Pershing Square Holdings, Ltd.
Unaudited Condensed Interim Financial Statements
June 30, 2021

Pershing Square Holdings, Ltd.

2021 Unaudited Condensed Interim Financial Statements

Table of Contents

Company Overview . . . 1
Company Performance . . . 2
Chairman's Statement . . . 3
Investment Manager's Report . . . 6
Directors' Report . . . 19
Independent Review Report . . . 21
Condensed Interim Statement of Financial Position . . . 22
Condensed Interim Statement of Comprehensive Income . . . 23
Condensed Interim Statement of Changes in Net Assets Attributable to Management Shareholders . . . 24
Condensed Interim Statement of Changes in Equity . . . 25
Condensed Interim Statement of Cash Flows . . . 26
Notes to Condensed Interim Financial Statements . . . 27

Disclosures

Endnotes and Disclaimers . . . 45

Company Overview

The Company

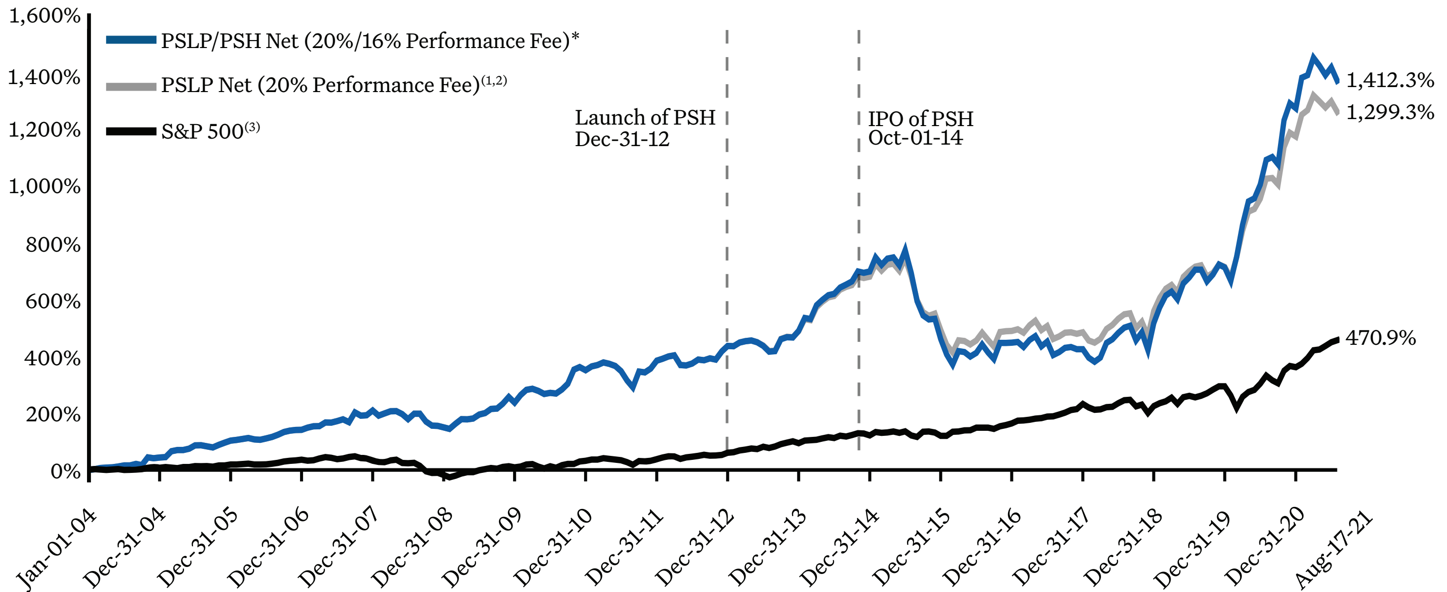
Pershing Square Holdings, Ltd. ("PSH", or the "Company") (LN:PSH) (LN:PSHD) (NA:PSH) is an investment holding company structured as a closed-ended fund that makes concentrated investments in publicly traded, principally North American-domiciled, companies. PSH's objective is to maximize its long-term 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 2020 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 ("LSE"). On December 21, 2020 the Company was admitted into the FTSE 100 index, which is comprised of the 100 largest companies listed on the LSE by market capitalization.

Company Performance

Pershing Square Holdings, Ltd. and Pershing Square, L.P. ("PSLP") NAV 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 %
2020	70.2 %		56.6 %	18.4 %
Six-month period ended June 30, 2021	7.3 %		6.9 %	15.2 %
Year-to-date through August 17, 2021	5.8 %		5.7 %	19.5 %

January 1, 2004 – August 17, 2021[1,2,3]

Cumulative (Since Inception)	1,412.3 %	1,299.3 %	470.9 %
Compound Annual Return	16.7 %	16.1 %	10.4 %

December 31, 2012–August 17, 2021[1,3,4]

Cumulative (Since PSH Inception)	185.3 %	163.9 %	269.9 %
Compound Annual Return	12.9 %	11.9 %	16.4 %

* NAV 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 45. 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 45–47.

Chairman's Statement

INTRODUCTION

The first half of 2021 continued to be a challenging time for the world as economies, companies, and individuals have had to adapt to the changes imposed on us by the global pandemic. I am pleased to report that during this time, PSH's portfolio companies made substantial progress, and we expect this positive performance to continue as economies recover, vaccines are more widely distributed, and we learn to live with the risk of COVID-19.

The Investment Manager believes that there may continue to be short term volatility in the markets, and that there is likely to be an increase in interest rates to address rising inflation due to actions taken by the U.S. Federal Reserve, the trillions of dollars of stimulus from the U.S. Government, and the unleashing of pent-up global demand. PSH's current portfolio comprises nine companies that are well positioned for long term growth, and one asymmetric macro-economic hedge which will benefit PSH if there is an increase in interest rates. The Investment Manager believes that our portfolio is well structured to generate long-term returns and to protect our investors from the potential risks of inflation.

I am also pleased to report that PSH has recently made a significant new investment in Universal Music Group ("UMG"). The merits of this investment are set out in more detail in the Investment Manager's Report, but I would like to add that the PSH Board believes that UMG is a high-quality business which is extremely well placed to benefit from the structural changes that have taken place in the music industry, and we endorse the view of the Investment Manager that this investment is likely to be a long-term strategic holding for PSH.

The Investment Manager initially intended for PSH to invest in UMG via Pershing Square Tontine Holdings ("PSTH"). In my previous letters, I have discussed how the Investment Manager initiated a new position for PSH by launching PSTH, a special purpose acquisition company, or SPAC. PSTH raised $4 billion in its IPO on the New York Stock Exchange, and PSH, Pershing Square, L.P. and Pershing Square International, Ltd. (collectively, the "Pershing Square Funds") committed to contributing $1 billion with the option to increase their investment to $3 billion (the "Forward Purchase Agreements"). A unique feature of PSTH is that the Pershing Square Funds (and not the Investment Manager) own the SPAC sponsor.

On June 20, 2021, PSTH announced that it entered into a definitive agreement with Vivendi S.E. pursuant to which PSTH would acquire approximately 10% of the outstanding Ordinary Shares of UMG for approximately $4 billion. As part of this transaction, PSH would have an investment of approximately $1 billion in UMG. However, on July 19, 2021, the Board of PSTH determined not to proceed with the announced transaction because of issues raised by the Securities and Exchange Commission regarding the structure of the proposed transaction. The Investment Manager has discussed this in more detail in a letter available at www.pstontine.com and in these financial statements. As a result, PSH and the other Pershing Square Funds and Pershing affiliates were assigned the share purchase agreement.

On August 10, 2021, the Pershing Square Funds, through a Pershing affiliate, acquired 128,555,017 Ordinary Shares of UMG for $2.8 billion, representing 7.1% of the company. PSH's share of the cash consideration was approximately $2.5 billion. PSH and the other Pershing Square Funds and Pershing affiliates have the right (and intend to exercise the right) to acquire an additional 2.9% of UMG's Ordinary Shares at the same price per share by September 9, 2021. PSTH will seek another company for its initial business combination, and PSH and the other Pershing Square Funds will continue to hold investments in PSTH through the Forward Purchase Agreements and their ownership of the SPAC sponsor.

These accounts are dated June 30, 2021, at which time we believed that PSH would invest in UMG via PSTH. The Forward Purchase Agreements and PSH's share of the SPAC sponsor (comprising $332 million of Level 3 assets out of PSH's total market value of investments of $10,615 million or 3.1%) were valued based on the structure of that transaction. We have detailed the valuation mechanics utilized in respect of our PSTH investment as of June 30 in Notes 5 and 6 of these financial statements. I note that our NAV post July 19th reflects the valuation impact of the revised transaction comprised of an investment in UMG and the original commitment to PSTH.

INVESTMENT PERFORMANCE

For the first half of 2021 and year-to-date through August 17, 2021, the Company's NAV per share, including dividends, increased by 7.3% and 5.8%,[i] respectively, and the Company's share price increased by 4.7% and 2.0%,[ii] respectively, compared with the S&P 500 which returned 15.2% and 19.5% over the same period.[iii] Our strategy is to generate long term capital returns, so we view short-term results in the context of the significant growth in our NAV and share price over the past three years and the strong continued underlying performance of our portfolio companies. All of PSH's portfolio companies have positively contributed to the Company's performance to date except Fannie Mae and Freddie Mac, and PSTH, which are discussed further in the Investment Manager's Report.

PORTFOLIO CHANGES

In addition to the developments discussed above regarding UMG, PSH disclosed that it exited its position in Starbucks and initiated a position in Domino's Pizza during the first half of 2021, and exited its position in Agilent Technologies after the end of the first half. The PSH Board was pleased to see that the Investment Manager continued to refresh the portfolio when market volatility created opportunities to reinvest in high quality companies at attractive prices.

DISCOUNT TO NAV

The Board pays close attention to the discount to NAV at which PSH's Public Shares currently trade. The discount as of August 17, 2021, of 25.9% has not materially changed from 24.7% as of March 23, 2021, when I last wrote to you.[iv] The Board holds the view that PSH shares are undervalued at current levels and believes that continued positive NAV performance, increased awareness of PSH, and the associated incremental demand for PSH shares should narrow the discount over time.

CORPORATE GOVERNANCE / BOARD

At our Annual General Meeting on April 28, 2021, shareholders elected three new directors, Tope Lawani, Rupert Morley and Tracy Palandjian, to join the PSH Board. We now have seven non-executive directors, six of whom are independent of the Investment Manager. The current Board is the most diverse we have had since the inception of PSH by any metric, including race and gender diversity. As Chairman of the Board, I believe that a more diverse Board will be a more effective Board. Our diversity allows us to make better decisions for our shareholders and to provide more informed advice to our Investment Manager by drawing on a wider range of perspectives, knowledge and experience. I am grateful for the meaningful contributions made by all of our directors.

RECENT EVENTS

On August 17, 2021 a lawsuit was filed against PSTH, its sponsor and directors, as well as the Company and other affiliated entities, claiming, among other things, that PSTH has been operating in the US as an illegal investment company. We believe that this lawsuit is without merit, but while it is unresolved it could impact the ability of PSTH to enter into a business combination. The letter from the Investment Manager provides additional information about PSTH as well as a new proposed SPAC structure whereby investors receive long dated transferable warrants which will give them the right to invest in a future de-SPAC transaction, but they do not need to contribute capital at the time of the initial SPAC IPO. This structure will need to be approved by the SEC so there is no assurance that it will be implemented.

I look forward to reporting to you again in our 2021 Annual Report.

/s/ Anne Farlow
Anne Farlow
Chairman of the Board
August 24, 2021

Investment Manager's Report

LETTER TO SHAREHOLDERS

To the Shareholders of Pershing Square Holdings, Ltd.:

Pershing Square Holdings generated solid performance during the first half of 2021 and year-to-date, as our NAV total return per share increased 7.3% and 5.8% respectively, compared with the S&P's half-year and year-to-date total return of 15.2% and 19.5%.[5] While we compare our performance with the S&P 500 on a regular basis, we do not expect to outperform the index during every measuring period. Rather, we believe that over the long-term, PSH will continue to outperform our benchmark.

