Plan, including the full discretion for stock selection, is the responsibility of the investment manager. A proportion of investments are allocated to investment managers to whom the Trustee delegates the decision regarding allocations across principal market sectors.

The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. The investment objectives and risk limits of the Plan are detailed in the SIP.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not consider the AVC and legacy investments as these are not considered significant in relation to the overall investments of the Plan.

Investment Strategy

The investment strategy aims to reflect the investment objectives of the Plan, as stated in the Investment Principles section above. The current strategy is to hold:

- 57.5% in the growth portfolio, comprised of the following pooled investment vehicles: UK, overseas and emerging market equities funds and the diversified growth fund.
- 8.1% in the mid-risk portfolio, comprised of HLV property and private debt and senior private debt mandates.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 34.4% in the bond portfolio, which shares some characteristics with the long-term liabilities of the Plan. This is comprised of pooled investment vehicles, a segregated mandate and a qualified investor fund ("QIF") holding UK government bonds as well as UK and overseas corporate bonds.

There is no formal rebalancing policy however the asset allocation between growth, mid-risk and bonds is considered when investing and disinvesting for cashflow purposes.

Credit risk

The Plan is subject to credit risk as it directly invests in bonds (public and private) and has cash balances. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Pooled Investment Arrangements

The Plan's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

Direct credit risk from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Investments backing unit-linked insurance contracts are commingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles including bonds held in the diversified growth fund, private debt and senior private debt funds. These mandates also hold non-investment grade, or equivalent rated instruments, with a view to generating additional returns. Indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by one issuer.

Indirect credit risk also arises in relation to underlying investments held in the property pooled investment vehicle. This indirect risk is mitigated through the use of property as collateral and the diversification of the underlying securities to minimise the impact of default by any one issuer.

Some of the Plan's pooled arrangements invest in other pooled arrangements, for example the Plan's investment in the diversified growth fund managed by Baillie Gifford. The Trustee has considered the impact of these arrangements in relation to the Plan's exposure to failure by the sub-funds who may have different regulatory protections compared to the pooled investments made directly by the Plan. The Trustee believes that the indirect credit risk arising from these sub-funds are appropriate due to potential reward.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Segregated Mandates and QIFs

Credit risk arising on government bonds held directly in the SSGM segregated mandate is mitigated by investing in UK government bonds where the credit risk is relatively low. Credit risk arising on cash held within the SSGM segregated mandates is mitigated by ensuring coupons paid out are reinvested into UK government bonds. Cash deposits are kept to a minimum, with any remaining balances maintained as a liability on State Street's balance sheet.

The Insight Buy and Maintain Fund is a pooled qualified investor fund, in which the only investors are pension schemes of the Sponsoring employer, Carillion plc. Credit risk arising on corporate bonds held directly in the Insight Buy and Maintain QIF mandate is mitigated by investing in bonds deemed to have strong credit fundamentals and minimal risk of default. Bonds are sold if the outlook for the credit materially deteriorates and if this default risk is not captured in the market price or to maintain fund duration. The credit quality of the bonds held within the buy and maintain mandate (at 31 December 2016) is outlined in the table below.

Rating	% NAV
AAA	6.1
AA	9.9
A	53.4
BBB	27.2
BB	0.2
B	0.0
CCC	0.0
CC	0.0
C	0.0
Cash and other	3.1

Source: Insight Investment. Figures may not sum due to rounding.

Credit risk arising from non-investment grade bonds (rated BB or below), held as part of the buy and maintain credit mandate, is mitigated through credit analysis. In addition to this, these holdings are only a small part of the wider portfolio of investment grade credit which minimises the impact of default by any one issuer.

Credit risk arising on cash held directly in the Insight Buy and Maintain fund is mitigated through holding the majority of cash in the Insight Liquidity Fund ("ILF"), this fund is a rated AAA by S&P and Fitch. Cash for collateral and margining purposes will either be held within ILF or the client's custody account with Northern Trust where it is held separately from the bank's money.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Derivative positions held in the Insight Buy and Maintain fund are both over the counter ("OTC") and exchange traded.

- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. OTC credit risk is mitigated through Insight's derivative operations team who monitor trade positions and ensure that daily margins are posted and received as the value of the contract moves.
- Credit risk is mitigated on exchange traded positions through the monitoring and payment/receipt variation margin in addition to any initial margin paid at the outsets of contracts.

Positions are exposed to counterparty risk. This risk is mitigated through monitoring by Insight's Counterparty Credit Committee who select counterparties through a number of assessment factors including credit quality, capability, liquidity, pricing and operational effectiveness.

Currency Risk

The Plan is subject to indirect currency risk arising from the Plan's investment in sterling priced pooled investment vehicles as they hold underlying investments denominated in foreign currencies.

The Plan's investment in the diversified growth fund consists of underlying investments across a range of asset class and regions. This fund uses currency exposure as part of the investment strategy to generate additional returns.

Interest Rate Risk

The Plan is subject to interest rate risk on the investments comprising of bonds held either as segregated or through pooled investment vehicles and cash.

The Trustee has set a benchmark for total investment in bonds of 34.4% of the total investment portfolio. If interest rates fall, the value of the investments is expected to rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the bond investments should fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Trustee has an exposure to growth fixed income assets within the growth portfolio in the form of the diversified growth fund, private debt and senior private debt allocations. Interest rate exposure is taken by Baillie Gifford and Mercer to assist in meeting their return objectives.

As at 31 December 2016 bond assets represented 36.5% (2015: 35.0%) of the total investments portfolio, not including those bond assets held within the diversified growth mandate.

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other Price Risk

Other price risk arises principally in relation to the Plan's growth and mid-risk portfolios which include the pooled investment vehicles in UK, overseas and emerging market equities as well as the pooled property, diversified growth fund.

The Plan manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

As at 31 December 2016 these growth and mid-risk assets represented 63.5% (2015: 65.0%) of the total investments portfolio.

Longevity Risk

In December 2013 the Plan entered into a longevity swap in order to hedge the longevity risk of the pensioner population as at 1 September 2013.

10. CURRENT ASSETS

	31 December 2016	31 December 2015
	£000	£000
Deficit funding contributions due from Employer	782	933
Cash balances	1,596	2,565
Amount due from Employer	-	166
Other debtors	8	10
	2,396	3,674

11. CURRENT LIABILITIES

	31 December 2016	31 December 2015
	£000	£000
Unpaid benefits	46	183
Amounts due to HMRC	241	237
Administration and investment management fees due	428	354
Other creditors	396	254
	1,111	1,028

THE ALFRED MCALPINE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The amounts due for administration and investment management fees relate to the expected recharge of expenses from the Employer for the year. These amounts have been included in the expenses in notes 6 and 8.

Other creditors include £396k (2015: £228k) payments due to Deutsche Bank AG in respect of the longevity swap contract for the months of November and December 2016.

12. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard No 8 the Trustee is deemed to be a "related party" of the Plan. Additionally, certain Directors of the Trustee Company have an interest as either a pensioner or deferred member of the Plan due to their service as an employee with the Employer.

Carillion plc have re-charged the Plan £36k for administration and processing fees in 2016 (2015: £36k). The amount is included within the administrative expenses shown in note 6.

THE ALFRED MCALPINE PENSION PLAN

REPORT ON ACTUARIAL LIABILITIES

Actuarial valuation

The Plan is subject to the Statutory Funding objective which is to have sufficient and appropriate assets to cover its 'technical provisions'. The technical provisions are an estimate made on actuarial principles of the assets needed at any particular time to cover the Plan liabilities. Liabilities include pensions in payment, benefits payable to the survivors of former members and those benefits accrued by other members which will be payable in the future.

Technical provisions are calculated using an accrued benefits funding method and assumptions chosen by the Trustee, after taking the Actuary's advice and usually obtaining the Employer's agreement.

