Pershing Square Holdings, Ltd.
Interim Report and Unaudited Condensed Interim Financial Statements
June 30, 2022

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2022 Interim Report and Unaudited Condensed Interim Financial Statements

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Company Overview

The Company

Pershing Square Holdings, Ltd. ("PSH", or the "Company") (LN:PSH) (LN:PSHD) (NA:PSH) is an investment holding company structured as a closed-ended fund principally engaged in the business of acquiring and holding significant positions in a concentrated number of large capitalization companies. PSH's objective is to maximize its long-term compound annual rate of growth in intrinsic value per share.

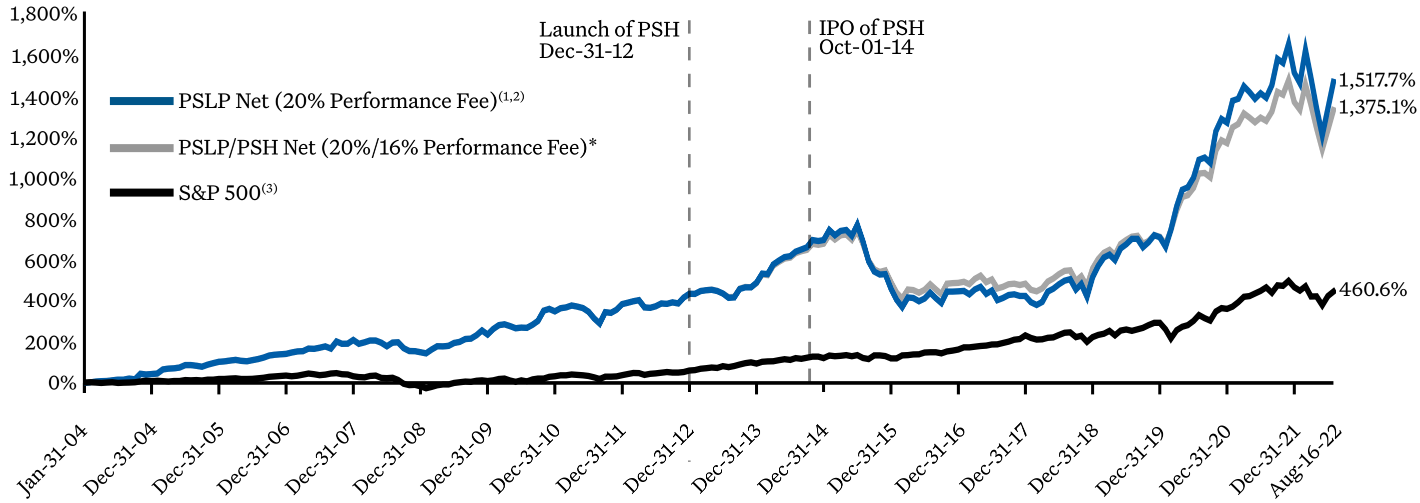
PSH was incorporated with limited liability under the laws of the Bailiwick of Guernsey on February 2, 2012. It commenced operations on December 31, 2012 as a registered open-ended investment scheme, and on October 2, 2014 converted into a registered closed-ended investment scheme. Public Shares of PSH 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").

PSH has appointed Pershing Square Capital Management, L.P. ("PSCM," the "Investment Manager" or "Pershing Square"), as its investment manager. PSCM was founded by William A. Ackman on January 1, 2004. 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 2021 Annual Report (the "Investment Policy").

The substantial majority of the Company's portfolio is typically allocated to 8 to 12 core holdings usually comprising liquid, listed large capitalization North American companies. The Investment Manager seeks to invest in high-quality businesses, which it believes have limited downside and generate predictable, recurring cash flows. The Investment Manager is an active and engaged investor that works with its portfolio companies to create substantial, enduring and long-term shareholder value. The Investment Manager aims to manage risks through careful investment selection and portfolio construction, and may use opportunistic hedging strategies, to mitigate market-related downside risk or to take advantage of asymmetric profit opportunities. For nearly 19 years, the investment strategy pursued by the Investment Manager has generated a 16.1% annualized net return and cumulative net returns of 1,517.7% for PSLP/PSH (as converted) compared to a 9.7% annualized net return and cumulative net returns of 460.6% for the S&P 500, PSH's historical benchmark index, during the same period.[1,3]