Investors who invested in Pershing Square, L.P. at its inception on January 1, 2004, and transferred their investment to PSH at its inception on December 31, 2012, have grown their equity investment at a 16.7% compounded annual return as of August 17, 2021, compared with a 10.4% return had one invested in the S&P 500 over the same period. With the magic of compounding, our 16.7% compound annual NAV return translates into a cumulative total NAV return since inception of 1,412% versus 471% for the S&P 500 over the same period.[6] Our discount to NAV, however, remains wide, which has reduced shareholder returns for those who purchased shares at a smaller or no discount to NAV.

Our year-to-date results have been driven by the positive performance of our core portfolio holdings as their strong operating results have contributed to their stock price increases. Mark-to-market losses on Pershing Square Tontine Holdings, Ltd., and on Fannie Mae and Freddie Mac, due to an adverse ruling at the U.S. Supreme Court, offset some of these gains. In the Portfolio Update which follows this letter, we discuss Fannie and Freddie and our other portfolio companies.

Our stock price remains substantially undervalued as it trades at a large discount to NAV, particularly as NAV reflects our cost basis for UMG, which we believe represents a meaningful discount to its eventual public trading value. We believe that UMG's listing should be a catalyst for shareholders to recognize additional hidden value in our company.

Universal Music Group ("UMG")

The most significant investment of the year is PSH and affiliates' recent acquisition of 7.1% of Universal Music Group from Vivendi. UMG was PSTH's initial business combination target, but regulatory hurdles prevented the transaction from being consummated. As a result, the board of PSTH exercised its right to assign the contract to the Pershing Square Funds. We accepted the assignment, committing to purchase a minimum of 5% and up to a maximum of 10% of UMG by mid-September, an option which we intend to exercise with the help of a new co-investment vehicle, Pershing Square VII.

PSH and affiliates have agreed to pay PSTH's transaction costs in connection with the UMG transaction, totaling approximately $25 million, and assume an indemnity that PSTH had previously entered into with Vivendi. With the purchase of the initial 7.1% stake, PSH and affiliates have now completed the assumption of the indemnity and the transaction costs, which positions PSTH to immediately pursue a new business combination.

The Vivendi indemnity was designed to protect it from potential liabilities in connection with the distribution of UMG shares to PSTH shareholders, and PSTH's redemption tender offer. Since the UMG share distribution will now not take place, and the redemption tender offer has been withdrawn, we do not believe that there is any potential liability to Vivendi or to PSH and affiliates in assuming this indemnity obligation.

I would encourage those who did not have an opportunity to attend our UMG webcast on June 23, 2021, to review our PowerPoint presentation on the company, which can be found at www.PSTontine.com. UMG management is having a Capital Markets Day on August 25th if you would like to learn more.

With the transformation of the music industry from the physical sale of recordings and downloads to streaming, the music business has been transformed from a business in decline to a rapidly growing industry where all participants benefit from the global growth in music streaming subscribers. Spotify and some of the largest tech companies in the world – including Apple, Google, and Amazon, as well as hundreds of other streaming companies, a.k.a., digital service providers or DSPs – are aggressively competing to grow their streaming subscriber bases. Their large and growing base of subscribers and the streaming royalties they generate are benefiting all participants in the music ecosystem including artists and songwriters, record labels, publishers, and the DSPs themselves.

The transition of software from a boxed product to a downloaded one, to software in the cloud, or so-called Software as a Service ("SaaS"), is an apt analogy for the music's industry transformation from CDs to downloads to streaming, which enables you to listen to 60 million songs on your smart phone, smart speaker, watch or other device.

This new economic model for the record labels and publishers can now be best thought of as owning a royalty on the global growth of music streaming. Streaming is faster-growing, more predictable, minimally capital intensive, and more profitable than the physical or download recorded music business. Music has also become an essential complement to social media as apps like Tiktok, Facebook, Snap, and others who have added music to increase user engagement. Music is also essential to exercise apps and products like Peloton. While these apps in many cases have only recently begun paying royalties for music, these apps will become large sources of revenues for music companies over time.

The music industry's transformation had been largely invisible to Wall Street until Warner Music Group ("WMG"), the number three player after UMG and Sony, began trading publicly on the NASDAQ last year. We believe that investors have just begun to appreciate the change in industry dynamics, and as a result, have not yet given proper recognition to the value of WMG or UMG, which is currently a subsidiary of Vivendi SE, a French media conglomerate.

It is within this context that we found the opportunity to purchase a large stake in UMG to be extremely attractive. UMG is the number one company in the industry by market share with a 32% global market share in recorded music. UMG has a world-class management team led by Sir Lucian Grainge who has spent his entire career in the business. Under Vivendi's ownership and Lucian's leadership, UMG has increased its strong market position by investing to build a global presence in 180 markets around the world. As a result, it is well-positioned to participate in the global growth of music streaming, which will be increasingly driven by demand from the emerging markets.

UMG's management strength and long-term investment strategy are reflected in its industry-leading financial performance which include accelerating double-digit revenue growth (up 26% in Q2 2021), and its 21% compounded operating income ("EBITA") growth, about twice that of WMG, over the last four calendar years, which accelerated in the first half of 2021 to 34%.

UMG will become a public company by the end of the third quarter when Vivendi distributes 60% of the stock to its shareholders in a highly anticipated distribution. UMG will have a nearly net-debt-free balance sheet when it becomes a public company. Unlike WMG which is controlled by Access Industries with super-voting stock, UMG shareholders will have one vote per share and an independent board, no longer controlled by Vivendi.

We believe that the price that we are paying for UMG of about 21 times calendar year 2021 operating income (EBITA), or less than 19 times our estimate of 2022 operating income (EBITA), is a highly attractive price for a business of this quality and long-term growth potential.

UMG will be the largest investment in our portfolio by a substantial margin. We size investments based on our estimate of the probability of our suffering a permanent loss of capital compared to the opportunity for potential gain. At the price we are paying for UMG, we believe the risk of permanent loss is minimal, and the opportunity for long-term gain to be both highly probable and unusually large compared to other opportunities. In other words, we believe that UMG has the potential to be one of our most successful long-term investments.

Pershing Square Tontine Holdings, Ltd. ("PSTH")

Our largest negative contributor for the first half and year to date is a mark-to-market loss of 4.7% and 6.4% of gross assets, respectively, due to the decline in PSTH's share price.[7] While we do not currently own publicly traded shares in PSTH, we are required to mark to market the PSTH Sponsor Warrants and our Forward Purchase Agreements ("FPAs"), which are considered derivatives, in this case a commitment to invest a minimum of $1 billion, and an option to invest an additional $2 billion in PSTH's initial business combination ("IBC").

The market value of SPACs in general and PSTH, in particular, declined since the beginning of the year, which along with PSTH's failure to consummate the Universal Music Group transaction likely contributed to PSTH's stock price declining to a level approximating its $20 per share cash in trust. On Friday last week, PSTH's share price declined to slightly below NAV for the first time.

Nearly all pre-merger SPACs have traded at discounts to NAV since earlier this year. We believe this is due to many poor outcomes for investors in conventional SPACs after they have completed their merger transactions. The poor incentives of conventional SPACs – enormous compensation for a SPAC sponsor for just getting a transaction done regardless of the outcome for shareholders, combined with limited Sponsor "skin in the game" – are the principal problems.

By comparison, PSTH's sponsor, which is wholly owned by the Pershing Square Funds, owns no founder stock, is not entitled to receive compensation of any kind, and has a lot of skin in the game. By virtue of our Forward Purchase Agreements, we will have the largest investment of any of our shareholders in PSTH's target company of $1 billion or more.

Our only additional incentive beyond our large FPA commitment is our ownership of Sponsor Warrants, for which the Pershing Square Funds paid $65 million, their fair value at the time of PSTH's IPO as determined with the assistance of a nationally recognized valuation firm. Unlike our shareholders, who have the right to receive a return of the $20 per-share cash in trust if we don't get a deal done, our warrants become worthless in that event.

If our $65 million investment at the time of the IPO had been used to purchase PSTH common stock instead of warrants, it would have made Pershing Square the sixth-largest shareholder of the company. Like other shareholders, we have skin in the game and suffer opportunity cost while we seek to complete a transaction, and suffer a total loss of our $65 million investment if we fail to complete a deal within PSTH's remaining term.

Unlike in conventional SPACs where sponsors with limited time remaining are incentivized to do any deal to get the benefit of their Founder Shares, we would never risk our billion-dollar minimum investment in a transaction to preserve the value of our Sponsor Warrants. And in a bad deal, our 20% out-of-the-money Sponsor Warrants, that cannot be sold, hedged or transferred for three years, are not likely to be worth anything in that event.

Importantly, our entire investment in PSTH including our ownership of the Sponsor warrants is held by PSH and the other two Pershing Square Funds, not the principals of our investment management company. By comparison, in other SPACs, entrepreneurs, promoters or investment managers own the founder stock, and committed capital comes from other peoples' money. The Pershing Square team owns 25% of PSH and a large and increasing amount of the private funds, so we have a very large indirect stake in PSTH.[8]

The structure of PSTH is not perfect. As in other SPACs, investors commit capital upfront and suffer the opportunity cost of the loss of use of those funds until a deal is done, or until the investment period comes to an end. We have been seeking to launch SPARC, a special purpose acquisition rights company, to address this concern, and to remove the time pressure of the two-year investment period, which can impair our negotiating leverage.

On August 19th, I wrote a letter to PSTH shareholders explaining that we are working to accelerate the launch of Pershing Square SPARC Holdings, Ltd. ("SPARC"), which would give existing PSTH shareholders and warrant holders the right to invest in SPARC's future merger transaction. The Pershing Square Funds would make a large co-investment in SPARC on precisely the same terms and at the same time as SPARC warrant holders can exercise their warrants to buy stock in SPARC's initial business combination.

Assuming SPARC is approved by the SEC, and the SPARC warrants are approved for listing on the NYSE, if PSTH has not by then entered into a merger transaction, PSTH intends to seek shareholder approval to enable it to return the $4 billion of cash PSTH holds in trust to shareholders. Following the return of trust cash, we expect SPARC to issue one $20 SPARC Warrant for each outstanding PSTH common share, and one $23 SPARC Warrant for each PSTH Distributable Warrant.

Launching SPARC will enable us to seamlessly continue working on a potential merger transaction, if PSTH has not previously completed one, on behalf of SPARC rather than PSTH, while no longer burdening our PSTH shareholders with the opportunity cost of capital associated with keeping their funds in a trust account. In other words, it puts PSTH investors in precisely the same position they are in today with an option to invest in our next merger transaction at SPARC's, rather than PSTH's, $20 per share net asset value, but without having their funds held in a trust. I encourage you to read my August 19th letter which discusses SPARC in greater detail here.

PSTH Lawsuit

Last week, a lawsuit was filed against PSTH which claims that PSTH has been operating as an unregistered investment company because, among other reasons, PSTH has continuously held investment securities (short-term government securities and money market funds that own government securities), as do all other SPACs, and also because PSTH's initial, but not completed, business combination with UMG was structured as a stock purchase. Holding cash and government securities and seeking a business combination, particularly one that failed to close, do not make PSTH or any other SPACs unregistered investment companies. While we believe the lawsuit is totally without merit, it may have the effect of deterring or delaying potential merger partners from transacting with PSTH until it is resolved. Unfortunately, the nature of our legal system makes even spurious litigation difficult to resolve in a timely fashion.

Since the release of the letter, in light of questions we have received and inaccuracies in certain press reports, I clarify a few important points below.

