Pershing Square Holdings, Ltd.
Unaudited Condensed Interim Financial Statements
June 30, 2020

Pershing Square Holdings, Ltd.

2020 Unaudited Condensed Interim Financial Statements

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Company Overview

The Company

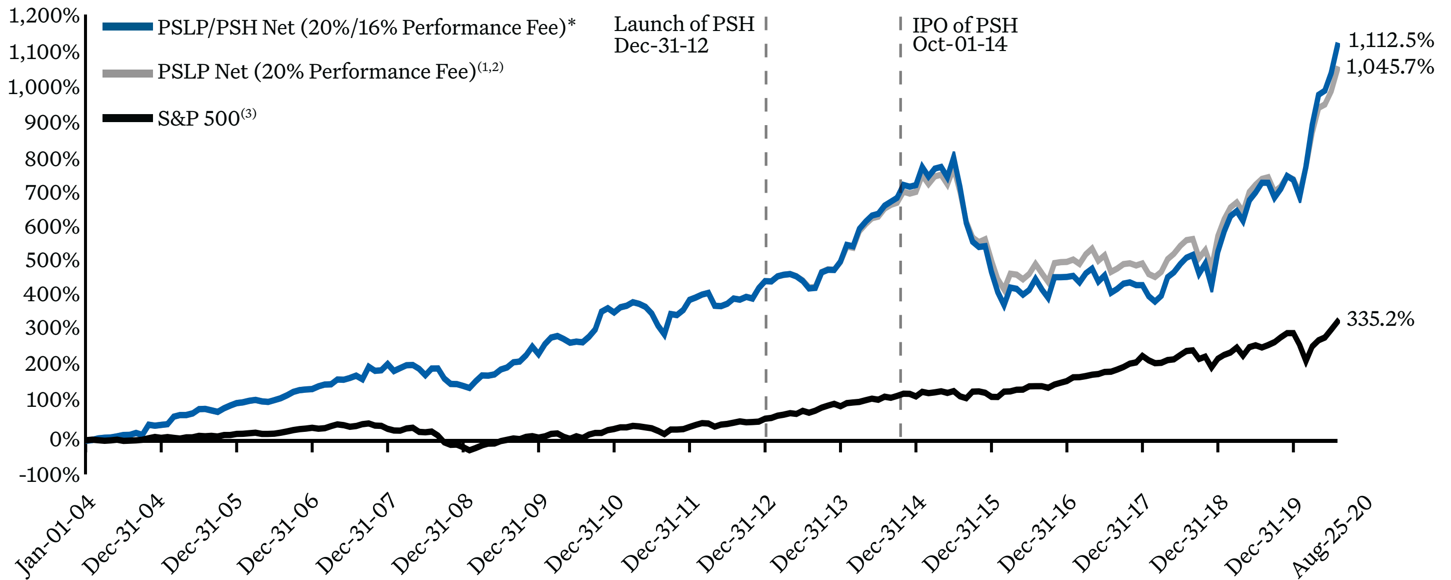
Pershing Square Holdings, Ltd. ("PSH", or the "Company") (LN:PSH) (LN:PSHD) (NA:PSH) is an investment holding company structured as a closed-ended fund that makes concentrated investments in publicly traded, principally North American-domiciled, companies. PSH's objective is to maximize its long-term compound annual rate of growth in intrinsic value per share.

PSH has appointed Pershing Square Capital Management, L.P. ("PSCM," the "Investment Manager" or "Pershing Square"), as its investment manager. The Investment Manager has responsibility, subject to the overall supervision of the Board of Directors, for the investment of PSH's assets and liabilities in accordance with the investment policy of PSH set forth in the 2019 Annual Report (the "Investment Policy").

PSCM, a Delaware limited partnership, was founded by William A. Ackman on January 1, 2004. PSH was incorporated with limited liability under the laws of the Bailiwick of Guernsey on February 2, 2012. It commenced operations on December 31, 2012 as a registered open-ended investment scheme, and on October 2, 2014 converted into a registered closed-ended investment scheme. Public Shares of PSH commenced trading on Euronext Amsterdam N.V. on October 13, 2014. On May 2, 2017, PSH's Public Shares were admitted to the Official List of the UK Listing Authority and commenced trading on the Premium Segment of the Main Market of the London Stock Exchange.

Company Performance

Pershing Square Holdings, Ltd. and Pershing Square, L.P. (“PSLP”) Performance vs. the S&P 500



	PSLP/PSH Net Return*		PSLP Net Return[1,2]	S&P 500[3]
2004	42.6 %	Pershing Square, L.P.	42.6 %	10.9 %
2005	39.9 %		39.9 %	4.9 %
2006	22.5 %		22.5 %	15.8 %
2007	22.0 %		22.0 %	5.5 %
2008	(13.0)%		(13.0)%	(37.0)%
2009	40.6 %		40.6 %	26.5 %
2010	29.7 %		29.7 %	15.1 %
2011	(1.1)%		(1.1)%	2.1 %
2012	13.3 %		13.3 %	16.0 %
2013	9.6 %	Pershing Square Holdings, Ltd.	9.7 %	32.4 %
2014	40.4 %		36.9 %	13.7 %
2015	(20.5)%		(16.2)%	1.4 %
2016	(13.5)%		(9.6)%	11.9 %
2017	(4.0)%		(1.6)%	21.8 %
2018	(0.7)%		(1.2)%	(4.4)%
2019	58.1 %		44.1 %	31.5 %
Six-month period ended June 30, 2020	28.9 %		23.9 %	(3.1)%
Year-to-date through August 25, 2020	44.1 %		35.5 %	7.9 %

2004–August 25, 2020[1,4]

Cumulative (Since Inception)	1,112.5 %	1,045.7 %	335.2 %
Compound Annual Return	16.2 %	15.8 %	9.2 %

* Return an investor would have earned if it invested in PSLP at its January 1, 2004 inception and converted to PSH at its launch on December 31, 2012. Also see endnote 1 on page 46. Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying endnotes and important disclaimers on pages 46–48.

Chairman's Statement

INTRODUCTION

During the first half of 2020, COVID-19 entered our world and changed it forever. Since January, the virus has sickened more than 23 million people worldwide, and tragically killed more than 800,000. As the world begins to reopen amid the virus' continued spread, businesses are working to adapt to incredibly challenging economic conditions, which could not have been imagined at the end of 2019.

In PSH's 2019 Annual Report, the Investment Manager explained its early concerns regarding the virus which led it to initiate hedging positions in the credit default swap markets to protect the PSH portfolio. After a substantial decline in markets, the Investment Manager unwound those credit hedges and redeployed a significant amount of the proceeds into equities. The Investment Manager increased investments in existing portfolio companies, and initiated investments in companies it had previously researched. The Investment Manager's detailed understanding of its portfolio companies allowed it to have conviction in its investment decisions during this uncertain period, and gave it confidence that such purchases would position the PSH portfolio well for the long term.

As markets have continued to rebound since their March lows, PSH has benefited from its increased long exposure to equities. The Investment Manager is also holding some of the proceeds of the credit hedge as cash because it believes volatility will continue in the short to medium term.

INVESTMENT PERFORMANCE

For the first half of 2020 and year-to-date through August 25, 2020, the Company's NAV per share, including dividends, increased by 28.9% and 44.1%,[i] respectively, and the Company's share price increased by 23.7% and 37.3%,[ii] respectively, outpacing the S&P 500 which returned -3.1% and 7.9%[iii] over the same period. The Investment Manager has demonstrated an ability to react nimbly to an incredibly difficult set of circumstances to protect your investment, and the Board is very pleased with PSH's year-to-date performance on a relative and absolute basis.

It is interesting to note that four of the nine companies in PSH's portfolio on June 30, 2020 have positively contributed to the Company's performance year-to-date through August 25, 2020 despite the effects of the virus on their businesses, or perhaps because of how their management teams responded to the challenges they faced. The decline in value of the other five portfolio companies is more than offset by the proceeds generated by the credit hedge, and the Investment Manager believes that they will recover in the long term. The outlook for PSH's portfolio companies is described further in the Investment Manager's Report.

PORTFOLIO CHANGES

During the first half of 2020, PSH re-established a core investment in Starbucks ("SBUX") and exited its investment in Berkshire Hathaway ("BRK.B"). In addition to the hedging positions that were initiated in February and subsequently exited in March, the Investment Manager also initiated and exited a number of non-core investments during the heightened period of volatility this spring.

This summer, the Investment Manager formed Pershing Square Tontine Holdings, Ltd. ("PSTH"), a special purpose acquisition company, or SPAC, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with a private company. On July 22, 2020, PSTH raised $4 billion in its IPO on the New York Stock Exchange. The Company, Pershing Square, L.P. and Pershing Square International, Ltd. (collectively, the "Pershing Funds") committed to contributing an additional $1 billion with the option to increase their investment to $3 billion such that in total, PSTH has $5 billion to $7 billion of equity capital for use in its initial business combination. In typical SPAC transactions, the sponsor is owned by the investment manager. However, the SPAC sponsor for PSTH is 100% owned by PSH and Pershing Square's private funds, ensuring that the Investment Manager's incentives are fully aligned with the performance of the funds.

The completion of a transaction, if any, will have the effect of PSH establishing a core position in the newly public company. PSTH allows the Investment Manager to make an investment in a high-quality business that meets the Investment Manager's investment principles, but that is currently privately held. PSTH and other portfolio changes are discussed further in the Investment Manager's report that follows.

CORPORATE ACTIONS

The Board and the Investment Manager continue to believe that given the current market conditions, PSH's available free cash, the wide discount to NAV and the valuation of underlying portfolio positions, our existing share buyback program is in the best long-term interest of PSH's shareholders. As such, the Board and Investment Manager authorized two additional share buyback programs for $100,000,000 each during the first half of 2020. Year-to-date, PSH has repurchased a total of $279 million of PSH Public Shares. Since the current buyback program began in June 2019, it has been expanded four times and has repurchased a total of $452 million of PSH Public Shares. Since the launch of PSH's first share repurchase program on May 2, 2017, PSH has repurchased a total of $830 million of PSH Public Shares.

On August 26, 2020, PSH announced the issuance of a private placement of $200,000,000 of 3.00% 12-year unsecured bonds, maturing on July 15, 2032 (the "2032 Bonds"). The 2032 Bonds are unsecured, and rank equally in right of payment with PSH's $1,000,000,000 of 5.500% Bonds due July 15, 2022 (the "2022 Bonds"), and PSH's $400,000,000 of 4.950% Bonds due July 15, 2039 (the "2039 Bonds"). The 2032 Bonds contain the same covenants as those governing the 2039 Bonds.

As PSH's NAV increased substantially this year and PSH's total debt to total capital ratio declined from 19.7% to 15.4%, the Board decided to take advantage of the low interest rate environment and issue the 2032 Bonds as part of our long-term debt management strategy. As the $1 billion of 2022 Bonds are due in less than two years, the issuance of the 2032 Bonds allows PSH to further ladder its maturities as part of PSH's long term debt management strategy.

The issuance of the 2032 Bonds is not expected to have any impact on PSH's current share repurchase program or any future extensions or expansions of the program. The issuance of the 2032 Bonds does not increase the management or incentive fees paid to the Investment Manager, as the fees paid are determined based on Net Asset Value, not the total assets of PSH. The Board believes that PSH's ability to issue low-cost, investment-grade, long-term debt is an important competitive advantage for PSH, and in the long-term best interest of PSH shareholders.

DISCOUNT

As of August 25, 2020, PSH trades at a 32.7% discount to NAV, or 3.8 percentage points wider than at the beginning of the year.[iiii] During the particularly volatile month of March, the discount widened substantially before quickly narrowing again to a level at which it has more or less remained through the current date.

The Board continues to believe that in order to substantially narrow the discount, PSH must generate sustained positive performance over the long term. The Board is pleased that the PSH shareholder base continues to broaden as more investors note the strong absolute and relative performance in 2019 and 2020 year-to-date, the benefits of the hedging transactions in the first half of 2020, and the positive reception for the launch of PSTH. The Board believes that these developments, and the increased demand for PSH shares, should lead to a narrowing of the discount and continued positive long-term returns for PSH shareholders over time.

/s/ Anne Farlow

Anne Farlow
Chairman of the Board
August 28, 2020

Investment Manager's Report

LETTER TO SHAREHOLDERS

To the Shareholders of Pershing Square Holdings, Ltd.:

Pershing Square Holdings generated strong performance during the first half of 2020 and year-to-date,[5] as our NAV total return per share increased 28.9% and 44.1%[6] respectively, compared with the S&P's half-year and year-to-date total return of -3.1% and 7.9%.[3] Our strong absolute and relative performance was driven by our late February and early March hedging program in the index CDS markets, the subsequent unwinding of that hedge beginning on March 12th, and the contemporaneous reinvestment of nearly all of the gains from hedging by March 18th, which allowed us to take advantage of the large decline in the share prices of our portfolio companies, and of certain new investments during that period.

As markets have recovered since late March, our portfolio companies' share prices have also increased, driving year-to-date performance. PSH's first-half and year-to-date total shareholder returns of 23.7% and 37.3%[7] were less than our NAV total returns, as the discount to NAV at which our shares trade has widened from 29% to 33%[8] since the beginning of the year.

Even with the overall market recovery, most of our portfolio companies' share prices remain below their levels on January 1st, and substantially below their all-time highs. For nearly all of our portfolio companies, we do not believe that the coronavirus has permanently impaired their intrinsic values. In fact, in most cases, we believe the economic, behavioral, and competitive effects of the virus, coupled with our portfolio companies' aggressive actions in response to the impact of the virus, have increased their intrinsic values. As a result, we believe our current holdings remain attractively valued, offering substantial additional profit potential over the long term.

Progress

In our 2017 Annual Letter to Shareholders released on March 23, 2018, I wrote:

> "We believe that this is a particularly attractive time to invest in PSH because:
>
> - our portfolio trades at a wide spread to intrinsic value with catalysts which we believe should contribute to value recognition (which we discuss in detail in the Portfolio Update);
> - the shares are currently trading at approximately [a] 23% discount to NAV, which we would expect will narrow with improved investment performance;
> - the idea generation engine is intact and productive;
> - we have largely resolved the potential liabilities that have caused concern...; and
> - fees are low as we have reduced management fees by $14.4 million over the next eight quarters in connection with the Allergan settlement, and performance fees will not be payable until PSH recovers above the high-water mark NAV of $26.37 per share.
>
> While none of the above factors guarantee a good investment outcome, they substantially increase the probability of our success.... You can be assured that we are working very hard to deliver the results that you expect from us."

Investors who purchased shares on March 23, 2018 would have been well rewarded as PSH's NAV total return since that time has been 153%,[6] and our total shareholder return has been 117%,[9] with the difference due to the widening of our shares' discount to NAV.

While our March 2018 statements about the attractiveness of PSH as an investment were accurate, our prediction that PSH's discount to NAV would narrow has not yet come to pass. It is conventional wisdom in the closed-ended fund investment community that strong performance, large buyback programs, the initiation of a quarterly dividend, and insider purchases by the manager should assist in reducing the discount to NAV at which a closed-ended fund trades.

Judged by this wisdom, we deserve high marks. Since our March 2018 annual letter, in fewer than two-and-one-half years, NAV per share has increased by 153%;[6] PSH has repurchased 45.1 million shares representing 19.2% of shares outstanding; the company initiated a 10-cent quarterly dividend in the first quarter of 2019; and the Investment Manager and its affiliates have increased their beneficial ownership of PSH from 3.9% to 25.2%[10] through open market purchases and share buybacks. Yet, in spite of all of the above, the discount has widened by approximately 1,000 basis points over the same period.

Whatever the explanation for today's large discount, our strong preference is for the shares to trade at or above net asset value over the long term. The only consolation prize to the wide discount is that our share repurchases have provided us with an attractive incremental investment opportunity that has enhanced our returns to shareholders marginally in recent years. While the expected catalysts for a closure of the discount have not yet been effective, another potential catalyst has recently emerged due to our strong performance.