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 %		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)%	Pershing Square, L.P.	(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 %		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)%	Pershing Square Holdings, Ltd.	(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 %
2021	26.9 %		22.9 %	28.7 %
Six-month period ended June 30, 2022	(26.0)%		(21.5)%	(20.0)%
Year-to-date through August 16, 2022	(10.8)%		(9.3)%	(8.8)%

January 1, 2004 – August 16, 2022[1,4]

Cumulative (Since Inception)	1,517.7 %	1,375.1 %	460.6 %
Compound Annual Return	16.1 %	15.5 %	9.7 %

December 31, 2012 – August 16, 2022[1,4]

Cumulative (Since PSH Inception)	205.1 %	178.3 %	263.2 %
Compound Annual Return	12.3 %	11.2 %	14.3 %

* 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 53. 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 52–55.

Chairman's Statement

INTRODUCTION

The first half of 2022 was a challenging time for PSH, for companies and for the financial markets in general, driven in large part by rising inflation, uncertainty around monetary policy, and geopolitical events. PSH's investment strategy is long-term in nature. The Investment Manager believes that if PSH invests in high quality businesses with limited downside and which generate recurring and predictable cashflows, it will be able to withstand periods of volatility.

The Investment Manager and the Board view the decline in the market value of PSH's portfolio year to date as a temporary dislocation resulting from market dynamics. The Investment Manager discusses PSH's portfolio companies in detail later in this report, and I am pleased to note that they are all reporting increasing profits, strong financial performance, and progress in their underlying businesses. While this progress may not be reflected in the companies' share prices in the short to medium term, we believe that it will lead to strong returns to shareholders over the long term.

The Investment Manager has been concerned about the pernicious impact of inflation for some time now, and in late 2020 implemented a hedging strategy, which anticipated the prospect of a rising interest rate environment. A portion of that hedge was monetized earlier this year to establish a position in Netflix (which has since been exited and I discuss below). However the Investment Manager re-established and maintains today an interest rate swaption position, which should continue to provide a degree of protection to the portfolio going forward.

During this period of dislocation between PSH's share price, the share prices of our portfolio companies, and the intrinsic value of our portfolio companies, the Board and Investment Manager believed it was an opportunistic time to implement a share repurchase program of PSH's Public Shares. I discuss the program more in my comments below.

INVESTMENT PERFORMANCE

For the first half of 2022 and year-to-date through August 16, 2022, the Company's NAV per share, including dividends, decreased by 26.0% and 10.8.%,[i] respectively, and the Company's share price decreased by 27.3% and 19.2%,[ii] respectively, compared with the S&P 500 which declined 20.0% and 8.8% over the same period.[iii] The decline in PSH's equity portfolio was partially offset by the Investment Manager's strategy to hedge against inflation and rising interest rates.

PORTFOLIO CHANGES

In January 2022, the Investment Manager established a large position in Netflix, a company it had been following and researching for some time. Netflix's share price had significantly declined in the preceding months to a price which the Investment Manager believed to be undervalued. When Netflix reported its Q1 earnings in April, information came to light which caused the Investment Manager to lose confidence in its ability to predict the company's future prospects with a sufficient degree of certainty. Given the potentially wide dispersion of outcomes for the business, it felt Netflix no longer met its requirements to be a core holding, and exited the position. It is obviously very disappointing to have a substantial loss on an investment in such a short time frame. However, the Board was pleased to see the Investment Manager act decisively when the facts changed, which ultimately capped losses and allowed the Investment Manager to move on and focus on other opportunities.

At June 30, 2022 the value of PSH's commitment to invest in Pershing Square Tontine Holdings Ltd. ("PSTH") was de minimis, as the probability of a transaction completing in the required timeframe was very low. On July 11, 2022, PSTH announced that it would redeem its outstanding shares and liquidate (as described in Note 9 to these interim financial statements). Although PSH's commitments to invest in PSTH did not result in a significant investment, we did benefit from the process as it led to our investment in Universal Music Group ("UMG").

As of August 16, 2022, we have also fully sold our position in Domino's, and the Investment Manager intends to use the funds raised for alternative investment opportunities.