<u>Our plan to return cash to shareholders once SPARC is approved does NOT in any way mean that we are walking away from PSTH and giving up on completing a deal.</u>

We remain committed to finding a transaction for PSTH. If we have not done so by the time SPARC is approved, we will then continue to pursue a business combination, on behalf of SPARC rather than PSTH.

Importantly, we believe that the original premise behind PSTH remains true: we continue to believe that the largest SPAC in the world with the most investor-aligned structure can merge with a high-quality, large capitalization business on attractive terms, and thereby create substantial value for PSTH or SPARC shareholders.

The best evidence of our ability to find a high-quality IBC candidate and enter into a transaction on attractive terms is our original proposed transaction with Universal Music Group. While the regulatory issues raised by the SEC prevented us from consummating that transaction in PSTH, the UMG deal is the best empirical evidence of our ability to identify, negotiate, and sign a transaction with one of the best businesses in the world on attractive terms. One can get a preliminary indication of the financial merits of the UMG deal by comparing PSTH's negotiated price per share of €18.66 at today's exchange rate, including transaction costs, to UMG's stock price when it is fully distributed for trading beginning late next month.

<u>A successful launch of SPARC protects all of PSTH's investors – its shareholders and warrant holders.</u>

Assuming SPARC is approved, SPARC intends to issue two new warrants: one for each of the 200 million PSTH shares outstanding ("the $20 SPARC Warrants"), and one for each of the 22.2 million Distributable Redeemable Warrants ("DR Warrants") outstanding ("the $23 SPARC Warrants"). This will enable SPARC to replicate the capital structure of PSTH, with $4 billion of equity capital, if all of the $20 SPARC Warrants are exercised at the time of a business combination, before considering capital funding from the Pershing Square Funds' Forward Purchase Agreements.

The planned issuance of the SPARC warrants for each of the DR Warrants does not appear to be widely understood by DR Warrant holders. To clarify, the two SPARC warrants would have the following terms:

- The <u>$20 SPARC Warrants</u>, issued to PSTH common stock owners, would entitle holders to acquire shares of SPARC at its $20 per share NAV only when SPARC has entered into a definitive agreement for its IBC, achieved all necessary approvals, and the transaction is ready to close.
- The <u>$23 SPARC Warrants</u>, issued to PSTH DR Warrant holders, are effectively identical to the 22.2 million DR Warrants that PSTH currently has outstanding – they will have the same $23.00 exercise price, and the same five-year term, in this case from the completion of <u>SPARC's</u> IBC.

Since the $23 SPARC Warrants only become exercisable when SPARC completes its IBC, they are not at risk of expiring until the end of the term that SPARC has to find a deal, which would be many years from now. By comparison, PSTH's existing DR Warrants lose all of their value if we do not sign a letter of intent for a deal in 11 months, and close within six months thereafter. Since the $23 SPARC Warrants have a much longer term than our existing warrants and therefore have a higher probability of becoming effective in an IBC, they should be substantially more valuable than our current DR Warrants, which have a much shorter term remaining before an IBC must be completed to extend their life.

Will SPARC Be Approved by the SEC, and Will the SPARC Warrants Be Listed for Trading on the NYSE?

We cannot be certain that SPARC will be approved by the SEC, and that the SPARC warrants will be approved for trading on the NYSE, either under the terms we have proposed or at all. The issuance of SPARC warrants will require an SEC-approved NYSE rule change, and a registration statement that is deemed effective by the SEC.

We have achieved a number of important steps toward SPARC's approval including confidentially submitting SPARC's draft registration statement to the SEC for review, and receiving a comment letter in response to our submission from the SEC staff which identified some disclosure and other technical questions that we believe we can address.

We are working to amend SPARC's registration statement to respond to the comments we have received from the SEC staff, and plan to file it publicly as promptly as practicable. This document will explain SPARC's attributes in greater detail. We encourage you to read it carefully. Progress has also been made on the rule change as the NYSE has already drafted a new rule that if approved by the SEC would allow the SPARC warrants to be listed on the Exchange.

We believe that the investor-friendly features of SPARC should facilitate SPARC's approval within a reasonable time frame, that is in months, not years. We also note that not only will the rule change and SPARC's approval create a much more favorable template for all SPACs, but it will also have a highly favorable impact on PSTH shareholders and warrant holders.

You can help get the NYSE rule change approved by providing favorable public comments about the rule during its public comment period. Whether you are a large or small shareholder of PSH or PSTH, or another market participant, your opinion matters to the SEC and NYSE in their consideration of the rule.

The stated goal of the academics who launched their lawsuit against PSTH is to reform the SPAC industry. We agree that the industry, but not PSTH, needs reform. We are unaware of a better and faster approach to SPAC industry reform than what would be achieved by the SEC approving SPARC expeditiously, as it may also motivate other SPAC market participants to abandon the current SPAC structure, and replace it with a much better acquisition vehicle for investors and sponsors.

We believe there are many negative aspects to the current IPO market and its approach, and it therefore needs competition. Acquisition companies can play a highly important role in capital formation, but only if properly designed to align sponsor and investor incentives, without the structural attributes that have led to bad outcomes for investors.

Market driven reforms can happen quickly when a market participant has a thoughtful and innovative idea that helps investors and garners regulatory support, allowing other sponsors to copy the idea. We hope that SPARC sparks a SPAC revolution to benefit all investors and U.S. capital formation.

As always, we are extremely appreciative of your support and patience, particularly when certain investments do not proceed as we initially expected.

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, 2021 and year-to-date August 17, 2021.[9]

January 1, 2021 – June 30, 2021	
Lowe's Companies, Inc.	4.1 %
Agilent Technologies, Inc.	3.4 %
Interest Rate Swaptions	3.0 %
Domino's Pizza, Inc.	2.2 %
The Howard Hughes Corporation	1.9 %
Chipotle Mexican Grill, Inc.	1.7 %
Hilton Worldwide Holdings Inc.	1.2 %
Restaurant Brands International Inc.	0.8 %
Bond Interest Expense	(0.6)%
Index CDS	(1.1)%
Federal National Mortgage Association	(1.2)%
Federal Home Loan Mortgage Corporation	(1.3)%
Pershing Square Tontine Holdings, Ltd.	(4.7)%
All Other Positions and Other Income and Expense	0.0 %
Net Contributors and Detractors	**9.4 %**

January 1, 2021 – August 17, 2021	
Chipotle Mexican Grill, Inc.	5.2 %
Agilent Technologies, Inc.	3.8 %
Domino's Pizza, Inc.	3.4 %
Lowe's Companies, Inc.	3.0 %
Interest Rate Swaptions	1.4 %
Hilton Worldwide Holdings Inc.	1.1 %
The Howard Hughes Corporation	1.0 %
Restaurant Brands International Inc.	1.0 %
Bond Interest Expense	(0.7)%
Index CDS	(1.1)%
Federal Home Loan Mortgage Corporation	(1.7)%
Federal National Mortgage Association	(1.9)%
Pershing Square Tontine Holdings, Ltd.	(6.4)%
All Other Positions and Other Income and Expense	(0.2)%
Net Contributors and Detractors	**7.9 %**

Contributors or detractors to performance of 50 basis points or more are listed above separately, while contributors or detractors to performance of less than 50 basis points are aggregated, except for 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 45-47.

New Position

Domino's Pizza ("DPZ")

In March, PSH initiated an investment in Domino's Pizza. Domino's is the number one pizza company in the world and, along with its franchisees, operates more than 18,000 stores globally. As 98% of the system is franchised, the company generates most of its profits from high-margin brand royalty fees, and the balance from company-owned stores and a supply chain business that supplies North American franchisees.

We have long admired Domino's due to its compelling customer value proposition, best-in-class digital infrastructure, consistent track record, exceptional unit economics and world-class management team. Domino's menu in the U.S. has featured its core $5.99 and $7.99 everyday value platforms for more than a decade, which are amongst the lowest-cost meals for a family of four. The company generates 75% of its sales through digital channels – by far the highest in the industry. Ownership of the leading digital and delivery infrastructure enables Domino's to consistently deliver an outstanding customer experience as well as attractive economics to drivers, franchisees, and shareholders, all without using third-party delivery providers in the U.S. This strong value proposition and efficiency have led to consistent same-store sales growth of high-single-digits in the U.S., and mid-single-digits internationally.

The simplicity and efficiency of the company's operations drive some of the strongest store-level economics in the restaurant industry, making Domino's an attractive business opportunity for franchisees around the world. Many Domino's franchisees were former drivers and restaurant employees, a track record which helps the company to recruit new employees in a difficult market for labor while also providing a path to entrepreneurship and wealth for its entry-level employees.

Domino's franchised new stores generate pretax cash-on-cash returns of over 50%. Despite its significant market share gains over the last decade, Domino's has a long runway for growth as it represents only 17% of global quick-service restaurant pizza sales – far less than the market share leader in other categories such as burgers, chicken, and coffee – and competition remains fragmented. These exceptional unit economics combined with a large market share opportunity underpin the company's historical and projected unit growth of approximately 7% annually. Domino's is led by a strong management team with an unwavering commitment to its goal of becoming the dominant pizza company in the world. The company has a demonstrated track record for shareholder-friendly capital return, which helps drive long-term earnings growth.

We believe that short-term concerns regarding 2021 same-store sales growth and longer-term angst about third-party delivery competition allowed us to purchase our stake at an attractive valuation multiple of about 26 times forward earnings, a 13% discount to the company's historical average valuation of 30 times. Investors were myopically focused on Domino's 2020 performance as a "COVID winner" due to the consumer shift to delivery, and overlooked key contributors for 2021 and beyond. These included a reopening-driven rebound in carryout sales, group occasions, and late-night orders, as well as continued product innovation, "Boost Week" promotions, and its largest-ever level of advertising funds.

Longer-term, we believe that Domino's can compete effectively against third-party delivery providers. While these aggregators enjoyed explosive growth in 2020, their success did not come at Domino's expense. We view their offerings as more of a substitute for home cooked meals and dining out. When comparing the Domino's model with third-party delivery, we believe that the latter wins only on breadth of selection, and that Domino's wins on virtually every other metric, including price and transparency, speed and consistency of delivery times, suitability of stores and products for delivery, its sustainable labor model for drivers, and a proven track record of profitability for all parties involved.

The company's results in the first half of 2021 showed that both delivery and carryout contributed to same-store sales growth, with reopened markets outperforming markets with more COVID restrictions. Contrary to March investor expectations for a slowdown, two-year same-store sales growth accelerated both domestically and overseas this year – to 20% and 15%, respectively, in the latest quarter – as many of the tailwinds we identified have begun to unfold.

We believe we were able to capitalize on a temporary moment of investor concern and build a stake in a great company at a fair price. While the shares have appreciated significantly since we initiated our investment, we continue to believe Domino's remains an attractive investment.

Portfolio Updates

Chipotle ("CMG")

Chipotle's track record of superb performance has continued in 2021, driven by ongoing strength in digital sales and a recovery of in-store ordering. Digital gains achieved during the pandemic have proven resilient, with digital sales growing 11% in Q2 compared with the prior year, highlighting the limited overlap with in-person occasions. The company has now recovered about 70% of its pre-pandemic in-restaurant sales volumes, with the opportunity to drive these sales meaningfully higher once more schools and workplaces reopen after Labor Day. Near-term performance is accelerating, with management forecasting same-store sales growth from 2019 levels in the low- to mid-20% range in Q3, up from 18% growth last quarter.

In May, Chipotle announced that they would increase hourly wages to a national average of $15 by the end of June, and advertised a path for a new employee to earn an annual income of $100,000 in as little as three and a half years. This resonated extremely well with existing and prospective employees, with staffing levels now above 2019 levels following some previously pronounced labor shortages that limited sales. Chipotle increased menu prices by 3.5% and 4.0% to cover the wage increase, and has not seen any customer resistance, demonstrating the significant pricing power enabled by Chipotle's brand strength and attractive customer value proposition.