FTSE 100 Index Inclusion

PSH is a member of the FTSE 250 index and the FTSE All-Share Index. Companies like PSH that are Premium Listed Equities admitted to trading on the London Stock Exchange with a Sterling-denominated price are eligible for inclusion in the FTSE 100. Assuming a company meets the requisite governance and liquidity requirements, which are currently met by PSH, FTSE 100 inclusion is determined based on the full Sterling market capitalization of a company's listed shares.

As an increasing amount of investment capital has been invested in index funds, and with the returns of global benchmark indexes having exceeded that of most active managers, index inclusion has become an increasingly important catalyst for stock price performance and intrinsic value recognition. The FTSE 100 index is the UK's globally recognized benchmark index equivalent to the S&P 100.

The FTSE 100 index seeks to represent the 100 largest companies by market capitalization on the London Stock Exchange that meet the relevant requirements. In order to be eligible for automatic inclusion, a company must have a market capitalization equal to or greater than the 90th largest market cap company in the index as of March, June, September, or December, the quarterly dates on which the FTSE calculates index inclusion. Alternatively, if companies in the index fall below the 110th largest company by market cap, they are removed from the index and create room for new additions.

We believe that PSH's inclusion in the FTSE 100 index would be a material positive catalyst in increasing demand for PSH shares by index funds who will be required to purchase the stock, by other investment managers who invest in companies included in the index, and by active managers that will be made aware of PSH and its bargain valuation compared to the other FTSE 100 index components.

As of this writing, the market value of PSH's public shares at £3.9 billion would make PSH the 100th largest company on the LSE, with a £646 million lower market cap than the 90th ranked company in the index. While the 5.2% increase in value of the pound versus the dollar since the last measurement date of June 2nd has reduced PSH's market cap by a corresponding amount, PSH's public market cap would need only increase by 16.6% in order to displace the 90th ranked company and be eligible for inclusion, all else remaining the same. Unfortunately, our large buyback program has been a hindrance to

inclusion. Had the 50.6 million shares that we have repurchased since the inception of our buyback program remained outstanding, PSH would have already been added to the FTSE 100 index.

To increase the probability of our addition to the FTSE 100 index, at the end of this year, we will be converting all of PSH's management shares to public shares, as management shares are not considered in the index inclusion calculation. This will add approximately 6 million public shares to our listed market capitalization. Had this conversion taken place previously, PSH would today be the 99th largest company in the index, and would only need to increase in market cap by 13.1%, all else remaining the same, in order to meet the FTSE 100 inclusion threshold.

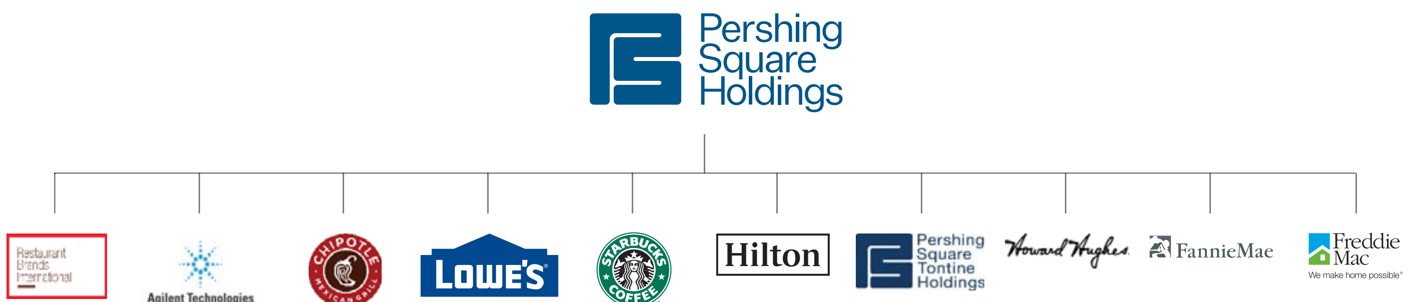
PSH could today reach the necessary threshold if the current discount to NAV declined to 20%. This relatively modest reduction in discount could become self-fulfilling if investors: (1) expect that PSH will be added to the index in the short term, (2) believe that FTSE 100 inclusion will be a catalyst for a significant upward revaluation of the company, and (3) therefore buy PSH shares driving the discount narrower and our market cap above the relevant threshold.

PSH could also over time continue to outperform the FTSE 100 index components, or a combination of the above factors could cause PSH to exceed the threshold market cap requirement. Alternatively, PSH may be added to the index by the removal of other constituents who rank lower than the 110th company by market cap. As of this writing, there is one such company that may be removed, and PSH is second in line to be admitted by this method. While there is no certainty that PSH will be admitted to the FTSE 100 index, we are close enough to inclusion to consider the potential implications for PSH.

When one compares PSH's track record with the other FTSE 100 index components, we believe our undervaluation will become starkly evident. Approximately three quarters of the companies in the index trade at a premium to book value. The FTSE 100 index weighted by market cap currently trades at 1.5 times book value, a level that makes sense in light of the 11% long-term, average return on equity of the similarly weighted FTSE 100 component companies.

Furthermore, the companies in the FTSE 100 index that currently trade at a discount to book value are comprised of loss-making companies in challenged industries, or banks and other financial institutions that earn inadequate returns on equity. Notably, the only closed-ended fund in the index that invests the substantial majority of its capital in publicly traded equities has generally traded at a narrow band around NAV or book value.

As we have previously explained, while PSH is legally a closed-ended fund, in our view it is best thought of as a tax-efficient investment holding company that owns minority interests in public companies which are of a quality and scale where legal control is often difficult if not impossible to achieve. Our strategy is to acquire smaller pieces of superb businesses over which we have substantial influence, rather than controlling interests in lower quality businesses. Today, PSH owns minority interests in ten "subsidiary" portfolio companies, as depicted below:



The formal definition of a subsidiary is a corporation controlled by a holding company, where control is typically represented by a 50% or greater ownership interest. In the case of PSH's "subsidiaries," however, we have generally owned less than 20% of shares outstanding, and usually less than 10% of shares outstanding. Even so, we are typically one of the largest shareholders of our investees, and we are an influential and supportive owner whether or not we have board seats, regardless of what percentage of the company we own.

We believe it is appropriate to value PSH as a tax-efficient investment holding company by reference to the long-term return on equity it has earned, and is expected to earn in the future. When the record of PSH is considered over the long term, calculated beginning with its predecessor funds' inception on January 1, 2004, we have earned a greater than 16% annual return on equity for nearly 17 years, and more than double this return over the last two years.[11] Companies that have long-term track records of earning mid-teens returns on equity generally trade at more than two times book value, and rarely, if ever, trade at a discount to book value.

PSH's short and long-term return on equity compare quite favorably with the 11% return on equity of the FTSE 100 as measured over comparable periods, which makes the current discount to NAV or book value that much more anomalous. We have been unable to identify another public company in the world that has earned similar returns on equity over the long term that has consistently traded below book value, let alone at a 33% discount to book value, which is readily determinable because of the highly liquid, publicly traded nature of our assets.

We believe that in the event that PSH were added to the FTSE 100 index, PSH's visibility in the global investible universe will be materially enhanced, and its undervaluation will be recognized. This may cause the discount to NAV at which our shares trade to narrow, but we caution that, based on our experience with other likely catalysts, discount closure is not assured.

Pershing Square Tontine Holdings, Ltd.

On July 22nd, Pershing Square Tontine Holdings, Ltd. ("PSTH") completed a $4 billion IPO on the New York Stock Exchange. We designed PSTH to be the most investor- and merger-friendly SPAC in the world. Apparently investors agreed, as we had more than $12 billion of demand for the offering when we stopped marketing the IPO on the second day of the road show. We capped the IPO at $4 billion, which, when added to the Pershing Square funds' minimum $1 billion commitment, created the largest blank check company in the world.

We capped the size of the public offering so that we would not materially limit the potential universe of merger candidates in which our shareholders would, via a merger, become a minority owner of the newly public company. We are seeking to own a minority interest in the newly merged company because we believe our willingness to be a minority owner will differentiate PSTH from the substantial majority of other private equity and strategic buyers who require control, and are therefore prepared to pay a substantial control premium.

Sellers are much more price sensitive when selling 100% or even a controlling interest in their business for obvious reasons. A seller's price sensitivity declines, however, when they are selling a smaller interest that allows them to achieve other important strategic objectives. We therefore expect that a potential PSTH merger partner will be much less price-sensitive in a transaction in which it, in effect, sells a minority interest in a merger with PSTH, which also allows it to raise $5 billion of equity capital and retain control of a newly public New York Stock Exchange listed company. In fact, the smaller the interest they are selling, the lesser the price sensitivity, which makes mergers with larger companies more likely to come on more

advantaged terms than with smaller companies. PSTH's targeting of companies that are multiples of its size is designed to enable it to acquire a minority interest in the newly merged company at an attractive valuation.

We have always believed that SPACs are interesting investment constructs. We have had an excellent experience and strong investment results from the first SPAC we co-sponsored in 2011 that merged with Burger King, the predecessor company to Restaurant Brands, which remains a core holding more than eight years after the merger. In principle, a properly structured SPAC with a strong sponsor should offer a much more attractive alternative to going public than through an initial public offering. This fact has begun to be appreciated more widely, including by members of the venture capital community. Recently, Bill Gurley, one of the world's leading venture capitalists, wrote a detailed blog post comparing SPACs and direct listings with initial public offerings. Bill makes a powerful case for SPACs. We encourage you to read his post: https://abovethecrowd.com/2020/08/23/going-public-circa-2020-door-3-the-spac/

One of the limitations of SPACs, however, has been the compensation arrangements of their sponsors, which in almost all cases are best described as egregious. These compensation structures are also counterproductive to the intended goal of a SPAC because of the large amount of dilution they create in a merger transaction.

The typical compensation for SPAC sponsors comes in the form of so-called founder shares which entitle the sponsor to 20% of the SPAC's common stock for an investment of $25,000 (this is not a typo!), which the sponsor receives if it completes a transaction. For example, a sponsor that raises a $400 million SPAC will receive 20% of its common stock, initially worth $100 million, if they complete a deal, whether the newly merged company's stock goes up or down when the transaction closes.

In other words, if the stock of the newly merged company in the above example declines by half after the transaction closes, the sponsor's common stock will be worth $50 million, a 2,000 times multiple of the $25,000 invested by the sponsor, a remarkable return for a failed deal. This value is realized by the sponsor while their shareholders have lost half of their investment. To make matters worse, many sponsors receive additional fees for completing transactions, which can include tens of millions of dollars in advisory fees, often paid to captive "investment banks" that are often 100% owned by the sponsors themselves.

The problem with the typical founder shares arrangement is not just the outsized nature of the compensation or the inherent misalignment of incentives, but also the fact that the massively dilutive nature of founder stock makes it difficult to complete a deal on attractive terms for the SPAC's shareholders. When coupled with the typical underwriting fees paid in a SPAC IPO of 5.5% of the capital raised, sponsors must overcome the combined 25% stock and fee dilution just to do a deal that breaks even. It is difficult to negotiate a deal that makes sense in a merger when one quarter of the value leaves the transaction at its inception, which is why the track record of SPACs is often poor.

In order to address these alignment issues, with PSTH we eliminated all forms of compensation, advisory fees, and founder shares. We further improved alignment issues by the Pershing Square funds committing to purchase a minimum of $1 billion of common stock and shareholder warrants on the same terms as PSTH's public shareholders. In addition, the Pershing Square funds purchased so-called Sponsor Warrants for $65 million – their estimated fair market value at the time of the IPO – that will become 10-year warrants on 5.95% of the newly merged company shares, only if we successfully complete a transaction.

The Sponsor Warrants have a strike price 20% above PSTH's IPO price, and are not transferable, salable or exercisable for

the first three years after the merger. The Sponsor Warrant's valuation was determined in consultation with a nationally recognized valuation agent, which considered, among other factors, that if we did not complete a transaction by the 30-month term of the SPAC, the Sponsor Warrants would likely lose substantially all of their value.

We also negotiated and capped the underwriting fees payable at 1.8% of the SPAC's minimum equity capital, further reducing frictional costs. We paid two-thirds of these fees with the purchase of the Sponsor Warrants, which reduces the total frictional costs of PSTH in a merger borne by shareholders and our merger partner to a *de minimis* amount.

We used the excess demand for the PSTH IPO to curate a shareholder list that would be the envy of any public company. We selected investors for their reputation as long-term, value-added owners. We expect our shareholder registry will contribute to PSTH's appeal as a merger partner for a high-quality company.

We also made a number of changes to the typical shareholder warrant structure of SPACs that minimizes the risk of shareholder redemptions. These structural changes, when coupled with our large amount of committed capital to the entity and our curated long-term shareholder base, reduce and likely eliminate the need to raise expensive so-called PIPE capital at the time a transaction is identified, a *de facto* requirement in nearly every other SPAC transaction.

The result of all of the above is that we now control a publicly traded, NYSE-listed company with $5 billion of equity capital that is seeking to merge and take public a large capitalization private company that meets our investment criteria for business quality, growth, and an attractive valuation. PSTH is the largest SPAC in the world with the least amount of frictional costs in a merger, making it a highly attractive alternative to an IPO. As such, we expect that PSTH will give Pershing Square's investors and PSTH's public shareholders unique access to an untapped universe of bespoke, large-capitalization investment opportunities.

To give you a better understanding of the unique, large scale of PSTH, there have been only three U.S. IPOs in the last decade of $5 billion or more – Alibaba, Uber, and Facebook – and the degree of difficulty for completing an IPO increases materially with its size. This makes PSTH an extremely attractive alternative for a company that would like to raise $5 billion or more of capital and go public, particularly during a period in the capital markets which is likely to be highly volatile and uncertain because of the economic impact of the virus, the upcoming presidential election, and the challenging political, social, and economic environment. Uncertainty is the enemy of the IPO and the friend of a $5 billion SPAC with the largest amount of committed capital.

We are in discussions with a number of potential companies that are owned and/or controlled by private equity firms, families, start-up company founders, as well as other private companies, and are encouraged by the initial interest that we have received. If you have a potential candidate in mind that meets our criteria and can provide an introduction, please call me directly.

PSH Versus PSTH's Valuation

Interestingly, but not surprisingly in our view, PSTH currently trades at 106% of its NAV, which is comprised entirely of cash. PSTH trades at a premium to its cash NAV because the market believes that it is probable that we will find an attractive merger candidate and complete a transaction that creates significant shareholder value. We believe that PSTH's share price reflects the compound probability of our completing a transaction, the potential increase in the stock price at the time of announcement, and the timing of transaction announcement and closure.

The fact that PSTH trades at 106% of NAV is particularly notable when it is compared with the 33% discount to NAV (comprised of cash and marketable securities) at which PSH trades, as PSH is managed by the same investment team, owns 91% of the PSTH Sponsor Warrants, and is a minimum $1 billion forward purchaser, alongside the two Pershing Square private funds, of PSTH common stock and shareholder warrants, with the right to increase its forward purchase investment by up to an additional $2 billion.[a]

While the Sponsor Warrants are valued at $84 million today,[b] in the event PSTH completes a successful merger, the Sponsor Warrants would be worth 1.5% to 2% of the equity market capitalization of the merged company at the time of completion of the merger (based on a Black Scholes valuation) depending on its stock price volatility. As PSTH is targeting a company with a post-merger market cap of $15 billion to as much as $30 billion or more, the Sponsor Warrants could become a material asset to PSH. This becomes even more likely if, as we expect, the merged company stock price increases above the initial transaction value, as the warrants, in that event, will become much more valuable.

At PSH's current 33% discount to NAV, PSH shareholders are getting all of PSH's $1.7 billion of net free cash, the Sponsor Warrants, the Forward Purchase commitment, the option to increase the Forward Purchase commitment, plus hundreds of millions of additional value for free. PSH's undervaluation has enhanced the benefits of our ongoing buyback program that endeavors each day to purchase the maximum number of shares permitted under the buyback regulatory regime.