CORPORATE ACTIONS

On May 31, PSH announced the redemption of all of its 5.500% Senior Notes Due July 2022 (the "2022 Bonds"). PSH's long-term debt management strategy is to manage leverage over time by increasing NAV through strong performance and laddering maturities through new issuances. At present, PSH's debt profile is comprised of a laddered set of maturities due over the next nearly 17 years which matches our long-term investment horizon. Following the redemption of the 2022 Bonds, the Company's average cost of capital as of August 16, 2022 is 3.1%. Our total debt to total capital ratio as of August 16, 2022 is 18.8% and is conservative, particularly given that PSH's portfolio is liquid and easy to value.[iv]

Also in May, the Board and the Investment Manager determined that it was appropriate, given the current market conditions, PSH's available free cash, the wide discount to NAV at which PSH shares are trading, and the valuation of underlying portfolio positions, to initiate a share buyback program. The initial $100 million program has since been extended by an additional $200 million. PSH completed the $100 million program having repurchased 3,245,831 PSH Public Shares at an average discount of 31.7%.

DISCOUNT TO NAV

The Board closely monitors the discount to NAV at which PSH's Public Shares trade and is not satisfied with the current discount. During the first half of the year, the discount widened slightly from 28.3% to 29.7% and widened further to 35.2% as of August 16, 2022.[v]

As I discussed in my letter to you in March, the Board believes that the best way to close the discount is for PSH to attract long-term investors by continuing to deliver strong investment performance over time. Whilst we have purchased more than 22% of our shares outstanding since May 2017, we are keenly aware that share repurchase programs alone do not inherently act as a discount controlling mechanism. This notwithstanding, we reinitiated the share repurchase program in May 2022 because the Board and the Investment Manager felt it to be an appropriate use of capital given the conditions outlined above, and because we believe this program will inure to the long-term interests of PSH shareholders.

It is clear that these are very uncertain times, and there will be more challenging times ahead. However, the Board remains confident in our long-term strategy and track record, and I look forward to writing to you again in our 2022 Annual Report.

/s/ Anne Farlow
Anne Farlow
Chairman of the Board
August 19, 2022

Investment Manager's Report

LETTER TO SHAREHOLDERS

To the Shareholders of Pershing Square Holdings, Ltd.:

In the first half of 2022, Pershing Square Holdings generated NAV performance of negative 26.0%, and a slightly lower total shareholder return of negative 27.3% due to the widening of the discount to NAV at which PSH's shares traded.[5] PSH's year-to-date NAV return through August 16, 2022, was negative 10.8% compared to negative 8.8% for the S&P 500 index over the same period.[6]

The Year to Date

2022 has been an unusual and highly volatile year in the capital markets. This volatility has been driven by uncertainty associated with high levels of global inflation, central-bank-led increases in interest rates and related confusion about monetary policy, the risk of a possible recession, the war in Ukraine, political divisiveness and discord, and fear and unease about climate change and geopolitical risk. Each of these factors on their own could be a cause for a high degree of stock market volatility. When combined, uncertainty and volatility rule the markets.

Our approach to investing capital is to find extremely durable, well-capitalized, high-quality growth companies that can survive any storm. If we are successful in our investment selection, we can largely ignore shorter-term factors that drive stock market movements and remain focused on our portfolio companies' underlying business performance. As long as our companies continue to deliver the results we expect, we do not need to make any material adjustments to our portfolio's composition. In other words, we can sail through the stormy seas with a focus on the long-term horizon.

We don't, however, ignore global events that create risk and uncertainty. While we try to consider every potential risk that could impact our portfolio companies and invest in businesses that can withstand these risks, the world is and will remain a highly uncertain place, so a high degree of vigilance will always remain appropriate. Staying knowledgeable about global macro and political events is important for assessing risk for our portfolio companies and in selecting new company investments. It also occasionally offers opportunities for profits from carefully selected hedging transactions.

One of our strategy's important competitive advantages is our ability to profit from unanticipated market events enabling us to generate large profits and liquidity from hedges during periods when equity prices are likely to decline substantially. Our investments in: (1) index and single-name credit default swaps before the Great Financial Crisis, (2) investment grade and high yield index CDS in the weeks prior to Covid impacting the markets, and (3) interest rate swaptions in late 2020 to the present day in light of our concerns that interest rates would rise more quickly and remain at higher levels than anticipated, are all good examples of the importance of our understanding and foreseeing the impact of global macro risks and hedging them when we can identify an asymmetric means to do so.

If It Is So Obvious, Why Doesn't Everyone Do It?