These assumptions will be subject to scrutiny by the Pensions Regulator if they fall outside reasonable boundaries as judged by the Regulator.

To check if the Plan has sufficient assets to cover its liabilities the Trustee asks the Actuary to perform a valuation.

In a valuation, the Actuary measures the value of the Plan's assets, estimates the value of its liabilities and then compares the two. This gives the funding level. If the Plan has exactly the right amount of assets to meet its liabilities, it is described as having a 100% funding level. The aim is to suggest:

- how much money the Plan needs to have set aside to cover the benefits members have already earned; and
- the contributions the Plan should receive for benefits building up in the future, if any.

In a valuation, the Actuary looks at the Plan's finances under two main situations.

The plan specific funding basis is effectively the basis used by the Trustee for striking the technical provisions and assumes that the Plan will continue in its present form. It includes the cost of paying benefits now and in the future. These liabilities can be spread over many years, which allows the Actuary to include allowance for future investment growth on the Plan's assets.

The discontinuance basis assumes that the Plan was wound up on the valuation date. The Actuary is required by law to look at this situation: it does not mean that the company is thinking of ending the Plan. To do this, he looks at whether the Plan had enough money to buy insurance policies to provide members' benefits. This is called the 'full solvency position'. Insurance companies have to invest in low risk assets which are likely to give low returns, while their policy prices will include administration charges and a profit margin. This means that even if a Plan is fully funded on the technical provisions basis, the full solvency figure is likely to be less than 100%.

THE ALFRED MCALPINE PENSION PLAN

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

The results of the valuation as at 31 December 2013

The latest valuation is taken at 31 December 2013. This was signed on 23 December 2014. The Actuarial Certificate required under Section 227 relating to the 2013 valuation as required by law, is set out on page 41.

On-going Basis

On 31 December 2013, the Actuary found that the Plan was not 100% funded and the full amount needed to provide benefits was £442m. The market value of the Plan's assets was £328m which gave a shortfall of £114m on the technical provisions basis. This is equivalent to a funding level of 74%.

Discontinuance Basis

If the Plan was wound up on 31 December 2013, the Actuary estimated the shortfall would have been £240m. This is equal to a funding level of 58%.

Under the Statutory Funding objective, where there is a shortfall at the effective date of the actuarial valuation, the Trustee must aim to achieve full funding in relation to the technical provisions. It achieves this by agreeing a Recovery Plan with the Employer to make good any shortfall over a reasonable period. The Plan's Statutory Funding objective and Recovery Plan are subject to the Regulator's scrutiny.

The Trustee and Employer agreed on a Recovery Plan which aims to achieve 100% funding on the technical provisions basis by 30 June 2029, with the Employer paying shortfall contributions of £11.2m per annum from 2014 to 2016, £5.8m in 2017, £6.3m per annum from 2018 to 2021 and £6.8m per annum from 1 January 2022 to 30 June 2029.

Movements over the last year and since the valuation

Since the formal valuation as at 31 December 2013, there has been a reduction in the Plan's funding level, despite positive investment returns and deficit contributions being paid by the Company, due to falling gilt yields increasing the cost of providing members' benefits. This experience continued over 2016 and as at the year-end, the Plan's funding level was approximately 69% on the technical provisions basis.

The next full actuarial valuation of the Plan will fall due as at 31 December 2016, which is required under legislation to be completed and agreed by the Trustee and Company within fifteen months of the effective date. However, the funding position will continue to be monitored regularly by the Trustee as part of its on-going strategy for managing the Plan.

Full details of the valuation as at 31 December 2013 are given in the Actuary's valuation report. A copy is available on request from the Administrator.

During the year the Trustee sent out a Summary Funding Statement to members, as required by law, to set out the financial position of the Plan.

THE ALFRED MCALPINE PENSION PLAN

2013 SCHEDULE OF CONTRIBUTIONS

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MCALPINE PLAN

Alfred McAlpine Pension Plan Schedule of Contributions, incorporating actuarial certificate

Status of this document

This schedule has been prepared by the Trustees of the Alfred McAlpine Pension Plan ("the Trustee") to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Edwin Topper, the actuary to the Plan appointed by the Trustee.