It is important to note that all of the economics of PSTH are going to PSH shareholders and our private fund investors. This is an unusual approach as nearly every other SPAC sponsor has chosen to keep all or substantially all of the founder economics of launching a SPAC for the individuals that control the sponsor, rather than for the other funds they manage on behalf of their investors.

As the largest investors in PSH and in the Pershing Square funds, 23% of the capital invested in PSTH will indirectly come from the employees of Pershing Square Capital Management, which we believe provides the best form of alignment for both our investors and PSTH's shareholders.

The Current Environment

I write this letter at an extraordinary time in the history of the world. Approaching one million people have died from the effects of the virus, the global economy is suffering to a degree that was unheard of since the Great Depression, and we are faced with a greater degree of political uncertainty in the United States and globally as far back as we can remember. The economic and health effects of the virus have and will continue to have a disproportionately negative effect on the poor and disadvantaged in the U.S. and globally. Yet, we find ourselves optimistic about the companies in our portfolio, which include quick service restaurant and coffee companies, a hotel management company/franchisor, a home improvement retailer, two

a While PSH is unlikely to invest more than 20% of its NAV in PSTH – more likely, it will invest up to about 15% of NAV at the time of the closing of a SPAC merger – our right to invest additional capital remains an important valuable option to PSH.

b We are required under GAAP and IFRS to mark to market the Sponsor Warrants and our forward purchase commitment to PSTH (and we do so with the assistance of a third-party valuation agent). Therefore, effective beginning after the IPO of PSTH on July 22, 2020, the published NAV for PSH includes the mark-to-market value of the Sponsor Warrants and our forward purchase commitments to PSTH.

residential mortgage guarantors, a scientific equipment manufacturer, and a real estate development company. What explains this dramatic seeming disconnect?

In sum, we are entering an era in which we expect the dominant, well-capitalized, great companies that comprise our portfolio to accelerate their growth in market share and profitability over the long term as they effectively adapt to the changes wrought by the virus. While many have been puzzled by the stock market's resurgence, in our view, it can be best explained by this phenomenon writ large. Said differently, we have a corporate inequality phenomenon in addition to an income inequality problem.

The stock market is comprised of the biggest and strongest companies, and reflects the present value of what is to come for these businesses. It is not representative of the entire economy. If there were a stock market index of private, small businesses, it would likely be down 50% or more. Small business failures will make the income inequality problem even worse.

If we are to avoid continued political risk and disharmony which create serious risks to the sustainability of the capitalist system, we need to find a way for those left behind to participate to a greater extent in capitalism, broadly defined. This is an important problem that must be addressed, and it is incumbent upon all of us, particularly those of us who are the greatest beneficiaries of the system, to find a potential solution.

Despite its faults, we are strongly of the view that, while far from perfect, capitalism is by far the best system for maximizing the size of the economic pie. One of the principal problems with capitalism, particularly as it has functioned over the last several decades, however, is that wage growth has not kept pace with long-term wealth creation, which has disproportionately favored the wealthy and the upper middle class. This likely can be attributed to the higher after-tax returns generated by investment assets compared with wage growth over the same period. Without funds to invest for retirement – particularly after the housing crash destroyed many Americans' only other source of long-term wealth creation – one has almost no hope to build wealth for retirement, or to give the next generation a head's start. In sum, the American Dream has become a disappointment or worse for too many.

If capitalism continues to leave behind most Americans as the growth in wages has not come close to the more tax-efficient compound growth that has been achieved by investing in the stock market, more and more Americans will seek changes, potentially radical ones, to the current system, or seek an alternative system. Like those who rent rather than own their homes and thereby have no love lost for their landlords, Americans that have no ownership in the success of capitalism, and who are suffering economically, are more motivated to turn toward Socialism or other alternatives.

One potential solution to the wealth inequality problem is to create a way for those with no investment assets to participate in the success of capitalism. We need a program that makes every American an owner of the compounding growth in value of corporate America. Compounded returns over time are indeed one of the great wonders of the world, and every day we wait to address this issue, the problem looms larger.

There are a number of potential solutions to this problem. Among them, the government could establish and fund investment accounts for every child born in America. The funds could be invested in zero-cost equity index funds, be prohibited from withdrawal until retirement, and could compound tax free for 65 years. At historical rates of equity returns of 8% per annum, a $6,750 at birth retirement account - which would cost $26 billion annually based on the average number of children born in the U.S. each year - would provide retirement assets of more than $1 million at age 65.

Alternatively, or hopefully in addition, corporations could be required to set aside a fixed percent of salary or wages in a tax-free investment account for all workers that would also be restricted from withdrawal until retirement, similar to the approach used by the highly successful and popular Australian superannuation system, which has created savings of scale for growing generations of its citizens. Since the superannuation system's launch in 1991, Australia now has $2.7 trillion of superannuation assets – nearly twice the country's GDP. Remarkably, Australia has created the fourth largest pension system in the world, in the 53rd most populous nation.

In addition to helping all Americans build wealth for retirement, mandatory equity savings accounts for all would encourage greater financial literacy, and, as importantly, give all Americans the opportunity to participate in the success of capitalism.

We are not going to solve our country's problems in a few short paragraphs, but we highlight the above problems as they are critically important for the country to address, and, like Covid-19, they present black-swan-type risks for investors. These and other issues of global concern, like climate change, create substantial unresolved risks and uncertainties, and we therefore continue to remain extremely vigilant, cautious, and selective about our approach to investing your capital.

We are extremely grateful for your long-term commitment of capital that has enabled us to generate the returns for which you are therefore entitled.

Sincerely,

William A. Ackman

PORTFOLIO UPDATE

Performance Attribution

Below are the contributors and detractors to gross performance of the portfolio of the Company for the six-month period ended June 30, 2020 and year-to-date August 25, 2020.[12]

January 1, 2020 – June 30, 2020	
Index CDS (Hedge)	39.0 %
Lowe's Companies Inc.	5.5 %
Chipotle Mexican Grill, Inc.	4.1 %
Starbucks Corporation	2.3 %
Share Buyback Accretion	1.9 %
Agilent Technologies Inc.	1.2 %
Bond Interest Expense	(0.7)%
Federal Home Loan Mortgage Corporation	(1.0)%
Federal National Mortgage Association	(2.0)%
Berkshire Hathaway Inc.	(3.1)%
Hilton Worldwide Holdings Inc.	(5.5)%
The Howard Hughes Corporation	(7.3)%
All Other Positions and Other Income and Expense	0.8 %
Net Contributors and Detractors	**35.2 %**

January 1, 2020 – August 25, 2020	
Index CDS (Hedge)	37.0 %
Lowe's Companies Inc.	11.7 %
Chipotle Mexican Grill, Inc.	8.0 %
Starbucks Corporation	3.7 %
Agilent Technologies Inc.	3.2 %
Share Buyback Accretion	2.4 %
Pershing Square Tontine Holdings, Ltd.	2.0 %
Federal Home Loan Mortgage Corporation	(0.9)%
Bond Interest Expense	(0.9)%
Federal National Mortgage Association	(1.9)%
Hilton Worldwide Holdings Inc.	(2.3)%
Berkshire Hathaway Inc.	(3.1)%
The Howard Hughes Corporation	(5.7)%
All Other Positions and Other Income and Expense	0.4 %
Net Contributors and Detractors	**53.6 %**

Positions with contributions or detractions to performance of 50 basis points or more are listed above separately, while positions with contributions or detractions to performance of less than 50 basis points are aggregated, except for accretion and bond interest expense. Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying endnotes and important disclaimers on pages 46-48.

Lowe's Companies ("LOW")

Earlier this year, Lowe's began to experience a significant acceleration in demand, as U.S. consumers in lock down began to invest more in their homes, which has contributed to Lowe's year-to-date stock price increase of 40%. In recent months, Lowe's sales have reflected unprecedented demand across the home improvement sector. Lowe's has also benefited from actions taken over the prior year to improve the company's competitive position, driving additional share gains.

Lowe's second quarter results reflected extraordinary 35% U.S. comparable sales growth, substantial operating margin expansion, and robust earnings growth. While comparable sales growth has moderated somewhat in recent months, demand patterns continue to be well above historical averages. Although it is difficult to know how much longer the elevated demand environment will persist, we believe the pandemic has provided Lowe's with a unique opportunity to showcase its improved merchandising, greater in-stock levels, and excellent customer service to a growing base of customers. This should drive greater customer frequency and loyalty, leading to correspondingly higher same-store-sales and profit margins over the long term.

In 2020, beyond adapting the business for surging demand and the associated operational strains imposed by Covid-19, Lowe's continues to invest behind critical strategic initiatives, including improving omnichannel capabilities. Management completed the re-platforming of its ecommerce platform earlier this year, and will now focus on enhancing online features and functionality, thereby improving the overall user experience. Lowe's is also accelerating investments in its supply chain initiatives, a critical element of the company's longer-term business transformation. We believe that Lowe's continues to make substantial progress toward achieving each of management's high-priority initiatives, which will aid Lowe's future competitive position.

In recent quarters, Lowe's management has begun to acknowledge its medium-term 12% operating margin target as "not the end point," but rather "a stop along [Lowe's] journey," and has further noted that they believe Lowe's "can do better than that over time." As Lowe's revenue productivity and margins begin to approach its best-in-class peer Home Depot, which achieved a greater than 14% profit margin last year, it will generate significant increases in profit, which, when coupled with the company's likely soon-to-be-relaunched, large share repurchase program should lead to accelerated future earnings-per-share growth.

Despite Lowe's significant stock price appreciation, it currently trades at approximately 19 times our estimate of Lowe's next-twelve-month earnings (vs. Home Depot at 25 times), a valuation which does not reflect its potential for significant future profit improvement. As a result, we believe that Lowe's share price has the potential to appreciate substantially as the company continues to make progress on its business transformation.

Chipotle Mexican Grill ("CMG")

Chipotle's outstanding performance this year has been driven by its successful business transformation led by CEO Brian Niccol and his team, who have made Chipotle one of the best performing restaurant brands globally, with 52% year-to-date stock price appreciation. Digital access has been a pillar of management's strategy, fueling double-digit same-store sales growth in 2019, and enabling the brand to return to growth only three months after the onset of Covid-19 in the U.S.

Following a very strong start to the year, with same-store sales up 12% to 13% in January and February, Chipotle's same-store sales bottomed at negative 35% in late March, as states implemented stay-at-home orders and dining room closures. Management quickly responded by reallocating marketing dollars and refocusing the organization on digital pickup and delivery.

Management's rapid response has caused the company's digital sales mix to increase from just under 20% of sales at the end of 2019, to a peak of 70% of sales in April, moderating to nearly 50% of sales in July, as states have reopened. These digital sales gains have proved to be resilient, with Chipotle retaining 70% to 80% of digital sales gains while recovering 40% to 50% of in-store sales as of July. The combination of triple-digit digital sales growth and a gradual recovery of in-store sales has enabled Chipotle to return to mid-single-digit, positive same-store-sales growth in July, an exceptional result in the current environment for a brand that did not previously derive a majority of sales from drive-thru or delivery.

Management is confident that Chipotle will emerge even stronger once the Covid-19 crisis is over. Unit growth should accelerate in 2021 as competition for high-quality locations has decreased, with Chipotlanes, the company's high-return, digital drive-thru format incorporated into most new restaurants going forward. Management has reiterated its medium-term goals of: (1) $2.5 million in average restaurant sales, up from $2.2 million today, (2) corresponding restaurant-level margins of 25%, and (3) a long-term goal of more than doubling the current number of Chipotle restaurants in the U.S. The key levers to achieve this growth are already in place including digital access initiatives, the Chipotle Rewards loyalty program – which has become a highly effective tool for personalized marketing that has seen enrollment grow 75% this year to nearly 15 million members – and a robust menu innovation pipeline, with popular new items in trial including cauliflower rice and quesadillas.

Restaurant Brands International ("QSR")

Restaurant Brands' sales continued to improve through July due to the company's quick response to Covid-19, the benefits of its off-premise and value-focused business model, and the easing of shelter-in-place orders. While Restaurant Brands' share price has recovered more than 90% from its bottom in March, it still remains down 13% year to date, and 28% below its high last year prior to the onset of the Coronavirus.

In addition to bolstering safety procedures, QSR shifted its marketing to highlight its off-premise business including drive-thru, delivery, and digital ordering. The company is making significant digital investments by expanding its delivery footprint, driving mobile app adoption, and improving loyalty programs. To support franchisees, the company moved from fixed to variable rent at locations it controls, and temporarily deferred rents for certain franchisees. QSR also provided franchisees with additional liquidity from rebates and cash advance programs, and by pausing capital commitment requirements.

At Burger King U.S., same-store sales have improved to flat, primarily due to an increase in drive-thru sales. At Popeyes U.S., same-store sales quickly recovered, now growing in the high-twenties percent, even as this year's sales begin to lap the launch last year of its highly successful chicken sandwich. While Tim Horton's same-store sales have recovered to negative low-single-digits percent in the U.S., they remain in the negative mid-teens percent in Canada due to a slower pace of reopening, and lower drive-thru penetration. With the easing of shelter-in-place orders, more than 90% of QSR's restaurants are now open.

As a result of the company's quick actions and significant recovery in sales along with the support of various government programs, management estimates that the vast majority of franchisees at all three concepts are cash-flow positive in their home markets. The company expects its system-wide unit growth to be flat in 2020 as it works with franchisees to optimize its global footprint, and to return to its mid-single-digit historical growth rate in 2021.

We believe that each of Restaurant Brands' concepts will emerge stronger from the crisis as its restaurant concepts are competitively advantaged in a socially distant and more budget-conscious consumption environment, enhanced by the company's continued investment in drive-thru, delivery and digital.

We believe that Restaurant Brands' current valuation does not reflect its improving business fundamentals, strengthening competitive position, ample liquidity, and long-term unit growth opportunity. We believe that as underlying sales trends at each of its brands, in particular, Tim Hortons, continue to improve, QSR's share price will more accurately reflect our view of the company's business fundamentals.

Agilent ("A")

Agilent's fiscal third quarter results were demonstrative of the company's high-quality, resilient business model and significant margin expansion opportunity. In what the company expects to be its most challenging quarter of the year, organic revenue declined only 3%, supported by stable performance in its CrossLab service and consumables segment, which grew 1%. While the pace of recovery throughout the quarter varied by region depending on when each region faced the brunt of the pandemic, the company exited July with positive growth across all of its regions. Notably, even with a modest revenue decline, the company was able to expand operating margins by 90 basis points year-over-year by effectively managing its cost structure. Agilent's stock has increased 16% year-to-date.

Since the onset of the pandemic, Agilent has outperformed its comparable peer group with meaningfully lower revenue declines than peers. Despite the ongoing disruption from the pandemic, the company remains highly focused on product innovation and sales efforts to drive market share gains. For example, in its service business, Agilent introduced new

workflow solutions to capitalize on the trend of labs outsourcing multiple services to a single vendor. The company has recently won several large, lab-wide, enterprise service contracts. Likewise, in its instrument portfolio, Agilent launched two new mass spectrometry product lines aimed at increasing testing throughput and reducing downtime. We expect these initiatives to drive long-term sales growth as they expand the installed base of Agilent instruments, and increase the penetration of its service and consumables offerings.

We are encouraged by Agilent's ability to expand operating margins over the last two quarters by 50 and 90 basis points year-over-year, respectively, despite facing modest revenue declines from the pandemic. This improvement in operating profitability in a highly challenging environment highlights the magnitude of the company's future margin expansion potential. We believe the pandemic has provided the company with a timely opportunity to closely review its discretionary overhead expenses and accelerate investments in digital tools and capabilities. Agilent was able to deliver cost savings without furloughing a single employee. The resulting organizational stability has allowed the Agilent team to remain focused on engaging with customers and driving new business.

With increasing visibility on improving business conditions, the company resumed its share buyback program which it had temporarily suspended in March. We continue to believe Agilent's current valuation does not give sufficient recognition to the company's high-quality business model, strong revenue growth outlook, and significant margin expansion potential.

