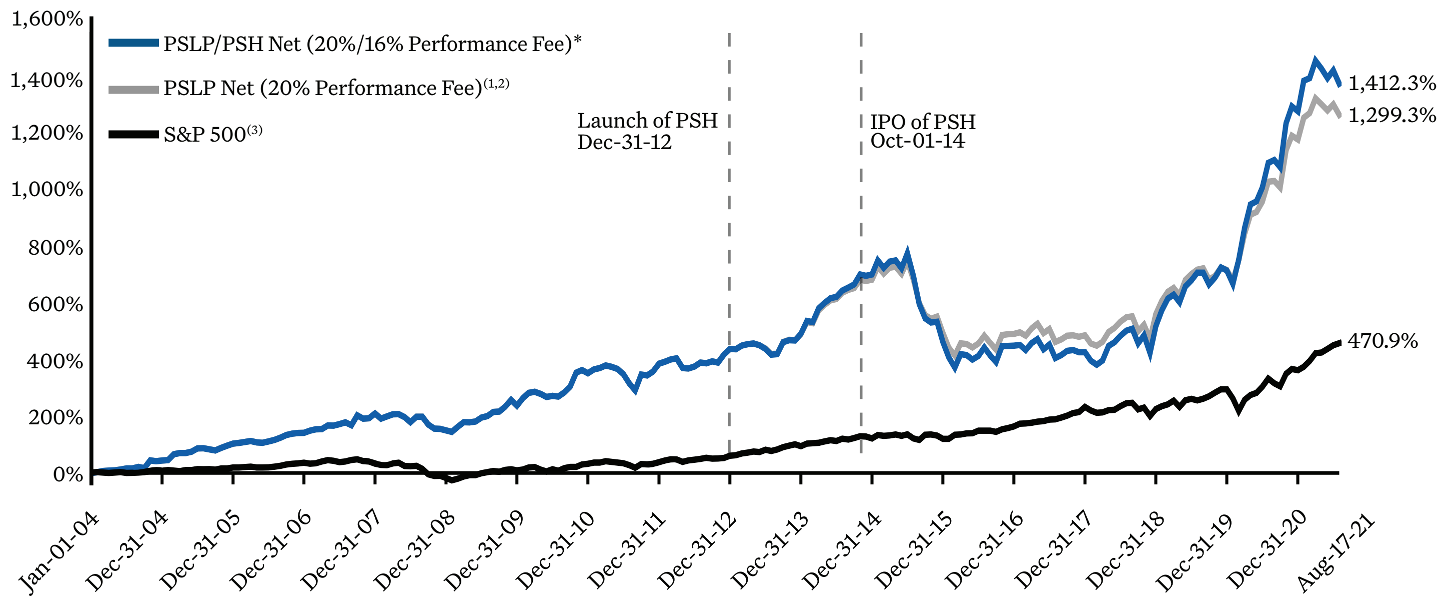
Company Performance

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.

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.

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.

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.

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

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 $20 SPARC Warrants, 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 $23 SPARC Warrants, 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 SPARC's 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.

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.

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