This document is the first schedule of contributions put in place for the Alfred McAlpine Pension Plan ("the Plan") following the 31 December 2013 valuation. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Carillion AM Limited on behalf of itself and the other employers participating in the Plan, on 13 Dec 2013.

The Trustee and the Employer have signed this schedule to indicate that it represents an accurate record of the agreed pattern of contributions. The schedule is effective from the date it is certified by the Scheme Actuary.

Contributions to be paid to the Plan from 31 December 2013 to 30 June 2029

Members' contributions

No contributions are payable by members after 31 December 2009.

Employer's contributions in respect of future accrual of benefits

No future accrual contributions are payable by the Employer after 31 December 2009.

Employer's contributions in respect of the shortfall in funding as per the recovery plan of 31 Dec 2013

The Employer shall pay shortfall correction additional contributions of at least £11.2m p.a. from 2014 to 2016, £5.8m in 2017, £6.3m p.a. from 2018 to 2021 and £6.8m p.a. from 1 January 2022 to 30 June 2029, with contributions being paid on a monthly basis or earlier unless otherwise agreed by the Trustee.

The above contributions assume that the contingent trigger will not arise following the 31 December 2019 actuarial valuation (see section 2.3 of the main valuation report) but if it does, then the contributions from 1 January 2022 will be adjusted downwards accordingly.

Employer's contributions in respect of benefit augmentations

In addition, the Employer shall pay the cost, as determined by the Scheme Actuary, of any benefit augmentations requested by the Employer and approved by the Trustee.

Employer's contributions in respect of administration and other costs

The Employer will, each year, pay the Plan's share of the continuing costs and expenses of operating the swaps, capped at £500,000 (excluding VAT) for the five schemes. Other expenses will be paid directly from the Plan from 1 January 2014.

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THE ALFRED MCALPINE PENSION PLAN

2013 SCHEDULE OF CONTRIBUTIONS (CONTINUED)

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MCALPINE PLAN

PPF levies incurred by the Plan will be met by the Employer.

Other Employer contributions

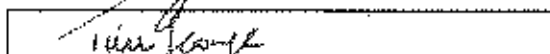
The Employer may pay additional contributions on a regular or one-off basis if it chooses.

Dates of review of this schedule

This schedule of contributions will be reviewed by the Trustee and the Employer no later than 15 months after the effective date of each actuarial valuation, due at least every three years.

This schedule of contributions has been agreed by the Employer, Carillion AM Limited on behalf of itself and the other employers participating in the Plan, and the Trustee of the Alfred McAlpine Pension Plan on ... 23 Dec 2014 ...

Signed on behalf of Carillion AM Limited



Name

TIM GEORGE

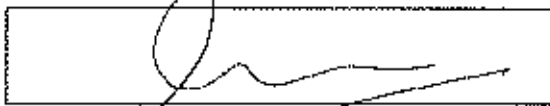
Position

Co. Sec.

Date of signing

23 DEC 2014

Signed on behalf of the Trustee of the Alfred McAlpine Pension Plan



Name

ROBIN ELLISON

Position

CHAIRMAN

Date of signing

23 Dec 2014

THE ALFRED MCALPINE PENSION PLAN

ACTUARIAL CERTIFICATE

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MCALPINE PLAN

Certification of Schedule of Contributions

Name of Scheme

Alfred McAlpine Pension Plan

Adequacy of rates of contributions

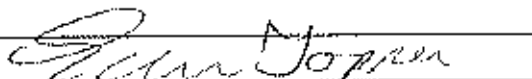
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 23 Dec 2014.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 23 Dec 2014.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature



Scheme Actuary

E S Topper

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

23 Dec 2014

Name of employer

Mercer Limited

Address

Belvedere
12 Booth Street
Manchester
M2 4AW