Hilton Worldwide Holdings Inc. ("HLT")

Hilton is a high-quality, asset light, high-margin business with significant long-term growth potential, led by a superb management team. We invested in Hilton in 2018, among other reasons, because we believed Hilton's unique value proposition would allow the company to compound earnings per share at a mid-teens growth rate over the long-term. In 2019, our investment thesis began to play out, as Hilton delivered strong business performance and increased earnings 14%, despite a muted industry backdrop.

Unfortunately, Covid-19 and the associated travel restrictions and domestic stay-at-home orders severely impacted the global hotel industry beginning earlier this year. Industrywide revenue declined precipitously beginning in March 2020, as many hotels closed or experienced large declines in occupancy. In response, Hilton's management team took decisive action, right-sizing Hilton's cost structure for the current economic situation, and fortifying its balance sheet.

System-wide occupancy appears to have bottomed in April 2020 at roughly 13%, and has rebounded as the lifting of travel restrictions has led to a slow but steady sequential improvement in occupancy. In the Americas, occupancy increased to approximately 45% as of August, and in China, occupancy is now greater than 60%, a faster recovery than initially expected. While we expect Hilton's revenues to continue to be negatively impacted by the crisis, hotel revenues and occupancy should progressively recover with increases in economic activity, leading to a recovery over the next several years. We believe the decisive cost reductions taken by Hilton management will likely lead to higher profit margins when it eventually returns to 2019 levels of demand.

While it is difficult to determine the long-term impact of the pandemic on business travel, we believe that an increase in working from home may drive greater hotel demand over the long term, as workers return to corporate headquarters periodically from more distant home-work locations, and companies choose to hold more corporate offsites to maintain and build culture. While video conferencing has been an effective tool during the crisis, we believe that in-person presentations and meetings will remain more effective than Zoom. When a company loses a piece of business to its competitor's in-person sales pitch, it won't be long for the sales manager to require all future pitches to be in person. Video conferencing does

not come close to the business and networking benefits of corporate conferences. Technology has yet to create a virtual replacement for in-person networking.

Vacation travel is beginning to recover as perceived and actual pandemic risk fades, and as hotels adopt safety procedures that satisfy their customers concerns. As Hilton management has noted, occupancy has been boosted by increasing demand for limited service hotels and drive-to leisure markets. For example, over the July 4th weekend, approximately 800 of Hilton's hotels in the U.S. (~16%) experienced greater than 80% occupancy.

Moreover, we believe that the crisis will likely increase Hilton's market share as independent hotels seek an affiliation with global brands like Hilton – whose safety standards (Hilton recently announced a Mayo Clinic-approved protocol) and reputation for consistency should generate greater consumer confidence than protocols developed by independents. We believe that Hilton is well positioned to succeed because it has the best management team in the industry, a portfolio of great brands, a dominant market position, a capital-light economic model, a deep development pipeline, and a strong balance sheet.

Hilton's stock has decreased 20% year-to-date. After adjusting Hilton's intrinsic value for the reduction in its valuation from the crisis' impact on short, intermediate and long-term revenues and cash flows, we believe that Hilton's stock remains highly attractive at its current valuation.

The Howard Hughes Corporation ("HHC")

The pandemic initially had a draconian effect on HHC. Rent collections declined dramatically, lot sales came to a halt, and buyers of assets that HHC had been marketing for sale walked away from contract negotiations, and/or reduced bids dramatically. When the pandemic hit, HHC was in the process of arranging non-recourse financing to replace a bridge loan that had been drawn to fund the closing of the Anadarko corporate campus in the Woodlands, a highly strategic asset for HHC, from Occidental Petroleum. The dramatic decline in oil prices and its effect on Oxy's share price and perceived creditworthiness (Oxy leased back 100% of one of the two Anadarko towers) led to the withdrawal of CMBS financing that had been arranged to fund the replacement of the bridge loan.

In response, management and the board took aggressive steps to stabilize the company's balance sheet by raising $600 million of equity on March 27th. Pershing Square committed $500 million of capital in the offering to protect our existing investment, and to position the funds to benefit from an eventual recovery of HHC's stock price. HHC's stock price has declined 54% year to date.

The company's recently announced second quarter results reflect a rebound in residential land and new home sales in May and June, and the beginnings of a recovery in its income-producing operating assets. Summerlin and Bridgeland, the company's master planned communities ("MPCs") with the largest remaining value of unsold land, have both seen new home sales recover rapidly since bottoming in April. New home sales are a leading indicator of future lot sales. For the first half of the year, new home sales across the company's MPCs totaled 1,248, only three fewer homes sold than during the same period in 2019. Based on the company's recent sales experience, we believe that underlying demand for residential land in the company's MPCs will remain robust, as the MPC's numerous amenities and wide-open spaces are more appealing than ever to new homeowners as a result of the pandemic.

Rent collections for HHC's office and multi-family assets remained in the high 90% range throughout the quarter and in July, consistent with prior year performance. Because of government stay-at-home orders and closed operations, the company's retail and hospitality assets and its Las Vegas ballpark faced a much more challenging environment. Retail rent collections have steadily improved from 44% in April to 60% in June, and 64% in July. HHC's hotels, which were closed for the majority of the

second quarter, began selectively reopening in June. By the end of June, 54% of rooms returned to service. As states reopen and the economy continues to recover, we expect HHC's net operating income to eventually normalize to historical levels.

In Ward Village, HHC's Hawaiian vertical MPC, HHC is experiencing strong sales momentum in its two towers currently under construction, and in pre-development sales for a new tower. Since beginning a virtual-only marketing campaign in mid-March, the Ward Village sales team has sold 21 homes. The current pace of sales, even under far from ideal marketing conditions, reaffirms strong demand for HHC's condo projects.

The Seaport has been closed since March to comply with New York City guidelines. The company has taken this opportunity to review and refine changes to the Seaport's plans including permanently closing 10 Corso Como, and entering into a culinary management agreement to outsource its restaurant operations. The Seaport remains the company's most challenging asset as its success depends largely on a full recovery in restaurant, entertainment and retail, activities that remain limited in New York City.

We believe the impact of the pandemic on HHC's assets is, for the most part, transitory, and has largely overshadowed the significant progress the company has made on its transformation plan announced last October. Management has taken meaningful steps to reduce overhead expenses and transition to a more decentralized operating model focused around its core MPCs. These actions have enabled HHC to react more nimbly and efficiently in the current environment. We expect the company to reengage on its plan to dispose non-core assets when market conditions stabilize.

On June 25th, HHC announced that its CFO, David O'Reilly, will expand his duties to become President. David has been an exceptional CFO and leader over the past four years, and we welcome his growing role in driving value at the company.

Starbucks ("SBUX")

In January, we exited our position in Starbucks after generating a 73% total shareholder return during our initial 19-month investment in the company.[c] At the time of our exit, Starbucks was performing strongly after a successful turnaround of its business under CEO Kevin Johnson and his team, and while Covid-19 had emerged in China, the virus had not yet impacted the company's share price.

In March, shortly after our exit, the stock declined substantially along with the broader market, providing an opportunity for us to repurchase our stake in the company at a highly attractive valuation. Despite short-term sales headwinds from Covid-19, Starbucks remains one of the world's best businesses, which we believe will emerge even stronger from the current crisis. Starbucks results reported since we re-established our position have demonstrated that the company's recovery plan is working. The company's stock price has begun to reflect its business progress generating a total shareholder return of 39% from our average cost to repurchase our stake in the company.

Given the company's leading presence in China, Starbucks was well-prepared for the arrival of Covid-19 in the U.S. After an outstanding start to the calendar year with same-store sales growth between 6% and 7% through mid-March, the company rapidly shifted to a drive-thru and delivery-only model. With 44% of the store base open, April same-store sales declined and bottomed at negative 65%. As management steadily reopened both locations and in-store ordering, same-store sales

c Total shareholder return for Starbucks is calculated using the Pershing Square funds' average acquisition cost at the date the position was made public, and the Pershing Square funds' weighted average sale price (excluding earlier sales made for rebalancing purposes). Average acquisition cost is calculated by taking into account the cost of outright purchases of stock and the per-share cost of shares underlying derivative instruments acquired by the funds to build the position, as applicable.

improved to negative 14% in July, with 96% of stores open. The sales recovery has been driven by store re-openings and underlying sales momentum, with same-store sales of stores open throughout the year improving from a low of negative 25% in April, to positive 2% in July. The recovery path in the U.S. closely parallels what Starbucks has achieved in China, albeit with a lag of about one quarter given the later arrival of the virus in U.S.

Starbucks is taking longer to recover than our other restaurant companies given that the brand generates 50% of sales from breakfast, a daypart which is geared towards work and school commuting routines. We believe that the company's long-term earnings power, however, is undiminished, and that recent developments have left Starbucks in perhaps its strongest-ever competitive position, underpinned by the company's leading digital ecosystem both in the U.S. and globally, as well as the demise of its key competitor, Luckin Coffee, in China. Management is playing offense by investing in key growth initiatives including digital, with the loyalty program set to receive another major upgrade this fall, new store formats such as pickup-only locations, and menu innovation including plant-based beverages and food. Management has cited improving speed of service at the drive-thru as the largest potential driver for increasing near-term sales.

Fannie Mae ("FNMA", or "Fannie") and Freddie Mac ("FMCC", or "Freddie," together "the GSEs")

Fannie and Freddie, along with their regulator and conservator FHFA, have continued to make substantial progress toward ending their conservatorships. While FNMA and FMCC common shares have declined 29% and 27%, respectively, year-to-date, possibly due to uncertainty created by the upcoming presidential election, we believe that both companies are now firmly on a path towards exiting conservatorship and raising substantial first-loss private capital.

Financial advisors for the eventual recapitalization of the GSEs are now in place, with FHFA hiring Houlihan Lokey in February, and Fannie and Freddie hiring Morgan Stanley and J.P. Morgan, respectively, in June. FHFA re-proposed the capital rule for the GSEs in May, which we expect will be finalized by the end of the year.

The re-proposed rule has been improved since the 2018 version, most notably with a clear goal of ending the conservatorships, and a reduction in pro-cyclicality, i.e., the requirement that the two GSEs raise more capital as housing values deteriorate, and hold less capital as housing values rise. We believe, however, that the newly proposed, substantially higher required capital ratio of 4.0% of assets and guarantees is far above what is required for the companies to comfortably withstand any future housing or financial crisis.

While banks are required to hold 4% of capital against the mortgages they hold on balance sheet, Fannie and Freddie hold only a fraction of the mortgages they guarantee on balance sheet. Rather, as mortgage insurers of whole mortgages, they guarantee only the timely payment of interest and principal on the mortgage securities they issue, which are backed by lower-risk mortgages than those typically held by banks. As a result, the GSEs do not have the same liquidity demands or mortgage risks as banks or other mortgage insurers that guarantee junior tranches of mortgages, which allows Fannie and Freddie to operate safely with substantially lower capital than banks.

We believe the recently proposed capital rule fails to balance the objectives of safety and soundness of the GSEs with the need to deliver affordable mortgage rates to consumers, and market returns to investors. In order to emerge from conservatorship, Fannie and Freddie must earn sufficiently high returns on capital to attract investors who can provide the tens of billions of equity capital for the companies to recapitalize. Earlier this month, we submitted a public comment letter on the re-proposed capital rule which addresses these issues.

In July, the U.S. Supreme Court agreed to hear appeals by both the plaintiffs and the Federal Government from the Fifth Circuit Court of Appeals' decision in the Collins case. The Fifth Circuit, sitting *en banc*, ruled in favor of the plaintiff-shareholders. On appeal to the Supreme Court, the parties will be arguing the legality of FHFA's structure, and, more importantly, the lawfulness of the net worth sweep, and the scope of various provisions under the HERA statute under which the Fannie and Freddie conservatorships were created.

We expect oral arguments to occur later this year or early next year with a decision by the Court around June of 2021. While we await further developments on both the administrative and legal fronts, Fannie and Freddie continue to build capital through retained earnings, with combined capital at both companies now approaching $28 billion, up from zero, two-and-one half years ago.

The Covid-19 crisis has further highlighted the critical role Fannie and Freddie play in the housing finance system. When the crisis hit, competitors withdrew from the market, leaving Fannie and Freddie among the only sources of mortgage capital for homeowners.

Directors' Report

INTERIM REPORT

The important events that have occurred during the first six months of the Company's financial year and their impact on the performance of the Company as shown in the condensed interim financial statements are given in the Chairman's Statement, the Investment Manager's Report, and the notes to these condensed interim financial statements.

GOING CONCERN

The Company's investment activities, together with factors likely to affect its future development, performance and position are set out in Principal Risks and Uncertainties below, in the 2019 Annual Report and in the Company's Prospectus, available on the Company's website (www.pershingsquareholdings.com).

The Board has considered the financial prospects of the Company for the next twelve months from the date of approval of the condensed interim financial statements and made an assessment of the Company's ability to continue as a going concern. In assessing the going concern status of the Company, the Directors have considered:

- The Company's net assets attributable to all shareholders at June 30, 2020 of $6,959,080,424;
- The liquidity of the Company's assets (at June 30, 2020, 92.3% of its assets comprised of cash and cash equivalents and Level 1 assets); and
- The Company's total indebtedness to total capital ratio of 16.7% at June 30, 2020.

The Board has also incorporated into its assessment the market risks caused by the COVID-19 pandemic. After making reasonable enquiries, and assessing all data relating to the Company's liquidity, particularly its cash holdings and Level 1 assets, the Directors and the Investment Manager believe that the Company is well placed to manage its business risks. Furthermore, the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For these reasons, the Directors have adopted the going concern basis in preparing the condensed interim financial statements.

RELATED-PARTY TRANSACTIONS

There were no material related-party transactions that took place in the first six months of the financial year and there were no changes to the related-party transactions described in the 2019 Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year, other than those disclosed in Note 9.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is subject to a number of risks specific to its investment activities, structure and operations, as well as risks relating to general market conditions. The Board has adopted procedures and controls for the ongoing assessment, monitoring and mitigation of material risks and reviews the management of these risks at each quarterly Board meeting. The Board has also established a Risk Committee to review emerging risks and conduct its annual risk assessment. The Board believes that the risks listed below are the principal risks faced by the Company:

- Investment risk
- Investment Manager's authority
- Portfolio concentration
- Activist strategies
- Market risk
- Use of indebtedness
- Regulatory risk
- Reputational risk
- Business continuity
- Shares trade at a significant discount to NAV
- Tax risk
- Currency risk

- Portfolio liquidity risk
- Counterparty credit risk
- Short selling

Further details of each of these risks and how they are mitigated are discussed in the Report of the Directors within the 2019 Annual Report. The Board believes these risks are applicable to the six-month period ended June 30, 2020 and the remaining six months of the current financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing this unaudited report and condensed interim financial statements, which have been reviewed but not audited by an independent auditor, and are required to:

- Prepare the unaudited condensed interim financial statements in accordance with Disclosure and Transparency Rules ("DTR") 4.2.4R and International Accounting Standard 34: Interim Financial Reporting;
- Include a fair review of the information required by DTR 4.2.7R, being important events that have occurred during the period, and their impact on the unaudited report and condensed interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year;
- Include a fair review of information required by DTR 4.2.8R, being related-party transactions that have taken place during the period which have had a material effect on the financial position or performance of the Company;
- Prepare the unaudited report and condensed interim financial statements in accordance with applicable Dutch law.

The Directors confirm that the unaudited report and condensed interim financial statements comply with the above requirements.

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht):

The Board of Directors is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for:

- Selecting suitable accounting policies and applying them consistently;
- For making judgments and estimates that are reasonable; and
- Establishing and maintaining internal procedures which ensure that all major financial information is known to the Board of Directors so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the Directors confirm that to the best of their knowledge:

- The Company's unaudited condensed interim financial statements for the period ended June 30, 2020 give a true and fair view of the assets, liabilities, financial position and profit of the Company for the period; and
- The interim report for the period ended June 30, 2020 includes a true and fair review of the information for the Company required pursuant to article 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

By order of the Board.

/s/ Anne Farlow	/s/ Richard Battey
Anne Farlow Chairman of the Board	Richard Battey Chairman of the Audit Committee
August 28, 2020	August 28, 2020

Independent Review Report to Pershing Square Holdings, Ltd.