During the second quarter, Chipotle exceeded its 2015 peak average restaurant sales of $2.5 million, a significant milestone in the company's transformation under the current management team. Management is confident in the growth strategies that will take Chipotle to the next leg of its journey – $3 million in average restaurant sales. Key levers to achieve this objective over the next several years include: (1) disciplined menu innovation, with smoked brisket to come following the successful launch of the quesadilla, (2) data utilization from the company's 23-million-member loyalty program, (3) throughput improvements as employees and customers reacclimate to in-person ordering, and (4) the expansion of the Chipotlane digital drive-thru format to a higher percentage of the store base. Longer-term, management sees the opportunity to drive average unit volumes substantially above $3 million while also more than doubling the store base to 6,000 restaurants.

Lowe's ("LOW")

Since the onset of the COVID-19 pandemic, Lowe's has experienced a significant acceleration in demand driven by consumers nesting at home, higher home asset utilization and the reallocation of discretionary spend. In the three years since Marvin Ellison became CEO, the company has executed a multi-year transformation plan to bolster Lowe's retail fundamentals, reduce structural costs, expand distribution capabilities, and modernize systems and the company's online capabilities. This transformation has allowed Lowe's to meet consumers' needs during this highly elevated period of demand, and positioned the company for continued success and accelerated earnings growth.

In the second quarter, Lowe's reported U.S. same-store-sales growth of 2.2%. Growth was bolstered by strength from the critical Pro consumer, where Lowe's reported growth of 21%, offsetting moderating do-it-yourself ("DIY") demand. While DIY demand has receded from peak-COVID-19 periods, Pro customer demand has accelerated as consumers engage Pro's for larger renovation projects.

Notwithstanding the headline growth figure, which is impacted by comparisons to COVID-19-affected months from spring of 2020, demand remains extremely elevated relative to baseline 2019 levels. July same-store-sales, the most recent full month for which the company has provided disclosure, were up 31.5% on a two-year basis and management indicated August month-

to-date results are substantially similar. More significantly, Lowe's reported Pro growth of +49% on a two-year basis in Q2, evidence that Lowe's focus on the Pro is bearing fruit. Share gains with the critical Pro customer will provide a tailwind to growth that should allow Lowe's to outperform market-level growth going forward.

Even as the robust demand experienced during the height of COVID-19 stabilizes at a new base, the medium and longer-term macro environment remain very attractive for the home improvement sector and Lowe's in particular. This favorable context for the sector is evidenced by consumers' enhanced focus and appreciation of the importance of the home, higher home asset utilization, rising home prices, historically low mortgage rates, an aging housing stock, strong consumer balance sheets, and the general lack of new housing inventory.

Against this backdrop, Lowe's is focused on taking market share and expanding margins. Pro penetration today is still only 25% of revenue as compared to Lowe's medium-term target of 30% to 35%, providing a runway for continued above-market growth. Management continues to execute against various operational initiatives (Lowe's "Perpetual Productivity Improvement" program) designed to improve the customer experience while enhancing the company's margins and long-term earnings power. The company's long-term outlook implies significant opportunity for continued margin expansion and earnings appreciation as it executes its business transformation.

Lowe's currently trades at approximately 17 times forward earnings. Home Depot, its closest competitor, trades at approximately 22 times forward earnings despite Lowe's superior prospective earnings growth. We find this valuation disparity to be anomalous in light of Lowe's strong execution and potential for further operational optimization.

Restaurant Brands International ("QSR")

QSR's franchised business model is a high-quality, capital-light, growing annuity that generates high-margin brand royalty fees from three leading brands: Burger King, Tim Hortons and Popeyes. The company has nimbly navigated the COVID-19 pandemic and continues to make progress on returning its brands to sustainable long-term growth.

Since the onset of the COVID-19 pandemic, the company has bolstered its safety procedures and is accelerating its digital investments by expanding its delivery footprint, modernizing its drive-thru experience, increasing mobile ordering adoption, and improving its loyalty programs. As the global recovery continues to be uneven, these initiatives will allow the company and its franchisees to serve customers in a safe and reliable manner.

Each of the company's brands are at various stages in recovery, with Burger King and Popeyes having returned to growth, while Tim Hortons is well on its way to recovering. On a two-year basis, same-store-sales grew 2.4% at Burger King and 24.4% at Popeyes during the last quarter. Meanwhile, Tim Hortons in Canada has improved to a mid-single digit decline in July, with each month during the second quarter showing sequential improvement. Tim Hortons' slower recovery is largely driven by strict COVID-19 restrictions in Canada, which were only recently lifted in large provinces such as Ontario. In rural and suburban parts of Canada where restrictions were lifted earlier, Tim Hortons has already returned to growth. Given the habitual nature of Tim Hortons' customer base, the recovery in sales will be tied to mobility and reopening.

The company expects to return to its historical mid-single-digit unit growth this year, and recently announced expansions for both Tim Hortons and Popeyes in large international markets. As underlying sales trends at each of its brands continue to improve, and as the impact from COVID-19 restrictions ease, we believe Restaurant Brands' share price will more accurately reflect our view of its improving business fundamentals.

Hilton (“HLT”)

While the hotel industry has been extremely negatively impacted by the COVID-19 pandemic, Hilton has done an excellent job navigating industry volatility, a testament to the company’s high-quality, asset light, high-margin business model and superb management team. From the moment the pandemic began, Hilton’s management team took decisive actions to ensure the company not only managed through what it knew would be a challenging period, but also positioned the company to generate improved margins, cash flows and investment returns once the business recovers to pre-COVID-19 demand levels.

Industry RevPAR (the industry metric for same-store sales at a given hotel) bottomed in April 2020 and has shown sequential improvement every quarter as travel and mobility have recovered along with COVID-19 vaccine rollouts and a resumption in travel. In recent months, there is increasing evidence that a robust recovery scenario is underway, led by domestic leisure travel occasions which is currently trending above 2019 demand levels. For the first three weeks of July, the most recent data the company provided, RevPAR has already recovered to 85% of 2019 levels – a significant improvement over prior months driven by increased hotel occupancy and a rapid recovery in rate.

While management anticipates a moderation in leisure demand as we exit the summer, it expects the moderation in leisure travel to be offset by a more pronounced recovery in business transient travel occasions as offices reopen this fall. Although there remains near-term uncertainty in domestic travel given the increase in COVID-19 case numbers following the arrival of the Delta variant in the U.S., we believe that the medium-term outlook continues to point to a robust recovery scenario.

Throughout the pandemic, Hilton took actions to reduce corporate expenses by about 20% compared to 2019 levels. Simultaneously, the company provided resources and support to the Hilton owner community which further solidified Hilton as the preferred franchise partner, thereby expanding Hilton’s pipeline of units around the world.

In the most recent quarter Hilton affirmed its near-to-medium term outlook of mid-single-digit net unit growth, and a resumption of its historical 6-7% net unit growth beginning in 2023-2024, higher growth than competitors, and further evidence of Hilton’s unique business model.

We believe that Hilton will continue to grow its market share over time given independent hotels’ increased interest in seeking an affiliation with global brands, particularly in the wake of the pandemic. While the recovery may continue to be uneven, Hilton has made tremendous progress which will help it become an even more profitable and stronger business going forward.

The Howard Hughes Corporation (“HHC”)

In 2020, David O’Reilly, formerly HHC’s CFO and President, became the company’s CEO, and Jay Cross, formerly President of Hudson Yards, became its new President. Since then, management has executed a strategic plan to transform the company into a leaner and more focused organization which allowed it to successfully navigate the COVID-19 pandemic amid a challenging backdrop for the industry.

In April, HHC held an Investor Day to highlight the attractiveness of the company’s unique Master Planned Community (“MPC”) business model and the substantial opportunity to accelerate commercial development, including 2 million square feet of development already in progress. For the first time in its history as a standalone public company, management presented a sum-of-the-parts net asset valuation framework that, in aggregate, valued the different components of its portfolio at $150 per share, a 68% premium to its share price on August 17, 2021.

In Q2, HHC continued to experience a robust recovery with strong land sales momentum in its MPCs, stable performance in office and multi-family properties, and an improving outlook for its retail, hospitality, and ballpark assets.

HHC's MPCs in Houston, Texas, and Las Vegas, Nevada, are situated in tax-advantaged states which are beneficiaries of the continuing trend of out-of-state migration from California and other higher-tax states. New home sales in HHC's MPCs, a leading indicator of future demand, increased 23% in the second quarter, and show signs of continued strength.

HHC's NOI increased 20% sequentially relative to the first quarter, and 42% compared to the prior year, driven by a strong recovery across retail and hospitality assets which were most impacted by COVID 19. Retail rent collections have steadily improved to 80% benefiting from a rebound in foot traffic and strong leasing activity in the company's retail footprint in Downtown Summerlin and Ward Village. Likewise, hospitality NOI in the second quarter substantially improved from breakeven profitability in Q1 as overall occupancy levels in HHC's hotels increased by nine percentage points.

In Ward Village, the company continues to experience strong condo sales. Its newest condo tower, Victoria Place, which launched in December 2020, is already 94% pre-sold. HHC is also making significant progress on the development of the South Street Seaport in New York City where it is opening several new concepts that are well positioned to benefit from the post-COVID-19 recovery in New York City foot traffic. The company recently received approval from the NYC Landmarks Preservation Commission for its proposed plan for a building at the site of an empty parking lot at 250 Water Street, paving the way for an eventual transfer of air rights which will unlock significant commercial value for the Seaport.

HHC is experiencing solid business momentum across its portfolio. We expect that the impact of the pandemic on the company will be largely transitory, and believe in the continued long-term growth in intrinsic value of the company.

Fannie Mae and Freddie Mac (together "the GSEs")

Our positions in Fannie Mae and Freddie Mac suffered large mark-to-market declines in the second quarter due to the Supreme Court's decision in Collins v. Yellen. On June 23, the Court, which had heard oral arguments in December 2020, issued its opinion, largely siding with the government against shareholders.

The Supreme Court ruled that the Third Amendment to the Government's Preferred Stock Purchase Agreement ("PSPAs"), including the Net Worth Sweep, was authorized under the HERA statute, and that it would not intervene to second-guess FHFA's exercise of its discretion. The Court also found unconstitutional HERA's provision that the FHFA director may be removed only for cause. It sent the case back to the Fifth Circuit for further proceedings and a potential award of damages based on whether the for-cause limitation affected the administration of the Third Amendment.

We will continue to closely monitor these ongoing proceedings, as well as another shareholder case in the Federal District Court raising contractual complaints relating to the Third Amendment. Simultaneously, we and other plaintiffs are pursuing constitutional takings claims in the Court of Federal Claims ("CFC") due to the effective regulatory confiscation of shareholders' property as a result of the Net Worth Sweep. The Government's motion to dismiss the takings claims was denied by the CFC. This denial of dismissal is now on appeal to the Court of Appeals for the Federal Circuit.

While we are disappointed by the Collins outcome, we continue to believe the GSEs form the irreplaceable core of the U.S. housing finance system, on which we, as shareholders, own a perpetual option. Under recent amendments to the PSPAs, Fannie and Freddie continue to build capital, becoming better capitalized and more valuable each quarter.

As we have explained before, we do not need a favorable outcome in the courts for this to be a highly successful investment, as we believe the re-privatization of the two GSEs is their ultimate path, and existing shareholders will be beneficiaries of this outcome. That said, a win in the courts would greatly accelerate this outcome.

Exited Position

Agilent Technologies ("A")

Our large commitment to UMG required that we raise cash from the sale of one of our other investments. In light of the high quality of companies in our portfolio, this was a difficult decision to make. Ultimately, we chose to sell Agilent, as its current share price approached our conservative estimate of intrinsic value. If we did not need the capital, we would not have sold the stock.