While our approach to investing capital is logical and straightforward and has a long-term outperformance record, it is the rare investment manager that can implement such a strategy. Many of our colleagues in the industry have told us that they would prefer to invest as we do with their own money, but that their investors' demands effectively prohibit such an approach.

While many investors in funds claim to be long term, they require short-term liquidity from their managers. When managers oversee funds that can be withdrawn on short notice, they generally have no choice but to manage for the short term. Furthermore, most investors in funds are fiduciaries who are themselves held to short-term measurements of their own performance. So when the inevitable period of underperformance occurs due to broad-based market movements or otherwise, investors in funds redeem their capital, and their managers become forced sellers.

The inherently short-term nature of the investment management industry is a large contributor to stock (and bond) market volatility. As many funds suffered substantial drawdowns earlier this year, they sold stocks to raise capital to meet redemptions, and reduced market exposure as their risk appetites declined. This pattern of reducing equity market exposure as stock markets decline occurs in every market disruption, <u>but it is precisely the opposite of what long-term investors should do</u>. It is axiomatic that the lower the price paid, the better one's long-term returns. Yet, in each crisis and/or market drawdown, fund managers sell and reduce exposures, rather than increase exposures at more favorable valuations.

The inverse is also true. Investors in funds generally commit more capital when funds are generating strong absolute performance. During the ebullient market which preceded this year's decline, investors committed more capital to funds which put the money to work at higher valuations. Investments at higher valuations are destined to generate lower returns.

Pershing Square Holdings' closed-end fund structure and large insider ownership provide us with the ability to be a truly long-term investor in a world where the vast majority of fund managers are constrained to a shorter-term approach. Our long-term investment approach is one of our most important competitive advantages and a major contributor to our substantial outperformance over the last nearly 19 years.[7] We believe that our even larger outperformance since early 2018 can be explained by our transition from a manager of shorter-term redeemable assets to a manager of effectively perpetual assets.

Today, substantially all of Pershing Square's assets under management are in PSH or represent capital invested in our private funds by affiliates of the investment manager.[8] The permanency of our asset base allows for a truly long-term investment approach. We have not raised any net new equity capital in years so we are not exposed to the risk of raising capital at market peaks. Furthermore, we have been active in periodically returning capital when PSH is trading at a 'double discount' by repurchasing PSH shares opportunistically when our portfolio companies are trading at attractive valuations and PSH is trading at a wide discount to NAV. Our estimate of today's 'proforma NAV,' PSH's NAV assuming our portfolio companies were trading at their intrinsic value, is more than twice our current share price.[9]

Our effectively perpetual capital is also a great recruitment tool for talent. The universe of firms where one can go to invest permanent capital is extremely small. For all of the above reasons, the most talented investors prefer to work for a firm that is able to implement a long-term investment approach.

Our closed-end fund structure is also a competitive advantage in allowing us to access low-cost, investment grade leverage in the form of unsecured bonds without mark-to-market covenants on fixed rate terms. Of PSH's total assets, 19% is funded by long-term bonds with laddered maturities beginning five years from today until 2039 at a weighted-average interest rate of 3.1%.[10] By using low-cost, long-term debt in place of one-fifth of our equity capital we have materially enhanced our ability to generate high rates of returns without, in our view, any meaningful change in our risk profile.

In summary, our closed-end fund structure is an enormous competitive advantage for how we invest capital, recruit talent, and raise low-cost and low-risk unsecured bond leverage. It has, however, come with one negative externality. In recent years, PSH has traded at a large discount to its NAV.

Discount to NAV

In a private fund or in an open-ended mutual fund which invests in liquid assets, investors are guaranteed to receive the net asset value of their holding when they redeem. The same is not true for a closed-end fund as investors are exposed to the risk that a closed-end fund's share price trades at a greater discount to NAV when they exit than when they originally purchased their shares.

Since late 2015, the beginning of a several-year period of underperformance, PSH began trading at a large discount to NAV which has widened over time. While this discount is an advantage when we buy back our shares, it is a disadvantage to a shareholder when they decide to sell. The substantial majority of our shares are owned by investors who purchased PSH at a discount to NAV which helps to mitigate the negative impact of the NAV discount on their returns. As long as one sells PSH at a similar discount to that when the shares were purchased, one's return will approximate PSH's underlying NAV performance.