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended June 30, 2020 which comprises the Condensed Interim Statement of Financial Position, Condensed Interim Statement of Comprehensive Income, Condensed Interim Statement of Changes in Net Assets Attributable to Management Shareholders, Condensed Interim Statement of Changes in Equity, Condensed Interim Statement of Cash Flows and the related Notes 1 to 13. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITY

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting".

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended June 30, 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

/s/ Ernst & Young LLP
Ernst & Young LLP
Guernsey
August 28, 2020

Condensed Interim Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019
(Stated in United States Dollars)

	Notes		2020 Unaudited		2019 Audited
Assets					
Cash and cash equivalents		$	1,411,188,401	$	1,222,846,586
Due from brokers			658,488,095		114,975,502
Trade and other receivables			2,732,926		7,124,045
Financial assets at fair value through profit or loss					
Investments in securities	4		6,811,196,777		5,734,336,025
Derivative financial instruments	4		28,576,556		130,860,803
Total Assets		**$**	**8,912,182,755**	**$**	**7,210,142,961**
Liabilities					
Trade and other payables		$	295,109,556	$	45,497,324
Deferred tax expense payable	12		3,535,132		13,508,846
Financial liabilities at fair value through profit or loss					
Derivative financial instruments	4		229,797,235		7,607,415
Bonds	11		1,424,660,408		1,422,883,554
Liabilities excluding net assets attributable to management shareholders			1,953,102,331		1,489,497,139
Net assets attributable to management shareholders(1)	6		204,784,320		152,364,909
Total Liabilities		**$**	**2,157,886,651**	**$**	**1,641,862,048**
Equity					
Share capital	6	$	5,568,360,539	$	5,568,360,539
Treasury shares	6		(301,117,379)		(80,153,606)
Retained earnings			1,487,052,944		80,073,980
Total Equity(2)			**6,754,296,104**		**5,568,280,913**
Total Liabilities and Equity		**$**	**8,912,182,755**	**$**	**7,210,142,961**
Net assets attributable to Public Shares		$	6,754,076,471	$	5,568,109,388
Public Shares outstanding			195,655,196		206,677,784
Net assets per Public Share		$	34.52	$	26.94
Net assets attributable to Management Shares		$	204,784,320	$	152,364,909
Management Shares outstanding			5,160,225		5,160,225
Net assets per Management Share		$	39.69	$	29.53
Net assets attributable to Special Voting Share		$	219,633	$	171,525
Special Voting Share outstanding			1		1
Net assets per Special Voting Share		$	219,633.26	$	171,524.95

(1) Net assets attributable to management shareholders are comprised of the aggregate net asset values of all Management Shares as of June 30, 2020 and December 31, 2019, respectively.
(2) Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share as of June 30, 2020 and December 31, 2019.

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2020 and June 30, 2019
(Stated in United States Dollars)

	Notes		2020 Unaudited		2019 Unaudited
Investment gains and losses					
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		$	(354,324,806)	$	1,760,281,806
Net realized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of 2020: $1,061,411, 2019: nil)			2,116,721,376		–
Net change in unrealized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of 2020: $48,420, 2019: $417,188)			69,218,341		(1,012,310)
	4		1,831,614,911		1,759,269,496
Income					
Dividend income			40,615,855		41,669,235
Interest income			893,875		2,220,515
			41,509,730		43,889,750
Expenses					
Performance fees	8		(290,250,644)		–
Management fees	8		(39,498,506)		(27,123,295)
Interest expense			(39,350,285)		(29,014,658)
Professional fees			(5,149,393)		(3,465,840)
Other expenses			(1,144,345)		(678,065)
			(375,393,173)		(60,281,858)
Profit/(loss) before tax attributable to equity and management shareholders			**1,497,731,468**		**1,742,877,388**
Deferred tax expense	12		9,973,714		–
Withholding tax (dividends)			(9,855,080)		(9,824,753)
Profit/(loss) attributable to equity and management shareholders			**1,497,850,102**		**1,733,052,635**
Amounts attributable to management shareholders			50,746,308		39,701,073
Profit/(loss) attributable to equity shareholders[1]		**$**	**1,447,103,794**	**$**	**1,693,351,562**
Earnings per share (basic & diluted)[2]					
Public Shares	10	$	7.20	$	7.82
Special Voting Share	10	$	46,203.68	$	49,776.37

All the items in the above statement are derived from continuing operations. There is no other comprehensive income for the periods ended June 30, 2020 and June 30, 2019.

(1) Profit/(loss) attributable to equity shareholders is comprised of the net profits earned and losses incurred by holders of Public Shares and the Special Voting Share.

(2) EPS is calculated using the profit/(loss) for the period attributable to equity shareholders divided by the weighted average shares outstanding over the period as required under IFRS. See Note 10 for further details.

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MANAGEMENT SHAREHOLDERS

For the six months ended June 30, 2020 and June 30, 2019
(Stated in United States Dollars)

		Net Assets Attributable to Management Shareholders
As of December 31, 2019	**$**	**152,364,909**
Amounts attributable to management shareholders		50,746,308
Dividends paid		(1,158,952)
Accretion from share buybacks[1]		2,832,055
As of June 30, 2020 (Unaudited)	**$**	**204,784,320**
As of December 31, 2018	**$**	**86,046,388**
Amounts attributable to management shareholders		39,701,073
Dividends paid		(1,011,509)
Conversion from Management Shares to Public Shares		(4,725,042)
Conversion from Public Shares to Management Shares		8,042,045
Accretion from share buybacks[1]		46,061
As of June 30, 2019 (Unaudited)	**$**	**128,099,016**

(1) Since June 20, 2019, the Company has been engaged in an ongoing share buyback program whereby its buyback agent has repurchased Public Shares subject to certain limitations. Any repurchased Public Shares are subsequently cancelled or held in Treasury. See Note 6 for further details. This amount includes the accretion relating to the share buyback program that has been allocated to the Management Shares.

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2020 and June 30, 2019
(Stated in United States Dollars)

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
As of December 31, 2019[1]	**$ 5,568,360,539**	**$ (80,153,606)**	**$ 80,073,980**	**$ 5,568,280,913**
Total profit/(loss) attributable to equity shareholders	–	–	1,447,103,794	1,447,103,794
Share buybacks[2]	–	(220,963,773)	–	(220,963,773)
Dividend distribution to equity shareholders	–	–	(40,124,830)	(40,124,830)
As of June 30, 2020[1] (Unaudited)	**$ 5,568,360,539**	**$ (301,117,379)**	**$ 1,487,052,944**	**$ 6,754,296,104**
As of December 31, 2018[1]	**$ 5,678,775,664**	**$ –**	**$ (1,931,864,224)**	**$ 3,746,911,440**
Total profit/(loss) attributable to equity shareholders	–	–	1,693,351,562	1,693,351,562
Share buybacks[2]	(4,944,623)	–	–	(4,944,623)
Dividend distribution to equity shareholders	–	–	(43,310,704)	(43,310,704)
Conversion from Management Shares to Public Shares	4,724,997	–	–	4,724,997
Conversion from Public Shares to Management Shares	(8,042,105)	–	–	(8,042,105)
As of June 30, 2019[1] (Unaudited)	**$ 5,670,513,933**	**$ –**	**$ (281,823,366)**	**$ 5,388,690,567**

(1) Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share. Under IFRS, Management Shares are classified as financial liabilities rather than equity. See Note 2 on page 31 for further details.

(2) Since June 20, 2019, the Company has been engaged in an ongoing share buyback program whereby its buyback agent has repurchased Public Shares subject to certain limitations. Any repurchased Public Shares are subsequently retired or held in Treasury. As of June 30, 2020 and June 30, 2019, 15,301,554 and 0 Public Shares were held in Treasury, respectively. See Note 6 for further details. This amount includes the accretion relating to the share buyback program that has been allocated to the Public Shares and the Special Voting Share.

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2020 and June 30, 2019
(Stated in United States Dollars)

	Notes		2020 Unaudited		2019 Unaudited
Cash flows from operating activities					
Profit/(loss) for the period attributable to equity and management shareholders		$	1,497,850,102	$	1,733,052,635
Adjustments to reconcile changes in profit/(loss) for the period to net cash flows:					
Bond interest expense	11		38,539,866		28,499,142
Bond interest paid[1]	11		(36,850,000)		(27,500,000)
(Increase)/decrease in operating assets:					
Due from brokers			(543,512,593)		222,663,095
Trade and other receivables			4,391,119		356,692
Investments in securities	4		(1,076,860,752)		(1,292,367,108)
Derivative financial instruments	4		102,284,247		(70,595,037)
Increase/(decrease) in operating liabilities:					
Due to brokers			–		53,585,405
Due to Pershing Square, L.P.			–		(24,783,576)
Due to Pershing Square International, Ltd.			–		(18,145,672)
Trade and other payables			251,901,743		2,384,243
Deferred tax expense payable			(9,973,714)		–
Derivative financial instruments	4		222,189,820		(139,577,051)
Net cash (used in)/from operating activities			**449,959,838**		**467,572,768**
Cash flows from financing activities					
Purchase of Public Shares[2]	6		(220,267,884)		(4,898,667)
Dividend distributions	6		(41,283,782)		(44,322,213)
Expenses relating to issuance of the 2039 Bonds	11		(66,357)		–
Net cash (used in)/from financing activities			**(261,618,023)**		**(49,220,880)**
Net change in cash and cash equivalents			188,341,815		418,351,888
Cash and cash equivalents at beginning of period			1,222,846,586		201,246,176
Cash and cash equivalents at end of period		**$**	**1,411,188,401**	**$**	**619,598,064**
Supplemental disclosure of cash flow information					
Cash paid during the period for interest		$	(37,525,057)	$	(28,098,409)
Cash received during the period for interest		$	1,056,720	$	2,493,987
Cash received during the period for dividends		$	47,147,107	$	42,480,090
Cash deducted during the period for withholding taxes		$	(11,322,309)	$	(9,870,455)

(1) In accordance with the amendments to IAS 7, the Company's net debt reconciliation related to the Company's Bonds is further detailed in Note 11.

(2) Includes cash paid for fractional shares related to conversions during the period ended June 30, 2019.

The accompanying notes form an integral part of these Condensed Interim Financial Statements.

Notes to Condensed Interim Financial Statements

1. CORPORATE INFORMATION

Organization

The Company was incorporated with limited liability under the laws of the Bailiwick of Guernsey on February 2, 2012. It became a registered open-ended investment scheme, under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Registered Collective Investment Scheme Rules 2008 (issued by the Guernsey Financial Services Commission, the "GFSC"), on June 27, 2012, and commenced operations on December 31, 2012.

On October 2, 2014, the GFSC approved the conversion of the Company into a registered closed-ended investment scheme under the Protection of Investors Law and the 2008 Rules.

The Company's registered office is at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX, Channel Islands. Beginning September 1, 2020, the Company's registered office will be Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, Channel Islands.

The latest traded price of the Public Shares is available on Reuters, Bloomberg, Euronext Amsterdam and the LSE.

A copy of the Prospectus of the Company is available from the Company's registered office and on the Company's website (pershingsquareholdings.com).

Stock Exchange Listings

The Company's Public Shares trade on the Premium Segment of the Main Market of the LSE and on Euronext Amsterdam. Shares are quoted and traded in USD in Amsterdam and in USD and Sterling in London.

Investment Policy

Please refer to "Investment Policy" in the Report of the Directors in the 2019 Annual Report for the Investment Policy of the Company.

Bonds in Issue

On June 26, 2015, the Company closed on the offering of $1 Billion Senior Notes that mature on July 15, 2022 (the "2022 Bonds"). The 2022 Bonds were issued at par with a coupon rate of 5.5% per annum, which is paid semi-annually. The 2022 Bonds are listed on the Irish Stock Exchange with a trading symbol of PSHNA.

On July 25, 2019, the Company closed on a fully committed private placement of $400,000,000 of unsecured bonds with a coupon rate of 4.950%, maturing on July 15, 2039 (the "2039 Bonds" and together with the 2022 Bonds, "the Bonds").

Investment Manager

The Company has appointed PSCM as its investment manager pursuant to the Investment Management Agreement (the "IMA"). The Investment Manager has responsibility, subject to the overall supervision of the Board of Directors, for the investment of the Company's assets in accordance with the strategy set forth in the 2019 Annual Report. The Company delegates certain administrative functions relating to the management of the Company to PSCM. William A. Ackman is the managing member of PS Management GP, LLC, the general partner of PSCM.

Board of Directors

The Company's Board of Directors is comprised of Nicholas Botta, President and a partner of the Investment Manager, Anne Farlow, Richard Battey, Bronwyn Curtis and Richard Wohanka, all of whom are non-executive Directors. All Directors other than Mr. Botta are considered independent. Anne Farlow is the Chairman of the Board.

William Scott, who has been a Director since 2012, did not offer himself up for re-election to the Company's Board of Directors at the Annual General Meeting ("AGM") on April 27, 2020.

Committees of the Board

The Board has established an Audit Committee, a Management Engagement Committee, a Remuneration Committee and a Nomination Committee. All such Committee members are independent Directors of the Company who are not affiliated with the Investment Manager. A Risk Committee consisting of all the Directors of the

Company was established by the Board on February 11, 2020 and held its first meeting in July 2020. The Risk Committee is responsible for reviewing emerging risks to the Company and will conduct an annual business risk assessment. Further information regarding each committee and each committee's written terms of reference are available on the Company's website or, on request, from the Company's Administrator.

Prime Brokers

Pursuant to prime broker agreements, Goldman Sachs & Co. and UBS Securities LLC (the "Prime Brokers"), both serve as custodians and primary clearing brokers for the Company.

Administrator and Sub-Administrator

Pursuant to an administration and sub-administration agreement dated April 2, 2012, Elysium Fund Management Limited ("Elysium") and Morgan Stanley Fund Services (Cayman) Ltd. ("Morgan Stanley") were appointed as administrator and sub-administrator, respectively, to the Company.

Effective August 1, 2020, Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") replaced both Elysium and Morgan Stanley as the Company's administrator. Effective September 1, 2020, Northern Trust will replace Elysium as the Company Secretary.

The Company's administrator (the "Administrator") (and sub-administrator, as applicable) provides certain administrative and accounting services, including the maintenance of the Company's accounting and statutory records, and receives customary fees, plus out of pocket expenses, based on the nature and extent of services provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The condensed interim financial statements of the Company for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles used to prepare these unaudited condensed interim financial statements comply with IFRS as issued by the IASB and are consistent with those set out in the notes to the Company's annual financial statements for the year ended December 31, 2019. The condensed interim financial statements have been prepared on a historical-cost basis except for financial assets and financial liabilities at fair value through profit or loss that have been measured at fair value. The unaudited condensed interim financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019.

After making reasonable inquiries and assessing all data relating to the Company's liquidity, particularly its holding of cash and Level 1 assets, the Investment Manager and the Directors believe that the Company is well placed to manage its business risks, has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For these reasons, they have adopted the going concern basis in preparing these unaudited condensed interim financial statements.

Net Assets Attributable to Management Shareholders

In accordance with IAS 32, the Company classifies its Public Shares and the Special Voting Share as equity as shareholders do not have any rights of redemption.

Management Shares can be converted into a variable number of Public Shares based upon their net asset value as of the last day of each calendar month and are therefore classified as financial liabilities in accordance with IFRS. At no time can Management Shares be redeemed for cash at the option of the management shareholders. Net assets attributable to Management Shares are accounted for on an amortized cost basis at the net asset value calculated in accordance with IFRS. The change in the net assets attributable to Management Shares, other than that arising from dividends, share issuances, share repurchases or conversions, is recognized in the condensed interim statement of comprehensive income.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The amendments and interpretations which apply for the first time in 2020 have been assessed and do not have an impact on the interim condensed financial statements of the Company.