Agilent has been a highly successful investment since our original purchase nearly two years ago, compounded by our additional investment in the company in the Covid market decline last year. Agilent's stock price has increased 2.2 times since our initial purchase as a result of the company's acceleration in revenue growth and profitability.[10] Agilent has been a critical supplier of technology and services to labs around the world fighting the Covid pandemic. The company's management team led by Mike McMullen deserves enormous credit for the company's success and for its important contribution to science and the fight against Covid for which we all should be extremely grateful.

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 Company's performance 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

Risks associated with the Company's investment activities, together with existing and emerging risks likely to affect its future development, performance and position are set out in Principal Risks and Uncertainties in the 2020 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 through September 30, 2022 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, 2021 of $9,670,364,617;
- The liquidity of the Company's assets (at June 30, 2021, 93.8% of its assets were comprised of cash, cash equivalents and Level 1 assets); and
- The Company's total indebtedness to total capital ratio of 17.8% at June 30, 2021.

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

Other than those disclosed in Note 11, there were no changes to the related-party transactions described in the 2020 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.

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 to conduct its annual risk assessment. The Board believes that the risks listed below are the principal risks faced by the Company:

- Activist Strategies
- Business Continuity
- Cybersecurity
- Insurance
- Investment Manager's Authority
- Investment Risk
- Key Man
- Market Risk
- NAV Discount
- Portfolio Concentration
- Portfolio Liquidity Risk
- Regulatory Risk
- Service Providers
- Tax Risk

Further details of each of these risks and how they are mitigated are discussed in the Report of the Directors within the 2020 Annual Report. The Board believes these risks are applicable to the six-month period ended June 30, 2021 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 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, 2021 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, 2021 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/ Andrew Henton
Anne Farlow Chairman of the Board August 24, 2021	Andrew Henton Chairman of the Audit Committee August 24, 2021

Independent Review Report to Pershing Square Holdings, Ltd.

CONCLUSION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises 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 15. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 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.

BASIS FOR CONCLUSION

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. 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.

As disclosed in Note 2, the annual financial statements of the Company will be prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting.

RESPONSIBILITY OF THE DIRECTORS

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

RESPONSIBILITY OF THE AUDITOR

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

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.

/s/ Ernst & Young LLP
Ernst & Young LLP
Guernsey
August 24, 2021

Condensed Interim Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of June 30, 2021 and December 31, 2020
(Stated in United States Dollars)

	Notes		2021 Unaudited		2020 Audited
Assets					
Cash and cash equivalents		$	1,786,427,253	$	1,879,639,109
Due from brokers			1,344,557		955,676,624
Trade and other receivables			9,733,970		8,865,622
Financial assets at fair value through profit or loss					
Investments in securities	4		9,906,009,098		9,093,461,819
Derivative financial instruments	4		708,621,915		603,563,999
Total Assets		**$**	**12,412,136,793**	**$**	**12,541,207,173**
Liabilities					
Due to brokers		$	389,904,594	$	46,004,594
Trade and other payables			126,486,866		693,840,621
Deferred tax expense payable	14		100,876,632		52,446,850
Financial liabilities at fair value through profit or loss					
Derivative financial instruments	4		–		573,590,762
Bonds	13		2,124,504,084		2,122,787,844
Total Liabilities		**$**	**2,741,772,176**	**$**	**3,488,670,671**
Equity					
Share capital	8	$	5,722,349,692	$	5,722,349,692
Treasury shares	8		(242,956,239)		(242,956,239)
Retained earnings			4,190,971,164		3,573,143,049
Total Equity			**9,670,364,617**		**9,052,536,502**
Total Liabilities and Equity		**$**	**12,412,136,793**	**$**	**12,541,207,173**
Net assets attributable to Public Shares		$	9,670,055,829	$	9,052,247,442
Public Shares outstanding			199,120,882		199,120,882
Net assets per Public Share		$	48.56	$	45.46
Net assets attributable to Special Voting Share		$	308,788	$	289,060
Special Voting Share outstanding			1		1
Net assets per Special Voting Share		$	308,788.39	$	289,060.26

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, 2021 and June 30, 2020
(Stated in United States Dollars)

	Notes		2021 Unaudited		2020 Unaudited
Investment gains and losses					
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		$	760,705,653	$	(354,324,806)
Net realized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of 2021: $652,636, 2020: $1,061,411)			(109,129,995)		2,116,721,376
Net change in unrealized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of 2021: nil, 2020: $48,420)			273,603,218		69,218,341
	4		925,178,876		1,831,614,911
Income					
Dividend income			45,908,527		40,615,855
Interest income			61,584		893,875
			45,970,111		41,509,730
Expenses					
Performance fees	10		(125,267,348)		(290,250,644)
Management fees	10		(70,727,369)		(39,498,506)
Interest expense			(51,407,169)		(39,350,285)
Professional fees			(3,935,000)		(5,149,393)
Other expenses			(1,158,872)		(1,144,345)
			(252,495,758)		(375,393,173)
Profit/(loss) before tax attributable to equity and management shareholders			**718,653,229**		**1,497,731,468**
Deferred tax expense	14		(48,429,782)		9,973,714
Withholding tax (dividends)			(12,569,884)		(9,855,080)
Profit/(loss) attributable to equity and management shareholders			**657,653,563**		**1,497,850,102**
Amounts attributable to management shareholders			–		50,746,308
Profit/(loss) attributable to equity shareholders[(1)]		**$**	**657,653,563**	**$**	**1,447,103,794**
Earnings per share (basic & diluted)[(2)]					
Public Shares	12	$	3.30	$	7.20
Special Voting Share	12	$	20,999.81	$	46,203.68

All the items in the above statement are derived from continuing operations. There is no other comprehensive income for the periods ended June 30, 2021 and June 30, 2020.

(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 12 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, 2021 and June 30, 2020
(Stated in United States Dollars)

		Net Assets Attributable to Management Shareholders
As of December 31, 2020[1]	**$**	**–**
Amounts attributable to management shareholders		–
As of June 30, 2021 (Unaudited)	**$**	**–**
As of December 31, 2019	**$**	**152,364,909**
Amounts attributable to management shareholders		50,746,308
Dividends paid		(1,158,952)
Accretion from share buybacks[2]		2,832,055
As of June 30, 2020 (Unaudited)	**$**	**204,784,320**

(1) On December 31, 2020, all outstanding Management Shares were converted to Public Shares. See Note 8 for further details.

(2) Between June 20, 2019 and September 3, 2020, the Company repurchased Public Shares as part of a series of share buyback programs (as discussed in Note 8). Any repurchased Public Shares were subsequently retired or held in Treasury. This amount includes the accretion relating to the repurchases that was allocated to the Management Shares for the period ended June 30, 2020.

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, 2021 and June 30, 2020
(Stated in United States Dollars)

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
As of December 31, 2020[1]	**$ 5,722,349,692**	**$ (242,956,239)**	**$ 3,573,143,049**	**$ 9,052,536,502**
Total profit/(loss) attributable to equity shareholders	–	–	657,653,563	657,653,563
Dividend distribution to equity shareholders	–	–	(39,825,448)	(39,825,448)
As of June 30, 2021[1] (Unaudited)	**$ 5,722,349,692**	**$ (242,956,239)**	**$ 4,190,971,164**	**$ 9,670,364,617**
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**

(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 28 for further details. On December 31, 2020, all outstanding Management Shares were converted to Public Shares. See Note 8 for further details.

(2) Between June 20, 2019 and September 3, 2020, the Company repurchased Public Shares as part of a series of share buyback programs (as disclosed in Note 8). Any repurchased Public Shares were subsequently retired or held in Treasury. As of June 30, 2021 and June 30, 2020, 11,835,868 and 15,301,554 Public Shares were held in Treasury, respectively. See Note 8 for further details. This amount includes the accretion relating to the repurchases that was 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, 2021 and June 30, 2020
(Stated in United States Dollars)

	Notes		2021 Unaudited		2020 Unaudited
Cash flows from operating activities					
Profit/(loss) for the period attributable to equity and management shareholders		$	657,653,563	$	1,497,850,102
Adjustments to reconcile changes in profit/(loss) for the period to net cash flows:					
Bond interest expense	13		50,015,860		38,539,866
Bond interest paid[1]	13		(48,428,473)		(36,850,000)
(Increase)/decrease in operating assets:					
Due from brokers			954,332,067		(543,512,593)
Trade and other receivables			(868,348)		4,391,119
Investments in securities	4		(812,547,279)		(1,076,860,752)
Derivative financial instruments	4		(105,057,916)		102,284,247
Increase/(decrease) in operating liabilities:					
Due to brokers			343,900,000		–
Trade and other payables			(566,742,883)		251,901,743
Deferred tax expense payable	14		48,429,782		(9,973,714)
Derivative financial instruments	4		(573,590,762)		222,189,820
Net cash (used in)/from operating activities			**(52,904,389)**		**449,959,838**
Cash flows from financing activities					
Purchase of Public Shares[2]	8		(573)		(220,267,884)
Dividend distributions	8		(39,825,448)		(41,283,782)
Expenses relating to issuance of the Bonds[3]	13		(481,446)		(66,357)
Net cash (used in)/from financing activities			**(40,307,467)**		**(261,618,023)**
Net change in cash and cash equivalents			(93,211,856)		188,341,815
Cash and cash equivalents at beginning of period			1,879,639,109		1,222,846,586
Cash and cash equivalents at end of period		**$**	**1,786,427,253**	**$**	**1,411,188,401**
Supplemental disclosure of cash flow information					
Cash paid during the period for interest		$	49,925,209	$	37,525,057
Cash received during the period for interest		$	75,999	$	1,056,720
Cash received during the period for dividends		$	45,700,659	$	47,147,107
Cash deducted during the period for withholding taxes		$	12,516,409	$	11,322,309

(1) In accordance with the amendments to IAS 7, the Company's reconciliation of financing liabilities related to the Company's Bonds is further detailed in Note 13.

(2) For the period ended June 30, 2021, represents cash paid for fractional shares related to conversions that occurred on December 31, 2020.

(3) Payment of amortized costs relating to the issuance of the 2030 and 2032 Bonds for the period ended June 30, 2021. Payment of amortized costs relating to the issuance of the 2039 Bonds for the period ended June 30, 2020.

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 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 2020 Annual Report for the Investment Policy of the Company.

Bond Offerings

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 5.50% per annum.

On July 25, 2019, the Company closed on a fully committed private placement of $400 million Senior Notes with a coupon rate of 4.95%, maturing on July 15, 2039 (the "2039 Bonds").

On August 26, 2020, the Company closed on a fully committed private placement of $200 million Senior Notes with a coupon rate of 3.00%, maturing on July 15, 2032 (the "2032 Bonds").

On November 2, 2020, the Company closed on the offering of $500 million Senior Notes that mature on November 15, 2030 (the "2030 Bonds" and together with the 2022 Bonds, 2039 Bonds and 2032 Bonds, "the Bonds"). The 2030 Bonds were issued at par with a coupon rate of 3.25% per annum.

The Bonds' coupons are paid semi-annually. The Bonds are listed on Euronext Dublin with a trading symbol of PSHNA.

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 Investment Policy of the Company. 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, Bronwyn Curtis, Anne Farlow, Andrew Henton, Tope Lawani, Rupert Morley and Tracy Palandjian, all of whom are non-executive Directors. Anne Farlow is the Chairman of the Board. All Directors other than Mr. Botta are considered independent.

Tope Lawani, Rupert Morley and Tracy Palandjian were elected as non-executive Directors at the Company's April 2021 Annual General Meeting. Richard Battey and Richard Wohanka did not offer themselves up for re-election at the Annual General Meeting and are no longer Directors.

Committees of the Board

The Board has established an Audit Committee, a Management Engagement Committee, a Remuneration Committee, a Risk Committee and a Nomination Committee. Other than the Risk Committee, which is comprised of all the Directors, all Committee members are independent Directors who are not affiliated with the Investment Manager. 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 Secretary, Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust").

Prime Brokers

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

Administrator

Effective August 1, 2020, Northern Trust was appointed as administrator (the "Administrator") to the Company. The Administrator 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, 2021 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, 2020. 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, 2020.