Our discount has persisted despite best-in-class performance and the aggressive steps we have taken to address it:

- Based on Bloomberg data (please see Appendix A), PSH has the best five-year NAV return of the 100 largest closed-end equity funds in the world, which includes funds ranging from $774 million to $16.6 billion in net asset value. [11]
- PSH became a premium listed company on the LSE on May 2, 2017 and joined the FTSE 100 on December 21, 2020, which has led to increased index inclusion and demand for our shares.
- With the benefit of some new director additions, we have a best-in-class, independent, extremely knowledgeable, experienced, and diverse board.
- Affiliates of the manager have acquired large amounts of PSH shares in the open market and now own 25.5% of the company,[12] which ranks among the largest inside ownership in the top 100 closed-end funds.
- PSH has repurchased 22.5% of its shares outstanding since its IPO, a total of 54 million shares at a price of $17.32 and an average discount of 27.1%.
- PSH initiated a dividend in 2019, and earlier this year announced a new dividend policy whereby dividends will increase over time with NAV.

One would expect that with best-in-class performance and governance, the acquisition and ownership of more than one quarter of the company by the investment manager, an aggressive and opportunistic share repurchase program and a favorable dividend distribution policy, PSH's NAV discount should have narrowed, but in fact the opposite has occurred. Why?

The Supply of PSH Shares and Our Market Cap

PSH's discount to NAV is directly related to the supply and demand for PSH shares. With respect to the supply of shares, the number of PSH shares has decreased due to buybacks by 22.5% since our IPO. Acquisitions of shares by affiliates of the investment manager reduced our public float by an additional 39 million shares or 16.3%,[13] a 39% cumulative reduction in our public float since our IPO. PSH is the second largest closed-end fund in the world by NAV after Scottish Mortgage, and the third largest by market cap. One might ask, therefore, whether there is a correlation between the market cap of a closed-end fund and the discount at which the fund's shares trade.

Is Size a Contributor to the Discount?

Based on the Bloomberg data, there does not seem to be any correlation between the size of a closed-end fund and its trading level relative to NAV. A number of the 15 largest closed-end equity funds trade at premiums to NAV, and the balance, other than PSH, trade at single-digit percentage discounts. PSH has vastly outperformed the other top 15 closed-end funds as well as the other 85 constituents over the last five years. PSH has outperformed 90 of the top 100 by more than 1,000 basis points per annum. The median and average discount to NAV for the top 100 equity closed-end funds with greater than a $1 billion market cap is 4% and 3% respectively compared with PSH's current discount of 35%.

Scottish Mortgage Investment Trust ("SMT"), the largest fund on the list by market capitalization, is an interesting point of comparison. Despite its name, it like Pershing Square is a growth equity closed-end fund and also a FTSE 100 company. SMT has a long and volatile investment history beginning in 1909. PSH has substantially outperformed Scottish Mortgage over the last one-year (6% vs -29%), three-year (27% vs 23% compounded annually) and five-year (24% vs 18% compounded annually) periods.[14] Yet SMT trades at a 6% discount to NAV versus PSH's 35% discount to NAV.

While PSH charges higher fees than most other closed-end funds largely due to our incentive fees, <u>our NAV outperformance record is net of all fees and expenses</u>. PSH's fee structure was not a barrier to raising $2.9 billion in PSH's IPO, the largest IPO in Europe in 2014, as the shares were sold at NAV and the fee arrangement was understood by all investors. We have no plans to change our fees as our incentive and management fees are an important recruiting tool for our talent, who are responsible for our substantial outperformance. Pershing Square recruits investment team talent principally from private equity firms which also charge incentive fees. None of our investment team members would have joined Pershing Square and stayed if we did not continue to earn incentive fees.

There appear to be only three other closed-end funds in the top 100 that charge management and incentive fees. One of these funds trade at a 10% premium to NAV and the other two trade at 12% and 19% discounts, which suggests that there is no clear relationship between the fee structure and the degree of NAV discount or premium.

Demand for PSH Shares

While PSH is managed by a U.S. manager and principally owns North American headquartered companies, it trades only on European exchanges, the LSE and Euronext Amsterdam. There are significant regulatory limitations in our ability to market PSH in various jurisdictions, including the U.S, a more logical market for a North American-centric fund run by a U.S. manager. Substantially all other closed-end funds that invest principally in North American equities are domiciled in the U.S. and therefore do not have restrictions on marketing in the U.S.

The rest of world demand for PSH has mostly been driven by dedicated closed-end fund investors and to a lesser extent index funds that own the shares based on their index weightings.