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss:

As of	June 30, 2020	December 31, 2019
Investments in securities	$ 6,811,196,777	$ 5,734,336,025
Derivative financial instruments	28,576,556	130,860,803
Financial assets at fair value through profit or loss	**$ 6,839,773,333**	**$ 5,865,196,828**

Financial liabilities at fair value through profit or loss:

As of	June 30, 2020	December 31, 2019
Derivative financial instruments	$ 229,797,235	$ 7,607,415
Financial liabilities at fair value through profit or loss	**$ 229,797,235**	**$ 7,607,415**

Net changes in fair value of financial assets and financial liabilities through profit or loss:

For the six-month period ended June 30	2020			2019		
	Realized	Unrealized	Total Gains/(Losses)	Realized	Unrealized	Total Gains/(Losses)
Financial assets at fair value through profit or loss	$ 167,161,659	$ (136,583,489)	$ **30,578,170**	$ (51,433,548)	$ 1,649,396,115	$ **1,597,962,567**
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–
Derivative financial instruments	1,914,928,086	(113,891,345)	**1,801,036,741**	(68,064,431)	229,371,360	**161,306,929**
Net changes in fair value	$ 2,082,089,745	$ (250,474,834)	$ **1,831,614,911**	$ (119,497,979)	$ 1,878,767,475	$ **1,759,269,496**

5. FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Hierarchy

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgment and considers factors specific to the asset or liability. Financial instruments are recognized at fair value and categorized in the following table based on:

Level 1 – Inputs are unadjusted quoted prices in active markets at the measurement date. The assets and liabilities in this category will generally include equities listed in active markets, Treasurys (on the run) and listed options.

Level 2 – Inputs (other than quoted prices included in Level 1) are obtained directly or indirectly from observable market data at the measurement date. The assets and liabilities in this category will generally include fixed income securities, OTC options, total return swaps, credit default swaps, equity forward contracts, foreign currency forward contracts and certain other derivatives.

Level 3 – Inputs, including significant unobservable inputs, reflect the Company's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date. The assets and liabilities in this category will generally include private investments and certain other derivatives.

Recurring Fair Value Measurement of Assets and Liabilities
(in thousands)

As of	June 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Equity Securities:								
Common Stock	$ 6,743,470	$ –	$ –	$ 6,743,470	$ 5,644,097	$ –	$ –	$ 5,644,097
Investment in Affiliated Entity	–	–	827[3]	827	–	–	–	–
Preferred Stock	66,900	–	–	66,900	90,239	–	–	90,239
Derivative Contracts (Held for Trading):								
Currency Call/Put Options Purchased	–	3,971[1]	–	3,971	–	–	–	–
Equity Forward Contracts	–	–	–	–	–	102,000[2]	–	102,000
Foreign Currency Forward Contracts	–	416[1]	–	416	–	–	–	–
Index CDS	–	23,623[2]	–	23,623	–	–	–	–
Total Return Swaps	–	566[2]	–	566	–	28,861[2]	–	28,861
Total	**$ 6,810,370**	**$ 28,576**	**$ 827**	**$ 6,839,773**	**$ 5,734,336**	**$ 130,861**	**$ –**	**$ 5,865,197**

Recurring Fair Value Measurement of Assets and Liabilities (continued)

(in thousands)

As of	June 30, 2020				December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities:								
Derivative Contracts (Held for Trading):								
Equity Forward Contracts	$ –	$ –	$ –	$ –	$ –	$ 2,180[2]	$ –	$ 2,180
Equity Options Sold	–	229,131[1]	–	229,131	–	–	–	–
Foreign Currency Forward Contracts	–	–	–	–	–	5,427[1]	–	5,427
Total Return Swaps	–	666[2]	–	666	–	–	–	–
Total	**$ –**	**$ 229,797**	**$ –**	**$ 229,797**	**$ –**	**$ 7,607**	**$ –**	**$ 7,607**

(1) Level 2 financial instruments may include OTC currency call/put options, equity options and foreign currency forward contracts that are fair valued by the Investment Manager using prices received from an independent third-party pricing service. The fair values of these financial instruments may reflect, but are not limited to, the following inputs by the independent third-party pricing service: current market and contractual prices from market makers or dealers, volatilities of the underlying financial instruments and/or current foreign exchange forward and spot rates. The independent third-party pricing service uses widely recognized valuation models for determining fair values of OTC derivatives. The most frequently applied valuation techniques include forward pricing and option models, using present value calculations. The significant inputs into their valuation models are market observable and are included within Level 2.

(2) Level 2 financial instruments include total return swap contracts, equity forward contracts and index credit default swaps that are fair valued by the Investment Manager using market observable inputs. The fair values of these financial instruments may reflect, but are not limited to, the following inputs: market price of the underlying security, notional amount, expiration date, fixed and floating interest rates, credit spreads, index factors, payment schedules and/or dividends declared.

(3) This figure relates to the Company's investment in Pershing Square TH Sponsor, LLC as of June 30, 2020, as discussed in Note 9. The level of the underlying instruments had no impact in the level used for the investment held by the Company. See the fair value measurement discussion in Note 2 of the Company's 2019 audited financial statements for the Company's valuation policy related to investments in affiliated entities.

The Company's cash and cash equivalents and short-term receivables and payables are recorded at carrying value which approximates fair value. The Bonds are classified as Level 1 financial liabilities, and the fair value of the Bonds is discussed further in Note 11.

Some of the Company's investments in Level 1 securities represent a significant proportion of the Company's portfolio. If such investments were sold or covered in their entirety, it might not be possible to sell them at the quoted market price which IFRS requires to be used in determining their fair value. Many factors affect the price that could be realized for large investments. The Investment Manager believes that it is difficult to accurately estimate the potential discount or premium to the quoted market prices that the Company would receive or realize if investments that represent a significant proportion of the Company's portfolio were sold or covered.

Level 3 Transfers

Transfers between levels during the period are determined and deemed to have occurred at each financial statement reporting date. There were no transfers into or out of Level 3 fair value measurements since the last financial statement reporting date.

Level 3 Reconciliation

The Company had a carrying amount of $827,110 associated with a Level 3 investment as of June 30, 2020 related to its investment in Pershing Square TH Sponsor, LLC as discussed further in Note 9. The Company did not hold Level 3 securities as of December 31, 2019.

All gains and losses from Level 3 securities during the period/year are recognized in net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss in the condensed interim statement of comprehensive income.

6. SHARE CAPITAL

Authorized and Issued Capital

The Board of the Company is authorized to issue an unlimited number of shares, classes of shares or series as determined by the Board. All of the Company's share classes participate pro-rata in the profits and losses of the Company based upon the share class's ownership of the Company at the time of such allocation.

The Company had 195,655,196 Public Shares (December 31, 2019: 206,677,784), the Special Voting Share and 5,160,225 Management Shares (December 31, 2019: 5,160,225) outstanding as of June 30, 2020. In addition, the Company holds 15,301,554 Public Shares in Treasury (December 31, 2019: 4,278,966) for a total of 210,956,750 Public Shares in issue (December 31, 2019: 210,956,750) as of June 30, 2020.

The Company's Articles of Incorporation, in accordance with the Listing Rules, incorporate pre-emption rights in favor of existing Shareholders on the issue or sale from treasury of new equity securities for cash (or to issue any rights to subscribe for or convert equity securities into ordinary shares of the Company). At the 2020 AGM, the Company proposed and shareholders passed a special resolution to approve the disapplication of the pre-emption rights contained in the Articles of Incorporation so that the Board has the authority to allot and issue (or sell from treasury) up to 20,044,933 Public Shares and up to 516,022 Management Shares (equal to 10% of the Public Shares and 10% of the Management Shares in issue (excluding shares held in treasury) as at the latest practicable date prior to the date of publication of the 2020 Notice of AGM). Such disapplication for issuances of 10% or less of outstanding equity is commonly requested by issuers listed on the LSE. The Company intends to propose the same special resolution at next year's Annual General Meeting.

In order to maintain the status of the Company as a foreign private issuer under U.S. securities law and regulations, the Company has issued a Special Voting Share to PS Holdings Independent Voting Company Limited ("VoteCo"), a Guernsey limited liability company. The Special Voting Share at all times carries 50.1% of the aggregate voting power in the Company (except for certain matters set forth in the Listing Rules on which it may not vote). VoteCo's organizational documents require it to vote in the interest of the Company's shareholders as a whole. The Investment Manager has no affiliation with VoteCo. The members of the VoteCo board of directors are independent from the Investment Manager and have no interest in the Company or the Investment Manager. VoteCo is wholly owned by a trust established for the benefit of one or more charitable organizations outside of the United States, currently the Breast Cancer Society of Canada.

The Investment Manager waived the management fee and the performance fee with respect to Management Shares, which were issued to certain members, partners, officers, managers, employees or affiliates of the Investment Manager and certain other shareholders.

Lock-up

In connection with the Company's IPO, Mr. Ackman and other members of the management team and officers of the Investment Manager have each entered into a lock-up arrangement with the Company (the "Lock-Up Deed") whereby their aggregate Management Shares held at the time of the IPO are subject to a lock-up of ten years commencing from October 1, 2014, other than sales of Management Shares (i) required to pay taxes on income generated by the Company; (ii) required due to regulatory constraints; or (iii) following separation of employment from the Investment Manager. Management Shares subject to the Lock-Up Deed may from time to time be transferred to affiliates, provided that the transferee agrees to be subject to the remaining lock-up period. On August 9, 2018, the Company amended the Lock-Up Deed to clarify that parties to the Lock-Up Deed may sell the specific Management Shares they held at the time of the IPO, so long as they continue to hold at least as many Management Shares in the aggregate as they held at the time of the IPO (or, if the Management Shares have been converted to Public Shares, so long as they hold at least as many Public Shares as such Management Shares were converted into). As of June 30, 2020 and December 31, 2019, the equivalent of 7,343,688 Management Shares were subject to the Lock-Up Deed. The substantial majority of these management shares are held as Public Shares.

Share Conversion

Subject to the terms of the Lock-Up Deed, holders of Management Shares are entitled to convert into Public Shares at the current NAV as of the last day of each calendar month upon such days' prior written notice to the Company as the Board may determine.

As a result of amendments to the Articles approved by shareholders at the 2018 Annual General Meeting, Public Shares acquired by persons who are otherwise eligible to hold Management Shares can be converted into Management Shares, on a NAV for NAV basis as at each month end.

During the period ended June 30, 2020, there were no conversions between share classes. During the period ended June 30, 2019, holders of Management Shares converted 338,238 Public Shares into 313,470 Management Shares and converted 185,949 Management Shares into 200,343 Public Shares.

Voting Rights

The holders of Public Shares have the right to receive notice of, attend and vote at general meetings of the Company. Public Shares held in Treasury do not have voting rights.

Each Public Share and Management Share carries such voting power so that the aggregate issued number of Public Shares and Management Shares carries 49.9% of the total voting power of the aggregate number of voting shares in issue. Each Public Share carries one vote and each Management Share carries such voting power so that the total voting power of the Public Shares and Management Shares are pro-rated in accordance with their respective net asset values. The Special Voting Share carries 50.1% of the aggregate voting power in the Company. The Special Voting Share and the Management Shares may not vote on certain matters specified in the Listing Rules as discussed below.

Specified Matters

In order to comply with the Listing Rules, the Company was required to make certain revisions to its shareholder voting structure. The Listing Rules permit only holders of the Public Shares to vote on certain matters (the "Specified Matters").

Each of the Specified Matters is set forth in the Listing Rules.

Distributions

The Board may at any time declare and pay dividends (or interim dividends) based upon the financial position of the Company. No dividends shall be paid in excess of the amounts permitted by the Companies (Guernsey) Law, 2008 and without the prior consent of the Board and the Investment Manager.

On February 13, 2019, the Company initiated a quarterly interim dividend of $0.10 per Public Share. A proportionate

quarterly dividend will be paid per Management Share and the Special Voting Share, based on their respective net asset values per share. Dividends will be paid in US Dollars unless a shareholder elects to be paid in GBP. Shareholders may also elect to reinvest cash dividends into Public Shares through a dividend reinvestment program administered by an affiliate of the Company's registrar. Further information regarding the dividend, including the anticipated payment schedule and how to make these elections, is available at https://pershingsquareholdings.com/psh-dividend-information.

Each dividend is subject to a determination that after the payment of the dividend the Company will meet the solvency requirements under Guernsey law, and the Company's total indebtedness will be less than one third of the Company's total capital. The Board may determine to modify or cease paying the dividend in the future.

The IMA was amended on February 12, 2019 to account for the effect of a dividend on fees paid to the Investment Manager. See Note 8 for further details. In the period ended June 30, 2020, the Company paid dividends of $41,283,782 (June 30, 2019: $44,322,213).

Capital Management

The Company's general objectives for managing capital are:

- To continue as a going concern;
- To maximize its total return primarily through the capital appreciation of its investments; and
- To minimize the risk of an overall permanent loss of capital.

To the extent the Investment Manager deems it advisable and provided that there are no legal, tax or regulatory constraints, the Company is authorized to manage its capital through various methods, including, but not limited to: (i) repurchases of Public Shares and (ii) further issuances of shares, provided that the Board only intends to exercise its authority to issue new shares if such shares are issued at a value not less than the estimated prevailing NAV per share (or under certain other specified circumstances).

At the 2020 AGM, shareholders renewed the Company's authority to engage in share buybacks up to a maximum of 14.99% of the Public Shares in issue.

The Company announced share buyback programs in June, October and December of 2019 and April and June of 2020 (the "Share Buyback Programs"), each for $100 million and each for up to 6 million of the Company's outstanding Public Shares. Jefferies International Limited was appointed as the buyback agent. As of June 30, 2020, the Company repurchased 20,378,155 Public Shares under the Share Buyback Programs. Since the launch of the Company's first share buyback program on May 2, 2017, the Company has repurchased a total of $769 million of the Company's Public Shares as of June 30, 2020. Beginning on October 24, 2019, all Public Shares repurchased were held in Treasury. Public Shares repurchased prior to this date were cancelled.

The Public Shares, Management Shares and Special Voting Share transactions for the six-month period ended June 30, 2020 and year ended December 31, 2019 were as follows:

	Management Shares	Public Shares	Special Voting Share
Shares Outstanding as of December 31, 2019	**5,160,225**	**206,677,784**	**1**
Share Buybacks*	–	(11,022,588)	–
Shares Outstanding as of June 30, 2020	**5,160,225**	**195,655,196**	**1**

	Management Shares	Public Shares	Special Voting Share
Shares Outstanding as of December 31, 2018	**4,626,817**	**216,616,094**	**1**
Share Buybacks*	–	(9,355,567)	–
Conversion Out	(185,949)	(783,086)	–
Conversion In	719,357	200,343	–
Shares Outstanding as of December 31, 2019	**5,160,225**	**206,677,784**	**1**

* Since June 20, 2019, the Company has been engaged in an ongoing share buyback program. Beginning on October 24, 2019, all Public Shares repurchased were held in Treasury. Public Shares repurchased prior to this date were cancelled. The Company holds 15,301,554 Public Shares in Treasury which are excluded from Public Shares outstanding.

7. COMMITMENTS AND CONTINGENCIES

The Company, Pershing Square, L.P. ("PSLP") and Pershing Square International ("PSINTL" and together with the Company and PSLP, the "Pershing Funds") wholly own Pershing Square TH Sponsor, LLC ("PSTH Sponsor"), a Delaware limited liability company, and thus are the only source of funding for PSTH Sponsor. PSTH Sponsor is the sponsor entity for Pershing Square Tontine Holdings, Ltd. ("PSTH"), a Delaware corporation, which is a newly organized blank-check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. PSTH filed its Form S-1 Registration Statement (the "PSTH S-1") with the Securities and Exchange Commission ("SEC") on July 20, 2020 and subsequently had its Initial Public Offering ("IPO") on July 22, 2020. As of June 30, 2020, the Company owned approximately 84% as a non-managing member of PSTH Sponsor.