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 through September 30, 2022 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 values 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 in cash at the option of the management shareholders. Net assets attributable to Management Shares, if any, 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.

As of December 31, 2020 all Management Shares were converted to Public Shares.

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, 2020. The Company has not 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 2021 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, 2021	December 31, 2020
Investments in securities	$ 9,906,009,098	$ 9,093,461,819
Derivative financial instruments	708,621,915	603,563,999
Financial assets at fair value through profit or loss	**$ 10,614,631,013**	**$ 9,697,025,818**

Financial liabilities at fair value through profit or loss:

As of	June 30, 2021	December 31, 2020
Derivative financial instruments	$ –	$ 573,590,762
Financial liabilities at fair value through profit or loss	**$ –**	**$ 573,590,762**

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

For the six-month period ended June 30	2021			2020		
	Realized	**Unrealized**	**Total Gains/(Losses)**	**Realized**	**Unrealized**	**Total Gains/(Losses)**
Financial assets at fair value through profit or loss	$ 533,104,055	$ 520,104,299	**$ 1,053,208,354**	$ 167,161,659	$ (136,583,489)	**$ 30,578,170**
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–
Derivative financial instruments	(25,483,664)	(102,545,814)	**(128,029,478)**	1,914,928,086	(113,891,345)	**1,801,036,741**
Net changes in fair value	$ 507,620,391	$ 417,558,485	**$ 925,178,876**	$ 2,082,089,745	$ (250,474,834)	**$ 1,831,614,911**

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. 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 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 warrants and certain other derivatives.

Recurring Fair Value Measurement of Assets and Liabilities

(in thousands)

As of	June 30, 2021				December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:								
Equity Securities:								
Common Stock	$ 9,828,630	$ –	$ –	$ 9,828,630	$ 8,782,431	$ –	$ –	$ 8,782,431
Investment in Affiliated Entities	–	–	53,896 (3)	53,896	–	–	216,765 (3)	216,765
Preferred Stock	23,483	–	–	23,483	94,265	–	–	94,265
Derivative Contracts (Held for Trading):								
Currency Call/Put Options Purchased	–	–	–	–	–	243 (1)	–	243
Foreign Currency Forward Contracts	–	8,875 (1)	–	8,875	–	223 (1)	–	223
Forward Purchase Units	–	–	278,403 (4)	278,403	–	–	536,441 (4)	536,441
Interest Rate Swaptions	–	421,344 (1)	–	421,344	–	61,101 (1)	–	61,101
Total Return Swaps	–	–	–	–	–	5,557 (2)	–	5,557
Total	**$ 9,852,113**	**$430,219**	**$ 332,299**	**$ 10,614,631**	**$ 8,876,696**	**$ 67,124**	**$ 753,206**	**$ 9,697,026**

Recurring Fair Value Measurement of Assets and Liabilities (continued)

(in thousands)

As of	June 30, 2021				December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities:								
Derivative Contracts (Held for Trading):								
Credit Default Swaps	$ –	$ –	$ –	$ –	$ –	$ 1,261(2)	$ –	$ 1,261
Equity Options Written	–	–	–	–	–	47,712(1)	–	47,712
Index Credit Default Swaps	–	–	–	–	–	524,618(2)	–	524,618
Total	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 573,591**	**$ –**	**$ 573,591**

(1) Level 2 financial instruments may include OTC currency call/put options, equity options, interest rate swaptions and foreign currency forward contracts that are fair valued by the Investment Manager. The fair values of these financial instruments may reflect, but are not limited to, the following inputs: current market and contractual prices from market makers or dealers, volatilities of the underlying financial instruments, interest rates and/or current foreign exchange forward and spot rates. The significant inputs are market observable and are included within Level 2. Additionally, the Investment Manager employs an independent third-party pricing service to conduct valuations. 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.

(2) Level 2 financial instruments may include total return swap contracts, equity forward contracts, credit default swaps 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 investments in PSTH Sponsor (refer to Note 6) and SPARC Sponsor (refer to Note 7). Substantially all of the instruments underlying the Company's investments in PSTH Sponsor and SPARC Sponsor are Level 3.

(4) This figure includes the Company's investments in the Committed Forward Purchase Units and the Additional Forward Purchase Units. Refer to Note 6 for further details.

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 their fair values are discussed further in Note 13.

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 fair value. Many factors affect the price that could be realized for large investments and the Investment Manager believes that it is difficult to accurately estimate the potential discount or premium to quoted market prices that the Company would receive or realize.

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

Level 3 investments include the Company's investment in PSTH Sponsor (as disclosed in Note 6), SPARC Sponsor (as disclosed in Note 7) and the Forward Purchase Units (as disclosed in Note 6). As no external pricing sources are available for these investments, each is fair valued using valuation methodologies as determined by the Investment Manager. In applying its valuation methods, the Investment

Manager utilizes information including, but not limited to the following: amount and timing of cash flows, probability assessments, volatility of the underlying securities' stock price, comparable transaction data, dividend yields and/or interest rates. In addition, the Investment Manager employs an independent third-party valuation firm to conduct valuations. The independent third-party valuation firm provides the Investment Manager with a written report documenting their recommended valuations as of the determination date. The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods be applied to support the valuation arising from the method discussed. Any material changes in valuation methods are discussed and agreed with the Board of Directors. The following table summarizes the change in the carrying amounts associated with Level 3 investments for the period ended June 30, 2021 and the year ended December 31, 2020.

	Forward Purchase Units PSTH	Investment in Affiliated Entity PSTH	Investment in Affiliated Entity SPARC	Total
Balance at December 31, 2020	$ 536,440,242	$ 216,765,432	$ –	$ 753,205,674
Purchase of SPARC ordinary shares	–	–	17,940	17,940
Net gain/(loss)	(258,037,072)	(162,887,503)	–	(420,924,575)
Balance at June 30, 2021	**$ 278,403,170**	**$ 53,877,929**	**$ 17,940**	**$ 332,299,039**

	Forward Purchase Units PSTH	Investment in Affiliated Entity PSTH	Investment in Affiliated Entity SPARC	Total
Balance at December 31, 2019	$ –	$ –	$ –	$ –
Purchase of Sponsor Warrants	–	58,967,000	–	58,967,000
Purchase of Class B common stock	–	21,076	–	21,076
Funding of PSTH Sponsor loan	–	957,355	–	957,355
Repayment of PSTH Sponsor loan	–	(957,525)	–	(957,525)
Net gain/(loss)	536,440,242	157,777,526	–	694,217,768
Balance at December 31, 2020	**$ 536,440,242**	**$ 216,765,432**	**$ –**	**$ 753,205,674**

As disclosed in the table above, the Company had a net loss of $420,924,575 for the period ended June 30, 2021 from Level 3 securities, which includes the Company's investments in PSTH Sponsor and the Forward Purchase Units. The reduction in their market values was driven by (1) a change in the structure of these investments as a result of PSTH's proposed Initial Business Combination ("IBC") (announced on June 20, 2021 and cancelled on July 19, 2021, as described in Note 6), and (2) a decrease in PSTH's publicly traded Class A common stock which closed at $22.76 on June 30, 2021 as compared to $27.72 on December 31, 2020.

Quantitative Information of Significant Unobservable Inputs – Level 3

The table below summarizes quantitative information about the significant unobservable inputs used in the fair value measurement and the valuation processes used by the Company for Level 3 securities as of June 30, 2021:

Financial Asset	Fair Value	Valuation Techniques	Unobservable Input	Input
Forward Purchase Units:				
Committed Forward Purchase Units	$ 246,171,215	Black-Scholes pricing model	Discount for Lack of Marketability	2%
Additional Forward Purchase Units	$ 32,231,955	Black-Scholes pricing model	Discount for Lack of Marketability	28%
			Discount for Probability of Exercise	31.3%
Investment in Affiliated Entity:				
Sponsor Warrants	$ 53,875,864	Black-Scholes pricing model	Volatility	25%
			Illiquidity Discount	22%
			Probability of Warrant Renegotiation	17.8%

The significant unobservable inputs listed above are reflective of rights and obligations associated with each investment under PSTH's Proposed IBC as of June 30, 2021, the details of which are fully described in Note 6.

The Discount for Lack of Marketability ("DLOM") for the Committed Forward Purchase Units relates to an embedded lock-up (the "FPA Lock-Up"), whereby the securities underlying the Committed Forward Purchase Units may not be sold for 180 days post the completion of PSTH's Proposed IBC. As a result of the FPA Lock-Up, the DLOM was 2%.

Under the Amended FPA, the Additional Forward Purchase Units are subject to a 180 day lock-up measured post the completion of RemainCo's (as defined in Note 6) future business combination, and also have embedded optionality such that it may be exercised at any amount up to $1.4 billion. This additional feature, combined with the lock-up, resulted in a DLOM of 28%. The Discount for Probability of Exercise is a direct result of the embedded option component previously stated. It is modelled to reflect the possible exercise of values between nil and $1.4 billion, resulting in a discount of 31.3%.

The Sponsor Warrants have three significant unobservable inputs: (i) Volatility, (ii) Illiquidity Discount and (iii) Probability of Warrant Renegotiation. The volatility of 25% reflects the anticipated implied volatility of the potential target company from RemainCo's future business combination over the Sponsor Warrants' 10-year term. The Illiquidity Discount of 22% relates to an embedded lock-up, whereby the securities underlying the Sponsor Warrants may not be sold for three years post the completion of RemainCo's future business combination. The Probability of Warrant Renegotiation is a discount based on the probability that the Sponsor Warrants will be restructured at the time of RemainCo's future business combination. The discount of 17.8% was representative of the average of sponsor incentive restructurings and founder stock forfeitures in completed SPAC transactions.

Sensitivity Analysis to Significant Changes in Unobservable Inputs with Level 3 Hierarchy

The significant unobservable inputs used in the fair value measurement of Level 3 investments together with a quantitative sensitivity analysis as of June 30, 2021:

Financial Asset	Unobservable Input	Sensitivity Used	Effect on Fair Value
Forward Purchase Units:			
Committed Forward Purchase Units	Discount for Lack of Marketability	+1%/-1%	$(2,512,006) / $2,512,006
Additional Forward Purchase Units	Discount for Lack of Marketability	+3%/-3%	$(1,344,814) / $1,344,814
Additional Forward Purchase Units	Discount for Probability of Exercise	+3%/-3%	$(2,347,313) / $2,347,313
Investment in Affiliated Entity:			
Sponsor Warrants	Volatility	+5%/-5%	$10,203,928 / $(10,564,162)
Sponsor Warrants	Illiquidity Discount	+5%/-5%	$(3,451,304) / $3,451,304
Sponsor Warrants	Probability of Warrant Renegotiation	+5%/-5%	$(1,964,498) / $1,964,498

6. PERSHING SQUARE TONTINE HOLDINGS, LTD.

Registration Statement

Pershing Square Tontine Holdings, Ltd. (“PSTH”), a Delaware corporation, is a 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 initial Form S-1 Registration Statement (“PSTH S-1”) with the Securities and Exchange Commission (“SEC”) on June 22, 2020 and subsequently consummated its Initial Public Offering (“IPO”) on July 24, 2020. The Company’s investments in PSTH and its sponsor, Pershing Square TH Sponsor, LLC, a Delaware limited liability company (“PSTH Sponsor”) and an affiliate of PSCM, are described below.

PSTH Sponsor

The Company, Pershing Square, L.P. (“PSLP”) and Pershing Square International, Ltd. (“PSINTL” and together with the Company and PSLP, the “Pershing Square Funds”) are the non-managing members of PSTH Sponsor and are its only source of funding. The business and affairs of PSTH Sponsor are managed exclusively by its non-member manager, PSCM.