On July 21, 2020, PSTH Sponsor agreed to purchase warrants (the "Sponsor Warrants") from PSTH for an aggregate purchase price of $65,000,000. The Company's pro-rata portion of the Sponsor Warrants purchase price is $58,967,000. The Sponsor Warrants will generally not be salable, transferable or exercisable until three years after the date of PSTH's initial business combination (the "IBC"), and will be exercisable, in whole or in part, for that number of shares constituting 5.95% of the common shares of the post-combination business on a fully diluted basis at the time immediately following the PSTH's IBC, as more fully described in the PSTH S-1. The Sponsor Warrants will have a term of 10 years from the consummation of PSTH's IBC.

The Pershing Funds entered into a forward purchase agreement with PSTH on June 21, 2020. Pursuant to the forward purchase agreement, the Pershing Funds have agreed to purchase an aggregate of $1,000,000,000 of units (the "Committed Forward Purchase Units"), which will have a purchase price of $20.00 and consist of one share of PSTH Class A common stock and one-third of one warrant. The purchase of the 50,000,000 committed forward purchase units will take place in one or more private placements in such amounts and at such time or times as the Pershing Funds determine, with the full amount to have been purchased no later than simultaneously with the closing of PSTH's IBC. The obligation to purchase the Committed Forward Purchase Units may not be transferred to any other parties.

The forward purchase agreement also provides that the Pershing Funds may elect to purchase up to an additional aggregate of $2,000,000,000 of units (the "Additional Forward Purchase Units" and collectively with the Committed Forward Purchase Units, the "Forward Purchase Units"), which will also have a purchase price of $20.00 and consist of one share of Class A common stock and one-third of one warrant. Any elections to purchase the up to 100,000,000 Additional Forward Purchase Units will also take place in one or more private placements, in such amounts and at such time or times as the Pershing Funds determine, but no later than simultaneously with the closing of PSTH's IBC. The Pershing Funds right to purchase the Additional Forward Purchase Units may be transferred, in whole or in part, to any entity that is managed by PSCM, but not to third parties. PSTH and the Pershing Funds may determine, by mutual agreement, to increase the number of Additional Forward Purchase Units at any time prior to the IBC.

The Pershing Funds' obligation or right, as applicable, to purchase the Forward Purchase Units was allocated among the Company, PSLP and PSI at 90.72%, 5.73% and 3.55%, respectively.

Other than disclosed above, there were no other commitments or contingencies as of June 30, 2020 and December 31, 2019.

8. INVESTMENT MANAGEMENT AGREEMENT — FEES, PERFORMANCE FEES AND TERMINATION

The Investment Manager receives management fees and may receive performance fees from the Company pursuant to the IMA.

Management Fee

The Investment Manager receives a quarterly management fee payable in advance each quarter in an amount equal to 0.375% (1.5% per annum) of the net assets (before any accrued performance fee) attributable to fee-paying shares. The fee-paying shares of the Company are the Public Shares and the Special Voting Share.

For the period ended June 30, 2020 and the period ended June 30, 2019, the Investment Manager earned management fees from the Company of $39,498,506 and $27,123,295, respectively.

The Investment Manager chose to reduce the management fees paid by the Company and three affiliated entities managed by the Investment Manager for eight consecutive quarters beginning with the management fee payable on April 1, 2018 by a total of $32.2 million. This amount is equal to the amount by which performance fees would have been reduced had Allergan-related settlement expenses been incurred in 2014 contemporaneously with gains from the Allergan investment. The reduced fees were allocated among the Company and three affiliated entities based upon the amount of settlement reserves each had previously recognized at the year ended 2016 and the year ended 2017. As a result, the Company's management fees were reduced by a total of $14.4 million.

The Investment Manager reduced the management fees paid by the Company and three affiliated entities on March 1, 2019 as a result of the Investment Manager's sale of its investment in IEX Group, Inc. ("IEX"). The Company's portion of the reduction was $2,477,980. See Note 9 for further details.

Performance Fee

Generally, the Investment Manager receives performance fees annually and upon payment of dividends in an amount equal to 16% of the NAV appreciation attributable to the fee-paying shares of the Company above a high water mark (the "16% performance fee") and before giving effect to the accrued performance fees minus the Additional Reduction (defined below). The 16% performance fees paid in connection with dividends are prorated to reflect the ratio of the dividend to the Company's net asset value at the time the dividend is paid. The Company's payment of a dividend will reduce the high water mark by the percentage of net asset value the dividend represents. These performance fees are defined as the "Variable Performance Fee" in the IMA. No Variable Performance Fee can be higher than the 16% performance fee, but it may, as a result of the Additional Reduction, be lower (although it can never be a negative amount).

The "Additional Reduction" is an amount equal to (i) the lesser of the 16% performance fee and the Potential Reduction Amount (defined below), offset (up to such lesser amount) by (ii) the then current portion of the Potential Offset Amount.

The "Potential Reduction Amount" is equal to (i) 20% of the aggregate performance fees and allocation earned by the Investment Manager and its affiliates in respect of the same calculation period on the gains of current and certain future funds managed by the Investment Manager or any of its affiliates plus (ii) if the Potential Reduction Amount for the previous calculation period exceeded the 16% performance fee, the excess amount (which is in effect carried forward).

The "Potential Offset Amount" refers to the fees and other costs of the offering and admission on Euronext Amsterdam of the Public Shares and the commissions paid to placement agents and other formation and offering expenses incurred prior to the IPO of the Company that were, in each case, borne by the Investment Manager pursuant to the IMA. The Potential Offset Amount will be reduced by each dollar applied to reduce the Additional Reduction, until it is fully reduced to zero.

The Potential Offset Amount is not a Company obligation but instead is a component used in the calculation of the Variable Performance Fee. Thus, if the Company or the Investment Manager terminates the IMA or the Company liquidates and the Company pays the Variable Performance Fee that may crystallize in connection therewith, the Company has no obligation to pay any remaining portion of the Potential Offset Amount.

The Potential Offset Amount equaled $120 million in the aggregate at the time of the IPO. As of June 30, 2020 and December 31, 2019, after giving effect to the offset of the Potential Reduction Amount in the year ended December 31, 2014, the Potential Offset Amount was approximately $81.6 and $82.5 million, respectively.

For the period ended June 30, 2020, the Investment Manager earned a performance fee of $857,361 upon the payment of the Q2 2020 dividend and accrued a performance fee of $289,393,283. For the year ended December 31, 2019, the Investment Manager earned a performance fee of $121,934 and $153,285 upon the payment of the Q3 and Q4 2019 dividends, respectively, and also earned an annual performance fee of $38,704,421.

The Potential Reduction Amount as of June 30, 2020 was $1.2 million (December 31, 2019: nil), which includes performance fees/allocations earned during 2020 by the Investment Manager and its affiliates from PSLP and PSINTL.

Termination

The IMA automatically renews annually, except that it may be terminated (a) as of December 31st of any year upon four months' prior written notice by either party, subject, in the case of termination by the Company, to approval by a 66 2/3% vote (by voting power) of the holders of the then outstanding voting shares of the Company, together with a 66 2⁄3% vote (by voting power) of the holders of the then outstanding Public Shares; and (b) in case of dissolution or liquidation of either party or if a receiver or provisional liquidator or administrator or similar officer is appointed over any of the assets of such party or if either party commits a material breach of its obligations under the IMA and such breach remains uncured for more than 30 calendar days after the notice thereof delivered to the party in breach by the other party in accordance with the IMA.

The termination of the IMA at any time will be a crystallization event, which will result in the Variable Performance Fee described above being payable.

9. RELATED PARTY DISCLOSURES

The relationship between the Company and the Investment Manager and the fees earned are disclosed in Note 8. In addition, the Investment Manager and related parties to the Investment Manager hold Management Shares and Public Shares, the rights of which are disclosed in Note 6.

The IMA was amended February 12, 2019 to account for the effect of a dividend on fees paid to the Investment Manager. This amendment constituted a small transaction for the purposes of Chapter 11 of the Listing Rules and was therefore exempt from the requirements thereof.

The Investment Manager may seek to effect rebalancing transactions from time to time pursuant to policies that are intended to result in the Company and the affiliated entities managed by the Investment Manager generally holding investment positions on a proportionate basis relating to their respective adjusted net asset values, which are equal to each of the entities' net asset values plus any accrued (but not crystallized) performance fees and the net proceeds of any outstanding long-term debt, including the current portion thereof (which in the case of the Company, includes the net proceeds from the Bonds as further discussed below in Note 11). Rebalancing transactions involve either the Company purchasing securities or other financial instruments held by one or more affiliated entities or selling securities or other financial instruments to one or more affiliated entities.

Rebalancing transactions are subject to a number of considerations including, but not limited to, cash balances and liquidity needs, tax, regulatory, risk and other considerations, which may preclude these transactions from occurring or limit their scope at the time of the transactions. The Investment Manager effects rebalancing transactions based on independent market prices, and consistent with the valuation procedures established by the Investment Manager. Neither the Investment Manager nor any of its affiliates receive any compensation in connection with rebalancing transactions. In addition, rebalancing transactions are generally effected without brokerage commissions being charged. To the extent that rebalancing transactions may be viewed as principal transactions due to the ownership interest in the Company or an affiliated entity by the Investment Manager and its personnel, the Investment Manager will either not effect such transactions or comply with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, including that the Investment Manager will notify the relevant entity (or an independent representative of that entity) in writing of the transaction and obtain the consent of that entity (or an independent representative of that entity), and any other applicable law or regulation.

Pershing Square VI, L.P. ("PS VI LP") and Pershing Square VI International, L.P. ("PS VI Intl"), each feeder funds to Pershing Square VI Master, L.P. (the "Master Fund"), all of which operated collectively as a co-investment vehicle invested primarily in securities of (or otherwise seeking to be exposed to the value of securities issued by) Automatic Data Processing, Inc. ("ADP"), were affiliated investment funds (collectively "PS VI"). PS VI commenced operations on July 24, 2017 and ceased operations as of July 31, 2019 (the "Cessation Date").

For the period from July 24, 2017 to August 27, 2018, the Company held an investment in PS VI Intl and for the period from August 28, 2018 to July 31, 2019, the Company held investments in each of PS VI Intl and PS VI LP.

On August 5, 2019, the General Partner of PS VI communicated to the Company that PS VI had sold its stake in ADP, except for shares held back, and had ceased operations as of the Cessation Date. As of the Cessation Date, the Company had ownership percentages in PS VI Intl and PS VI LP of 49.70% and 19.84%, respectively. On the Cessation Date, PS VI transferred to the Company its ownership of 1,392,332 ADP common shares (with a value of $228,342,448), as a partial redemption in kind of its indirect ownership interests in the Master Fund. Immediately following the ownership transfer, the Master Fund sold such ADP shares through a block sale as agent to the Company. On August 8, 2019, the remainder of the Company's ownership was paid out in cash except for cash held back for any adjustments required to be made pursuant to the PS VI final audits. The final distribution was made on October 17, 2019.

During 2019, the Investment Manager effected one rebalancing transaction on April 1, 2019 among the Company, PSLP and PSINTL. The Company purchased $21,532,957 and $23,146,526 of PSINTL's interests in PS VI Intl and PSLP's interest in PS VI LP, respectively. The Company's purchases were completed at the fair market values of PS VI LP and PS VI Intl based on the closing prices of the Master Fund's underlying securities on the date prior to the transactions. In connection with each rebalancing transaction, the Company sold certain direct interests it owned in ADP so that after the rebalancing transactions the Company's delta-adjusted exposure to ADP reached the intended percentage of its adjusted net assets.

The Investment Manager also effected rebalancing transactions among the Company, PSLP and PSINTL in

relation to certain of the Company's other investments. The combined fair value of these rebalancing transactions for the period ended June 30, 2020 and June 30, 2019 was $8,651,808 and $20,090,014, respectively.

The Investment Manager had determined that the investments in PS VI were fair valued in accordance with IFRS and the Company's accounting policy. No fair value adjustments were made for trading restrictions. The Company is not charged a management fee or performance fee in relation to its investments in PS VI.

All realized and unrealized gains and losses from the investments in PS VI were reflected in the condensed interim statement of comprehensive income for the period ended June 30, 2019. The Company did not recognize gains or losses of any kind subsequent to the final distribution date of October 17, 2019. See Note 5 for the discussion on the fair value measurement.

The Pershing Funds wholly own PSTH Sponsor, a Delaware limited liability company, which is an affiliate of the Investment Manager. PSTH Sponsor is the sponsor entity for PSTH, a Delaware corporation, which is a newly organized blank-check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

On May 7, 2020, PSTH Sponsor acquired 100 shares of PSTH Class B common stock in exchange for a capital contribution of $25,000, or $250.00 per share. This capital contribution was funded by the Pershing Funds as non-managing members of PSTH Sponsor, of which, the Company contributed $21,076. The number of votes carried by each share of Class B common stock will be such that, the 100 shares of Class B common stock will, in the aggregate, hold 20.0% of the voting power of the Class A common stock and Class B common stock issued and outstanding immediately following PSTH's initial public offering ("IPO") and will not be adjusted following PSTH's IPO or upon the issuance of any Forward Purchase Units.

In addition to its capital contribution, PSTH Sponsor agreed to loan PSTH up to $1,500,000 to cover certain expenses pursuant to a promissory note. The loan is unsecured, will bear interest on a monthly basis at the applicable federal rate, and is payable no later than the end of the 24-month (or 30-month, as applicable) period from the PSTH IPO in which PSTH must complete its IBC.

From May 26, 2020 to June 22, 2020, the Company made additional investments in PSTH Sponsor totaling $816,799, all of which were drawn down by PSTH as part of its loan agreement. As of June 30, 2020, including its original investment of $21,076, the Company had invested a total of $837,875 in PSTH Sponsor. All realized and unrealized gains and losses from the investments in PSTH Sponsor were reflected in the condensed interim statement of comprehensive income for the period ended June 30, 2020. See Note 5 for the discussion on the fair value measurement.

On July 24, 2020 all amounts drawn down to date by PSTH as part of its loan agreement with PSTH Sponsor were fully repaid and immediately distributed to the Pershing Funds.

For the period ended June 30, 2020 and June 30, 2019, the Company's independent Directors' fees in relation to their services for the Company were $161,935 and $180,085, respectively, of which none were payable as of June 30, 2020 and June 30, 2019.

In January 2013, PSCM invested $1 million in IEX, a private alternative trading system company. IEX's business objective is to create an execution alternative to reduce the trading costs of large investors (including the Company). The Company and affiliated funds managed by the Investment Manager (the "Core Funds") were prohibited from investing in IEX due to restrictions on investments in private companies. Because PSCM believed that the success of the IEX platform would benefit all funds managed by PSCM and that the funds would likely trade on the IEX platform, in order to eliminate any potential for conflicts of interest, PSCM chose to invest in IEX effectively on behalf of the funds, including the Company.

At the time of PSCM's $1 million investment in IEX, PSCM committed to bear 100% of any losses from its investment in IEX. In the event the investment in IEX was profitable, PSCM committed to share 100% of the net profits with the Core Funds by reducing the aggregate management fees that these funds pay by an amount equal to any profit realized in respect of the disposition, as adjusted in its sole discretion, for any fees, costs, taxes, or expenses incurred by PSCM from the investment.

PSCM sold its investment in IEX in March 2019 and realized $3.7 million in net profits after adjusting for taxes and other expenses. As previously agreed by PSCM, the profits were used to reduce the management fees payable by the Core Funds. The reduction was allocated pro-rata among the Core Funds based on each Core Fund's respective net asset value as of March 1, 2019. As a result, the 2019 management fees payable by the Company were reduced by $2,477,980.

In the normal course of business, the Company and its affiliates make concentrated investments in portfolio companies where the aggregate beneficial holdings of the Company and its affiliates may be in excess of 10% of one or more portfolio companies' classes of outstanding securities. At such ownership levels, a variety of securities laws may, under certain circumstances, restrict or otherwise limit the timing, manner and volume of disposition of such securities. In addition, with respect to such securities, the Company and its affiliates may have disclosures or other public reporting obligations with respect to acquisitions and/or dispositions of such securities.

As of June 30, 2020 and December 31, 2019, the Company and its affiliates had beneficial ownership in excess of 10% of the outstanding common equity securities of the Howard Hughes Corporation.