Class B Common Stock

On May 7, 2020, the Pershing Square Funds made a capital contribution of $25,000 to PSTH Sponsor to fund PSTH Sponsor’s acquisition of 100 shares of PSTH Class B common stock at a price of $250.00 per share. The Company’s portion of the contribution was $21,076. The number of votes carried by each share of Class B common stock is such that the 100 shares of Class B common stock, in the aggregate, hold 20.0% of the voting power of the Class A common stock. The shares of Class B common stock will automatically convert into shares of Class A common stock at a one-to-one ratio at the time of PSTH’s IBC.

Promissory Note

In addition to its purchase of Class B common stock, PSTH Sponsor agreed to loan PSTH up to $1,500,000 to cover certain expenses pursuant to a promissory note. The loan is unsecured, accrues 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 PSTH’s IPO in which PSTH must complete its IBC.

From May 26, 2020 to July 2, 2020, the Company made contributions to PSTH Sponsor totaling $957,355, all of

which PSTH Sponsor loaned to PSTH under the promissory note. On July 24, 2020 all amounts drawn down by PSTH under the promissory note with PSTH Sponsor, along with a nominal amount of interest, were fully repaid and immediately distributed to the Company and the other Pershing Square Funds.

As of June 30, 2021 and December 31, 2020, $378,880 was left under the promissory note to be drawn down; however, there were no borrowings outstanding.

Sponsor Warrants

On July 21, 2020, PSTH Sponsor agreed to purchase warrants from PSTH for an aggregate purchase price of $65,000,000 (the "Sponsor Warrants"). Based on the Company's ownership in PSTH Sponsor, its portion of the purchase price was $58,967,000.

Pursuant to the Sponsor Warrant agreement filed as an exhibit to the PSTH S-1, the Sponsor Warrants 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 PSTH's IBC, at an exercise price equal to $24.00 per common share of the post-combination business. The Sponsor Warrants will have a term of 10 years from PSTH's IBC and will generally not be salable, transferable or exercisable until three years into their term.

Forward Purchase Agreement

The Pershing Square Funds entered into a forward purchase agreement with PSTH on June 21, 2020. Pursuant to the forward purchase agreement, the Pershing Square Funds agreed to purchase an aggregate of $1 billion or 50,000,000 of units (the "Committed Forward Purchase Units"). The forward purchase agreement also provides that the Pershing Square Funds may elect to purchase up to an additional aggregate amount of $2 billion or 100,000,000 of units (the "Additional Forward Purchase Units" and collectively with the Committed Forward Purchase Units, the "Forward Purchase Units"). Each of the Forward Purchase Units has a purchase price of $20.00 and consists of one share of PSTH Class A common stock and one-third of one warrant.

The purchase of the Committed Forward Purchase Units and the elections to purchase the Additional Forward Purchase Units will take place in one or more private placements in such amounts and at such time or times as the Pershing Square Funds determine, with the full amount of the Committed Forward Purchase Units and the elected amounts of Additional Forward Purchase Units 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. However, the Pershing Square 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 Square Funds may determine, by mutual agreement, to increase the number of Additional Forward Purchase Units at any time prior to the IBC.

PSTH's Proposed IBC

On June 20, 2021, PSTH announced that it had entered into a definitive agreement with Vivendi S.E. ("Vivendi") to acquire approximately 10% of the outstanding Ordinary Shares of Universal Music Group B.V. ("UMG") for approximately $4 billion. On July 19, 2021, the PSTH board of directors unanimously determined not to proceed with the UMG transaction (see "Cancellation of Proposed IBC" on pages 36-37). The proposed transaction and its effects on the Company's holdings in the PSTH structure are described below.

Under the terms of the agreement with Vivendi, PSTH shareholders, including the Company, would have received a distribution of UMG shares following (i) UMG's separation from Vivendi, (ii) its listing on Euronext Amsterdam and (iii) the registration of UMG shares with the SEC. Prior to the consummation of the UMG share acquisition, the Pershing Square Funds would have exercised their right to purchase $1.6 billion Forward Purchase Units pursuant to the forward purchase agreement, of which the Company would have funded $1,451,481,216.

PSTH also launched a warrant exchange offer whereby participating warrants could be exchanged at a ratio of 0.2650 shares of PSTH Class A common stock per warrant. One-third of the warrants issued to the Pershing Square Funds upon the purchase of the Forward Purchase Units would have been exchanged for PSTH Class A common stock at the same exchange ratio offered in the warrant exchange offer.

Subsequent to the UMG distribution, PSTH would have continued to exist post-transaction (hereinafter referred to as "RemainCo") with approximately $1.6 billion in cash and access to an additional $1.4 billion of cash through forward purchase agreements, as discussed further below. RemainCo would thereafter have intended to pursue a business combination with an operating business.

PSTH shareholders would also have been issued warrants of a new company, Pershing Square SPARC Holdings, Ltd. ("SPARC", and its warrants, the "SPARC Warrants"). The SPARC Warrants would have been issued for no consideration and would have been exercisable for ordinary shares of SPARC at $20 a share after SPARC had entered into a definitive agreement for its business combination. PSTH shareholders may receive SPARC Warrants in the future. Refer to Note 7 for additional details about SPARC.

PSTH Sponsor – Post Proposed IBC

Class B Common Stock

The shares of Class B Common Stock held by PSTH Sponsor would have automatically converted into shares of Class A common stock at a one-to-one ratio at the time of PSTH's IBC and would have held the same voting power as all other Class A shareholders.

Sponsor Warrants

The Sponsor Warrants would not have been exercised or otherwise have participated in the UMG transaction. Instead, the Sponsor Warrants would have remained outstanding and the Sponsor Warrant agreement amended to reflect the following:

- The Sponsor Warrants would have been exercisable, in whole or in part, for the number of shares constituting 5.95% of the common shares of RemainCo's post-combination business on a fully diluted basis at the time immediately following RemainCo's future business combination;
- The exercise price would have been adjusted to equal 120% of RemainCo's net asset value immediately prior to the time it completed its future business combination; and
- Warrants would have had a term of 10 years and restrictions on their sale, transfer and exercise for three years, starting from the consummation of RemainCo's future business combination.

Refer to Note 5 for additional detail on the valuation methodologies and fair market value associated with the Company's investment in PSTH Sponsor as of June 30, 2021 and December 31, 2020.

Forward Purchase Agreement – Post Proposed IBC

Following the Pershing Square Funds' exercise of the forward purchase agreement, it would have been amended to provide that the $1.4 billion unused portion of the Additional Forward Purchase Units would be made available to RemainCo at the option of the Pershing Square Funds (the "Amended FPA"). The purchase of unused Additional Forward Purchase Units, if funded, would have occurred at a price per share equal to RemainCo's net asset value per share at the time RemainCo completed its future business combination.

Refer to Note 5 for additional detail on the valuation methodologies and fair market value associated with the Forward Purchase Units as of June 30, 2021 and December 31, 2020.

Cancellation of Proposed IBC

On July 19, 2021, PSTH announced that the PSTH board of directors unanimously determined not to proceed with the UMG transaction and to assign PSTH's share purchase agreement to the Company and its affiliates, an assignment which the Company and its affiliates agreed to assume, committing them to purchase 5% of UMG with an option to purchase an additional 5% of UMG by September 15, 2021. The Company and its affiliates have also agreed to assume the indemnity agreement between PSTH and Vivendi, and to reimburse PSTH for the expenses incurred in connection with the Proposed IBC, which are approximately $25 million.

On August 10, 2021, the Pershing Square Funds, through a Pershing affiliate, acquired 128,555,017 Ordinary Shares of UMG for $2.8 billion, representing 7.1% of the share capital of UMG. As a result of the closing of this acquisition, the share purchase and indemnity agreements have transferred to the Company and its affiliates, and PSTH was released from its obligations under these agreements to Vivendi. The Company's portion of the cash consideration was approximately $2.5 billion.

These interim condensed financial statements reflect the position as of June 30, 2021. The Sponsor Warrants and Forward Purchase Agreements are shown at fair value as of that date under the PSTH Proposed IBC structure.

Effective July 19, 2021, the Pershing Square Funds' holdings in the forward purchase agreement and in PSTH Sponsor reverted to being structured as described in "Forward Purchase Agreement" and "PSTH Sponsor", on pages 35 and 34, respectively.

7. PERSHING SQUARE SPARC HOLDINGS, LTD.

Registration Statement

SPARC is a newly incorporated Cayman Islands exempted company, formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. SPARC filed its initial Form S-1 Registration Statement ("SPARC S-1") with the SEC on a confidential basis on June 25, 2021.

SPARC remains subject to SEC and stock exchange review. No assurance can be given that SPARC will be effectuated.

While SPARC is an acquisition company, it is not a conventional SPAC due to, among other things, its opt-in structure. In a conventional SPAC, investors contribute funds to the SPAC at the IPO, before a business combination is identified. In SPARC, investors will contribute funds only after SPARC has entered into a business combination agreement and has filed a registration statement with information regarding the proposed transaction.

SPARC intends to distribute SPARC Warrants for no consideration to the holders of Class A common stock of PSTH, with one SPARC Warrant to be distributed in respect of each share of Class A common stock. SPARC Warrants will have an expiration of 10 years from their issuance and can only be exercised after SPARC enters into a definitive agreement for its initial business combination. SPARC will also issue Distributable Redeemable Warrants to PSTH Distributable Redeemable Warrant holders with similar terms. SPARC expects that the SPARC Warrants will trade on the NYSE or Nasdaq shortly after their distribution.

Pershing Square SPARC Sponsor, LLC

The Pershing Square Funds are the non-managing members of SPARC's sponsor, Pershing Square SPARC Sponsor, LLC, a Delaware limited liability company ("SPARC Sponsor"), and are its only source of funding. The business and affairs of SPARC Sponsor are managed exclusively by its non-member manager, PSCM.

On June 14, 2021, the Pershing Square Funds made a capital contribution of $20,000 to SPARC Sponsor to fund SPARC Sponsor's acquisition of 1,000 SPARC ordinary shares. The Company's portion of the contribution was $17,940.

8. SHARE CAPITAL

Authorized and Issued Capital

The Board has general and unconditional authority to issue an unlimited number of shares (or options, warrants or other rights in respect of shares). 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.

As of June 30, 2021 and December 31, 2020, the Company had 199,120,882 Public Shares and the Special Voting Share outstanding. The Company also held 11,835,868 Public Shares in Treasury for a total of 210,956,750 Public Shares in issue as of June 30, 2021 and December 31, 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 2021 Annual General Meeting, 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 19,912,088 Public Shares (equal to 10% of Public Shares outstanding as at the latest practicable date prior to the date of publication of the 2021 Notice of the Annual General Meeting). 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 at the time of the IPO. Management Shares 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 selected partners 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 10 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). Following the conversion of all Management Shares into Public Shares on December 31, 2020, 7,950,974 Public Shares remain subject to the Lock-Up Deed as of June 30, 2021 and December 31, 2020.

Share Conversion

Subject to the terms of the Lock-Up Deed, holders of Management Shares are entitled to convert into Public Shares. 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 at each month end.

During the period ended June 30, 2021, there were no conversions between share classes. During the year ended December 31, 2020, holders of Management Shares converted all of the remaining 5,160,225 Management Shares into 6,175,883 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, if any, 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.

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.

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 U.S. 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 10 for further details. In the period ended June 30, 2021, the Company paid dividends of $39,825,448 (June 30, 2020: $41,283,782).

Capital Management

The Company's general objectives for managing capital are:

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

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 2021 Annual General Meeting, shareholders renewed the Company's authority to engage in share buybacks up to a maximum of 14.99% of the Public Shares outstanding.

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 or up to 6 million of the Company's outstanding Public Shares. The Company completed 59.5% of the June 2020 Share Buyback Program prior to its expiration on the date of the Company's 2021 Annual General Meeting.

As of June 30, 2021, the Company has repurchased a total of 50,834,239 Public Shares for $837 million at an average discount of 26.5%.

The Public Shares, Management Shares and Special Voting Share transactions for the six-month period ended June 30, 2021 and year ended December 31, 2020 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*	–	(13,732,785)	–
Conversion Out**	(5,160,225)	–	–
Conversion In	–	6,175,883	–
Shares Outstanding as of December 31, 2020	**–**	**199,120,882**	**1**
Shares Outstanding as of June 30, 2021	**–**	**199,120,882**	**1**

* Between June 20, 2019 and September 3, 2020, the Company repurchased Public Shares under the Share Buyback Programs. Beginning on October 24, 2019, all Public Shares repurchased were held in Treasury. Public Shares repurchased prior to this date were retired. The Company holds 11,835,868 Public Shares in Treasury which are excluded from Public Shares outstanding.

** All Management Shares were converted to Public Shares as of December 31, 2020.

9. COMMITMENTS AND CONTINGENCIES

As of June 30, 2021 and December 31, 2020, the Company had commitments relating to its purchase of the Forward Purchase Units as described on pages 35-36 of Note 6. No other commitments or contingencies existed as of June 30, 2021 and December 31, 2020.

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

The Investment Manager receives management fees and performance fees, if any, 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, 2021 and the period ended June 30, 2020, the Investment Manager earned management fees from the Company of $70,727,369 and $39,498,506, 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 previously recognized at the years ended 2016 and 2017. As a result, the Company's management fees were reduced by a total of $14.4 million.

Performance Fee

Generally, the Investment Manager receives performance fees both annually and upon the 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 and, after giving effect to the Potential Reduction Amount, equaled approximately $51.9 million and $52.4 million as of June 30, 2021 and December 31, 2020, respectively. No Potential Reduction Amount was carried forward from June 30, 2021 or December 31, 2020.

For the period ended June 30, 2021, the Investment Manager earned performance fees of $534,865 in connection with the payment of the quarterly dividend and accrued an annual performance fee of $124,732,483. For the period ended June 30, 2020, the Investment Manager earned a performance fee of $857,361 upon the payment of the quarterly dividend and accrued a performance fee of $289,393,283.

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.

11. RELATED PARTY DISCLOSURES

Rebalancing Transactions

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 13). 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 and such transactions are generally effected without being charged brokerage commissions. 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 its notice and consent requirements) and the requirements of any other applicable law or regulation.

The Investment Manager effected rebalancing transactions among the Pershing Square Funds in relation to certain of the Company's investments. The combined fair value of these rebalancing transactions for the period ended June 30, 2021 and June 30, 2020 was $63,780,080 and $8,119,333, respectively.

Pershing Square Tontine Holdings, Ltd. and Pershing Square SPARC Holdings, Ltd.

As of June 30, 2021, the Company holds investments in PSTH Sponsor, SPARC Sponsor and the Forward Purchase Units from PSTH. Each of these entities are affiliated with PSCM. The nature of the Company's holdings and its relationship with each entity are discussed in Notes 6 & 7.

Director's Fees

For the periods ended June 30, 2021 and June 30, 2020, the Company's independent Directors' fees in relation to their services for the Company were $298,811 and $161,935, respectively, of which none were payable as of June 30, 2021 and June 30, 2020.

Management and Performance Fees

The relationship between the Company and the Investment Manager and the fees earned are disclosed in Note 10.

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.

Beneficial Ownership of Portfolio Companies

In the normal course of business, the Company and the other Pershing Square Funds make concentrated investments in portfolio companies where the aggregate beneficial holdings of the Company and the other Pershing Square Funds 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 may have disclosures or other public reporting obligations with respect to acquisitions and/or dispositions of such securities.

As of June 30, 2021 and December 31, 2020, the Company and the other Pershing Square Funds beneficially owned in excess of 10% of the outstanding common equity securities of The Howard Hughes Corporation and the Class A common stock of PSTH, assuming full election of the Forward Purchase Units. Additionally, as of June 30, 2021, the Company and the other Pershing Square Funds are the sole shareholders of SPARC, as non-managing members, through their ownership of SPARC Sponsor.

William A. Ackman is the chairman of the board of The Howard Hughes Corporation.

PSH Ownership

During the period ended June 30, 2021, William Ackman exercised previously purchased call options referencing 14 million Public Shares, and terminated 7 million out-of-the money put options. As a result, William Ackman no longer owns any options on PSH, and only owns PSH Public Shares. The net economic share ownership of 25% of the Company by William Ackman, Nicholas Botta and other affiliates of PSCM remained unchanged from December 31, 2020.

12. 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 199,120,882 and 1, respectively for the period ended June 30, 2021, and 200,969,905 and 1, respectively for the period ended June 30, 2020. The Share Buyback Programs provided accretion to the Public Shares of nil and $0.50 per share during the periods ended June 30, 2021 and June 30, 2020, respectively.

13. BONDS

The Company has issued the following Senior Notes as follows:

Bond	Date of Issuance		Bond Face	Fixed Rate Coupon	Maturity Date
2022 Bonds	June 26, 2015	$	1,000,000,000	5.50% per annum	July 15, 2022
2039 Bonds	July 25, 2019	$	400,000,000	4.95% per annum	July 15, 2039
2032 Bonds	August 26, 2020	$	200,000,000	3.00% per annum	July 15, 2032
2030 Bonds	November 2, 2020	$	500,000,000	3.25% per annum	November 15, 2030

The Bonds are listed on the Euronext Dublin with a trading symbol of PSHNA.

The fixed rate coupon of each Bond is paid semi-annually. The proceeds from each offering of Bonds were in U.S. Dollars and were used to make investments or hold assets in accordance with the Company's Investment Policy. The Bonds rank equally in right of payment with each other and contain substantially the same covenants. 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.

Each of the 2039, 2032 and 2030 Bonds are callable at par plus a customary make whole premium until a certain date (the "Par Call Date") and thereafter become callable at 100% of Par. The Par Call Date for the 2039 Bonds is July 15, 2034, for the 2032 Bonds is July 15, 2030 and for the 2030 Bonds is August 15, 2030.

Until July 15, 2022, the 2039, 2032 and 2030 Bonds each have the same key man provision as the 2022 Bonds, which requires the Company to make an offer to acquire the 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 each Bond becomes callable at 101% of par in the amount necessary to achieve the required debt repayment.

The fair value of the Bonds as of June 30, 2021 and December 31, 2020 is summarized in the table below:

As of		June 30, 2021		December 31, 2020
Fair Value of the Bonds				
2022 Bonds	$	1,040,740,000	$	1,057,350,000
2039 Bonds		457,684,000		469,480,000
2032 Bonds		195,066,000		198,538,000
2030 Bonds		515,880,000		506,925,000
	$	**2,209,370,000**	**$**	**2,232,293,000**

In accordance with IFRS 9, the Bonds' carrying value on the statement of financial position as of June 30, 2021 and December 31, 2020, is $2,124,504,084 and $2,122,787,844, respectively. The Bonds' carrying value includes $27,592,825 of capitalized transaction costs which are amortized over the life of the Bonds using the effective interest method.

For the period ended June 30, 2021		
At December 31, 2020	**$**	**2,122,787,844**
Write-off of 2032 Bonds issue costs		95,365
Write-off of 2030 Bonds issue costs		33,488
Finance costs for the period		50,015,860
Bonds coupon payments during the period		(48,428,473)
At June 30, 2021	**$**	**2,124,504,084**

Finance costs for the period:		
Bonds coupon expense	$	48,481,683
Amortization of Bonds issue costs incurred as finance costs		1,534,177
Interest expense	**$**	**50,015,860**

For the year ended December 31, 2020

At December 31, 2019	**$**	**1,422,883,554**
Write-off of 2039 Bonds issue costs		86,988
2032 Bonds issued		200,000,000
2032 Bonds issue costs		(1,936,379)
2030 Bonds issued		500,000,000
2030 Bonds issue costs		(6,075,836)
Finance costs for the year		82,079,517
Bonds coupon payments during the year		(74,250,000)
At December 31, 2020	**$**	**2,122,787,844**
Finance costs for the year:		
Bonds coupon expense	$	79,602,528
Amortization of Bonds issue costs incurred as finance costs		2,476,989
Interest expense	**$**	**82,079,517**

14. 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 the 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 withholding, the Company assessed a 21% rate on the unrealized gains on the stock and equity forward contracts purchased, if any, which resulted in a deferred tax expense of $48,429,782 for the period ended June 30, 2021. 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.

As of June 30, 2021, the Company had a deferred tax payable of $100,876,632 (December 31, 2020: $52,446,850).

15. EVENTS AFTER THE REPORTING PERIOD

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 resulted in the following:

Non-Adjusting Subsequent Events

On July 19, 2021, PSTH announced that the PSTH board of directors unanimously determined not to proceed with the UMG transaction and to assign PSTH's share purchase agreement to the Company and its affiliates, an assignment which the Company and its affiliates agreed to assume, committing them to purchase 5% of UMG with an option to purchase an additional 5% of UMG by September 15, 2021. The Company and its affiliates have also agreed to assume the indemnity agreement between PSTH and Vivendi, and to reimburse PSTH for the expenses incurred in connection with the Proposed IBC, which are approximately $25 million.

On August 10, 2021, the Pershing Square Funds, through a Pershing affiliate, acquired 128,555,017 Ordinary Shares of UMG for $2.8 billion, representing 7.1% of the share capital of UMG. As a result of the closing of this acquisition, the share purchase and indemnity agreements have transferred to the Company and its affiliates, and PSTH was released from its obligations under these agreements to Vivendi. The Company's portion of the cash consideration was approximately $2.5 billion.

On August 17, 2021, a derivative lawsuit on behalf of PSTH was filed in the U.S. District Court for the Southern District of New York by a PSTH shareholder against PSTH Sponsor, the directors of PSTH, PSLP, PSINTL and the Company alleging, among other things, that PSTH is an investment company under the Investment Company Act of 1940 ("ICA") and seeking a declaration to that effect along with rescission of certain agreements that the plaintiff contends would not be appropriate under the ICA, and damages in an unspecified amount. The Company believes the allegations are without merit.

Adjusting Subsequent Events

The Company did not have any subsequent events after the reporting period requiring adjustments to the condensed interim financial statements.

Endnotes and Disclaimers

ENDNOTES TO CHAIRMAN'S STATEMENT

[i] Calculated with respect to Public Shares only. 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 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 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 3.7% and 1.3%, respectively. 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 5.1% and 3.1%, respectively. 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".

[iv] Calculated based on the Company's Public Shares traded on Euronext Amsterdam. Over the same periods, the discount to NAV of Public Shares listed in Sterling on the London Stock Exchange widened from 25.6% as of March 23, 2021 to 25.9% as of August 17, 2021 and the discount for Public Shares listed in USD widened from 24.8% as of March 23, 2021 to 25.1% as of August 17, 2021.

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). 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. Where the Company's performance is presented with that of PSLP, performance results assume that an investor (i) 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 and (ii) 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.

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®, are registered trademarks of Standard & Poor's Financial Services LLC. © 2021 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.

4. The performance data presented on page 2 under "Cumulative (Since Inception)" and "Cumulative PSH (Since Inception)" is calculated from January 1, 2004 and December 31, 2012, respectively.

5. Please refer to endnote i of the Chairman's Statement and Endnote 3.

6. Please refer to Endnotes 1 and 3.

7. Please refer to Endnote 9.

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

9. This report reflects the contributors and detractors to the performance of the portfolio of the Company. Other than share buyback accretion and bond interest expense, 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.

   The contributions and detractions to performance presented herein are based on gross returns which do not reflect the 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.

   For each issuer, 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 calendar year. 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.

10. Reflects the increase in Agilent's stock price from the date of the Company's first purchase of the stock to the date the Company completely exited the position, including any dividends paid by Agilent during the period. Share price performance data is provided for illustrative purposes only and is not an indication of actual returns to the Company over the periods presented or the future returns of the Company.

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, 2021 to June 30, 2021. 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.