William A. Ackman is the chairman of the board of The Howard Hughes Corporation, and Ryan Israel, a member of PSCM's investment team, was a board member of Platform Specialty Products Corporation until his resignation on February 4, 2019.

During the period ended June 30, 2020, William Ackman and other affiliates of PSCM purchased and sold Public Shares as well as option contracts referencing the Public Shares. As a result of these transactions, assuming full exercise by their terms of all such option contracts, the share ownership of the Company held by William Ackman, Nicholas Botta and other affiliates of PSCM was 24.7% at June 30, 2020 on a fully diluted basis (December 31, 2019: 21.6%).

10. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit/(loss) for the year attributable to the Public Shares and the Special Voting Share over the weighted average number of Public Shares and the Special Voting Share outstanding, respectively. In accordance with IFRS, the weighted average shares outstanding calculated for the Public Shares and the Special Voting Share were 200,969,905 and 1, respectively for the period ended June 30, 2020, and 216,612,759 and 1, respectively for the period ended June 30, 2019.

The Share Buyback Programs provided accretion to the Public Shares of $0.50 and $0.01 per share during the periods ended June 30, 2020 and June 30, 2019, respectively.

11. BONDS

On June 26, 2015, the Company issued at par $1 billion in Senior Notes at a fixed rate coupon of 5.5% per annum, paid semi-annually, which will mature at par on July 15, 2022. The 2022 Bonds are listed on the Euronext Dublin. The proceeds from the offering were in U.S. Dollars and were used to make investments or hold assets in accordance with the Company's Investment Policy.

The Company has the option to redeem all or some of the 2022 Bonds prior to June 15, 2022 at a redemption price equal to the greater of (1) 100% of the principal amount of the 2022 Bonds to be redeemed or (2) the sum of the present values of the remaining scheduled principal and interest payments (exclusive of accrued and unpaid interest to the date of redemption) on the 2022 Bonds to be redeemed, discounted to the redemption date on a semi-annual basis using the applicable U.S. Treasury rate plus 50 basis points, plus accrued and unpaid interest. If the Company redeems all or some of the 2022 Bonds on or after June 15, 2022, the redemption price will equal 100% of the principal amount of the 2022 Bonds to be redeemed plus accrued and unpaid interest.

On July 25, 2019, the Company issued at par $400 million in Senior Notes at a fixed rate interest coupon of 4.95% per annum, paid semi-annually, which will mature at par on July 15, 2039. The 2039 Bonds are listed on Euronext Dublin. The proceeds from the offering were in U.S. Dollars and were used to make investments or hold assets in accordance with the Company's Investment Policy. Until July 15, 2034 (the "Par Call Date"), the 2039 Bonds are callable at par plus a customary make whole premium. The customary make whole premium incorporates in its calculation a Treasury yield, based on the time from the redemption call date to the Par Call Date, and a customary spread. This make whole premium is

unadjusted if the 2039 Bonds are called prior to July 15, 2029. If the redemption call date occurs in any of the subsequent 5 years (from July 15, 2029 to July 14, 2034) the make whole premium is capped and stepped down by 3% per year, starting at 115% of the principal amount of notes called between July 15, 2029 to July 14, 2030 and ending at 103% of the principal amount of notes called during the final year from July 15, 2033 to July 14, 2034. Thereafter, the 2039 Bonds become callable at 100% of par. The 2039 Bonds rank equally in right of payment with the 2022 Bonds and contain substantially the same covenants as those governing the 2022 Bonds.

Until July 15, 2022, the 2039 Bonds have the same key-man provision as the 2022 Bonds, which requires the Company to make an offer to acquire the 2022 Bonds and 2039 Bonds at 101% of par plus accrued interest if a key-man event occurs. After July 15, 2022 the covenant is modified to provide that if a key-man event occurs, the specified debt to capital ratio in the debt covenant is reduced from 1.0 to 3.0 to 1.0 to 4.0. If at the time of the key-man event, the Company's debt to capital ratio is above 1.0 to 4.0, the Company has a one-time obligation to reduce its debt to a 1.0 to 4.0 ratio within 180 days. In the event a reduction is required, a portion of the 2039 Bonds become callable at 101% of par in the amount necessary to achieve the required debt repayment.

The fair value of the 2022 Bonds as of June 30, 2020 and December 31, 2019, based upon market value at that time, was $1,057,150,000 and $1,059,430,000, respectively. The fair value of the 2039 Bonds as of June 30, 2020 and December 31, 2019, based upon market value at that time, was $479,340,000 and $440,160,000, respectively. In accordance with IFRS 9, the Bonds' carrying value as of June 30, 2020 and December 31, 2019, in the amount of $1,424,600,408 and $1,422,883,554, respectively, on the statement of financial position is representative of amortized cost and the transaction costs of the Bonds issued in the amount of $19,709,445 that were capitalized and are to be amortized over the life of the Bonds using the effective interest method.

The Bonds are subject to the following transfer restrictions:

(a) Each holder of the Bonds is required to be either (a) a qualified institutional buyer ("QIB") as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") who is also a qualified purchaser ("QP") as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940 or (b) a non-U.S. person, provided that, in each case, such holder can make the representations set forth in the Listing

(b) The Bonds can only be transferred to a person that is a QIB/QP in a transaction that is exempt from the registration requirements of the Securities Act pursuant to Rule 144A or to a non-U.S. person in an offshore transaction that is not subject to the registration requirements of the Securities Act pursuant to Regulation S, or to the Company, and

(c) The Company has the right to force any holder who is not a QIB/QP or a non-U.S. person to sell its Bonds.

		2020
At December 31, 2019	**$**	**1,422,883,554**
Write-off of 2039 Bonds issue costs		86,988
Finance costs for the period		38,539,866
Bonds coupon payments during the period		(36,850,000)
At June 30, 2020	**$**	**1,424,660,408**
Finance costs for the period:		
Bonds interest expense	$	37,381,809
Amortization of Bonds issue costs incurred as finance costs		1,158,057
Interest expense	**$**	**38,539,866**

		2019
At December 31, 2018	**$**	**1,017,411,979**
2039 Bonds issued		400,000,000
2039 Bonds issue costs		(5,294,101)
Finance costs for the year		65,765,676
Bonds coupon payments during the year		(55,000,000)
At December 31, 2019	**$**	**1,422,883,554**
Finance costs for the year:		
Bonds interest expense	$	63,592,033
Amortization of Bonds issue costs incurred as finance costs		2,173,643
Interest expense	**$**	**65,765,676**

12. DEFERRED TAX EXPENSE

As a foreign corporation holding a beneficial ownership in a U.S. real property interest (The Howard Hughes Corporation), the Company will be subject to the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") income tax withholding upon disposition of such investment. Foreign corporations purchasing U.S. real property interests are required to pay the U.S. corporate tax rate (currently 21%) on the gain realized upon the disposition. To accrue for this potential payable, the Company assesses a 21% rate on the unrealized gains on the stock and equity forward contracts purchased, if any, which resulted in a deferred tax payable of $3,535,132 as of June 30, 2020 (December 31, 2019: $13,508,846) on the statement of financial position. As the stock price of Howard Hughes Corporation declined for the period ended June 30, 2020, deferred tax expense had a positive impact on the statement of comprehensive income in the amount of $9,973,714 (June 30, 2019: nil).

13. EVENTS AFTER THE REPORTING PERIOD

On August 26, 2020, the Company closed a fully committed private placement of $200,000,000 of 12-year bonds with a coupon rate of 3.00%, maturing on July 15, 2032 (the "2032 Bonds"). The 2032 Bonds are unsecured, and rank equally in right of payment with PSH's 2022 Bonds and 2039 Bonds. The 2032 Bonds contain the same covenants as those governing the 2039 Bonds. The 2032 Bonds are callable at any time at par plus a make whole premium determined by discounting their scheduled interest and principal payments at the comparable Treasury yield to maturity plus 50 basis points, up until July 15, 2030, when the 2032 Bonds become callable at their par value.

The Investment Manager has evaluated the need for disclosures and/or adjustments resulting from subsequent events during the period between the end of the reporting period and the date of authorization of the condensed interim financial statements. This evaluation together with the Directors' review thereof did not result in any additional subsequent events that necessitated disclosures and/or adjustments.

Endnotes and Disclaimers

ENDNOTES TO CHAIRMAN'S STATEMENT

[i] Calculated with respect to Public Shares only. Results are presented on a net-of-fees basis. Net returns include the reinvestment of all dividends, interest, and capital gains from underlying portfolio companies and assume an investor has participated in any "new issues" as such term is defined under Rules 5130 and 5131 of FINRA. Net returns also reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses and performance allocation/fees (if any). Performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. Past performance is not a guarantee of future results.

[ii] Calculated based on the Company's Public Shares traded on Euronext Amsterdam. Calculated based on the Company's Public Shares listed in GBP on the London Stock Exchange over the same periods, the Company's share price increased by 31.1% and 38.3%, respectively, over the same periods. Calculated based on the Company's Public Shares listed in USD on the London Stock Exchange over the same periods, the Company's share price increased by 23.3% and 37.0%, respectively, over the same periods. Performance is based on the return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. Past performance is not a guarantee of future results.

[iii] Please see Endnote 3 in "Endnotes to Company Performance and Investment Manager's Report".

[iiii] Please see Endnote 8 in "Endnotes to Company Performance and Investment Manager's Report".

ENDNOTES TO COMPANY PERFORMANCE AND INVESTMENT MANAGER'S REPORT

1. Performance results are presented on a net-of-fees basis. Net returns include the reinvestment of all dividends, interest, and capital gains from underlying portfolio companies and reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses and accrued and/or crystallized performance allocation/fees (if any). Performance results assume an investor has been invested in PSLP since inception, has not invested in Tranche G, and has participated in any "new issues," as such term is defined under Rules 5130 and 5131 of FINRA. Where the Company's performance is presented with that of PSLP, results also assume that an investor invested in PSLP at its inception on January 1, 2004 and converted to PSH at its inception on December 31, 2012. Depending on the timing of an individual investor's specific investment in the Company and/or PSLP, net performance for an individual investor may vary from the net performance as stated herein. The Company's performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. The cumulative return for an investor who invested in PSH at its inception through August 25, 2020 is 128.7%.

2. PSLP's net performance results are presented as it is the Pershing Square fund with the longest track record and substantially the same investment strategy to the Company. The inception date for PSLP is January 1, 2004. In 2004, Pershing Square earned a $1.5 million (approximately 3.9%) annual management fee and PSLP's general partner earned a performance allocation equal to 20% above a 6% hurdle from PSLP, in accordance with the terms of the limited partnership agreement of PSLP then in effect. That limited partnership agreement was later amended to provide for a 1.5% annual management fee and 20% performance allocation effective January 1, 2005. The net returns for PSLP presented herein reflect the different fee arrangements in 2004, and subsequently, except that the performance of the tranche of interests subject to a 30% performance allocation and a 5% hard hurdle (non-cumulative) issued on January 1, 2017 is not reflected in PSLP's returns. In addition, pursuant to a separate agreement, in 2004 the sole unaffiliated limited partner of PSLP paid Pershing Square an additional $840,000 for overhead expenses in connection with services provided unrelated to PSLP, which have not been taken into

account in determining PSLP's net returns. To the extent that such overhead expenses had been included as fund expenses of PSLP, net returns would have been lower.

3. The S&P 500 Total Return Index ("index") has been selected for purposes of comparing the performance of an investment in the Company or PSLP, as applicable, with a well-known, broad-based equity benchmark. The statistical data regarding the index has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The index is not subject to any of the fees or expenses to which the Pershing Square funds are subject. The Pershing Square funds are not restricted to investing in those securities which comprise this index, their performance may or may not correlate to this index and they should not be considered a proxy for this index. The volatility of an index may materially differ from the volatility of the Pershing Square funds' portfolios. The S&P 500 is comprised of a representative sample of 500 U.S. large cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poor's. The S&P 500 index is proprietary to and is calculated, distributed and marketed by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC), its affiliates and/or its licensors and has been licensed for use. S&P® and S&P 500®, among other famous marks, are registered trademarks of Standard & Poor's Financial Services LLC. © 2020 S&P Dow Jones Indices LLC, its affiliates and/ or its licensors. All rights reserved.

4. The inception date for the Company is December 31, 2012 and the inception date for PSLP is January 1, 2004. The performance data presented on page 2 under "Cumulative (Since Inception)" is calculated from January 1, 2004.

5. All information herein presented year-to-date is as of August 25, 2020.

6. Performance information is presented as net returns. Please refer to endnote i of the Chairman's Statement.

7. Please refer to endnote ii of the Chairman's Statement.

8. Calculated based on the Company's Public Shares traded on Euronext Amsterdam. Over the same period, the discount to NAV of Public Shares listed in Sterling and USD on the London Stock Exchange widened from 29% to 32% and 33%, respectively.

9. Calculated based on the Company's Public Shares traded on Euronext Amsterdam. Over the same period, the total shareholder return for Public Shares listed in Sterling on the London Stock Exchange was 135%. Total shareholder return for Public Shares includes dividends paid with respect to such shares.

10. Holdings of affiliates of the Investment Manager have not been aggregated for regulatory reporting purposes.

11. Returns an investor would have earned if it invested in Pershing Square, L.P. at its January 1, 2004 inception and converted to PSH at its launch on December 31, 2012. Also see endnote 1.

12. This report reflects the contributors and detractors to the performance of the portfolio of the Company. Other than accretion, positions with contributions or detractions to performance of 50 basis points or more are listed separately, while positions with contributions or detractions to performance of less than 50 basis points are aggregated.

    On June 20, 2019, the Company began a share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. The accretion from the share buyback program is reflected herein.

    The contributions and detractions to performance presented herein are based on gross returns which do not reflect deduction of certain fees or expenses charged to the Company, including, without limitation, management fees and accrued performance allocation/ fees (if any). Inclusion of such fees and expenses would produce lower returns than presented here.

In addition, at times, Pershing Square may engage in hedging transactions to seek to reduce risk in the portfolio, including investment-specific hedges that do not relate to the underlying securities of an issuer in which the Company is invested. The gross returns reflected herein (i) include only returns on the investment in the underlying issuer and the hedge positions that directly relate to the securities that reference the underlying issuer (e.g., if the Company was long Issuer A stock and also purchased puts on Issuer A stock, the gross return reflects the profit/loss on the stock and the profit/loss on the put); (ii) do not reflect the cost/ benefit of hedges that do not relate to the securities that reference the underlying issuer (e.g., if the Company was long Issuer A stock and short Issuer B stock, the profit/loss on the Issuer B stock is not included in the gross returns attributable to the investment in Issuer A); and (iii) do not reflect the cost/ benefit of portfolio hedges. Performance with respect to currency hedging related to a specific issuer is included in the overall performance attribution of such issuer. For all other currency derivatives, the long/short classification is determined by the non-USD leg of the derivative. For example, a long USD call/GBP put option position would be considered a short exposure, and a long USD put/GBP call option would be considered a long exposure.

The contributors and detractors to the gross returns presented herein are for illustrative purposes only. The securities on this list may not have been held by the Company for the entire period. All investments involve risk including the loss of principal. It should not be assumed that investments made in the future will be profitable or will equal the performance of the securities on this list. Past performance is not indicative of future results. Please refer to the net performance figures presented on page 2.

Limitations of Performance Data

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. This report does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. This report contains information and analyses relating to all publicly disclosed positions above 50 basis points in the Company's portfolio from January 1, 2020 to June 30, 2020. Pershing Square may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this report for any reason. Pershing Square hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Pershing Square investment.

Forward-Looking Statements

This report also contains forward-looking statements, which reflect Pershing Square's views. These forward-looking statements can be identified by reference to words such as "believe", "expect", potential", "continue", "may", "will", "should", "seek", "approximately", "predict", "intend", "plan", "estimate", "anticipate" or other comparable words. These forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Should any assumptions underlying the forward- looking statements contained herein prove to be incorrect, the actual outcome or results may differ materially from outcomes or results projected in these statements. None of the Company, Pershing Square or any of their respective affiliates undertakes any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law or regulation.

Pershing Square Holdings, Ltd.
pershingsquareholdings.com