In summary, we have a demand problem compounded by certain marketing limitations.

What Can We Do About It?

There is no short-term solution to PSH's discount problem. While a liquidation would eliminate the discount, offset somewhat by frictional costs, it would also eliminate the long-term opportunity for PSH to generate high levels of compound annual returns. We believe the long-term investment opportunity for PSH vastly outweighs the short-term profits that would come from a liquidation.

We can, however, always do a better job marketing and informing investors about the existence of PSH. Despite the fact that PSH is the 78th largest company by market cap on the LSE, and would be 51st on the list if it traded at NAV, PSH is still relatively unknown by global investors. While Pershing Square, the investment manager, appears in numerous press articles nearly every business day, PSH is largely absent from the media. Even considering our marketing restrictions, we can still do more to inform investors about the existence of PSH and our investment opportunity.

Could PSH Eventually List in the U.S.?

As PSH grows in market capitalization and its ownership stakes in its portfolio companies increases, one can envision a world in which over time PSH becomes a controlling owner of one of more businesses that comprise the substantial majority of our assets and income. We expect to continually evaluate PSH and its operations, and consider whether in the future it may be able to operate not as an investment company in the U.S., but rather as an operating company that could be listed in the U.S.

How Should One Think about PSH?

In economic substance, PSH is more akin to an investment holding company than a traditional passive owner of securities. We are often the largest, or one of the largest owners of our portfolio companies, particularly if passive index owners are ignored. We are known to be an active and engaged investor and often have board representation and/or considerable influence in the board room as a large and thoughtful owner.

Why Have Some Fund Managers Avoided Investing in PSH?

While PSH is owned by many investment managers, we believe these investors are principally dedicated and or specialized closed-end fund investors. Traditional investment managers often avoid investing in closed-end funds as they view doing so as effectively their giving up investment allocation decisions to a third party and paying fees for them to do so. For many years, many investment managers would not own shares in Berkshire Hathaway for similar reasons.

Whether one invests in an operating company or a closed-end fund, however, ultimately the investor is giving up control of capital allocation decisions to the management of the company. We do not believe that closed-end funds should be an excluded asset class for that reason as long as the manager of the closed-end fund can generate attractive rates of long-term performance, net of the fees it charges, that are competitive with returns from other public operating company investments, with the caveat, of course, that the investors can't simply replicate the performance of the closed-end fund by investing directly in the same underlying securities.

In our 2020 letter to shareholders (Link), we explain why PSH replication cannot be achieved by attempting to invest directly in the same securities we publicly disclose. To summarize, this is due to three principal factors:

1. Investors in PSH get the benefit of our new, undisclosed investments at the price they were acquired by PSH before their eventual public disclosure impacts their price. Historically, the day-one trading price of our newly disclosed stake in a company typically has been substantially above our cost of acquisition. PSH replicators must pay the higher post disclosure price rather than our acquisition cost. These embedded gains inure to the benefit of PSH shareholders, and to an even greater extent when PSH is purchased at a discount to NAV.

2. We do not disclose our hedging strategies in advance of their implementation. Our hedges have generated highly material gains for PSH that are not readily actionable or replicable by most investment managers.

3. We are able to access long-term, low-cost investment grade debt without mark-to-market covenants, which materially reduces our cost of capital. Our access to covenant-light leverage is a difficult to replicate competitive advantage.

While many investment managers avoid investing in funds that charge fees, the effective fee burden of PSH has been largely offset over time by our low-cost bond leverage (a weighted-average cost of 3.1%) that we have used in place of about 20% of our equity capital. In other words, investors in PSH receive a similar long-term NAV return to what they would have earned if they owned our underlying investments directly without leverage, as our use of bond financing roughly offsets our management and incentive fees.

While some fund managers may choose not to invest in PSH because it is technically a closed-end fund, we believe that with the passage of time and continued strong performance, our tax and regulatory structure will be viewed as a competitive advantage and a reason to own PSH rather than a reason to avoid it.

We chose the offshore closed-end fund structure for PSH with a full understanding of its marketing and other limitations. We did so because we believed that the offshore closed-end fund's favorable tax structure (with no entity-level taxation) and investment flexibility versus other alternatives would give PSH long-term structural and competitive advantages in generating high rates of return over time.

Today's extraordinary discount of 35% makes PSH's investment proposition that much more compelling, and should hopefully remove some of the traditional fund managers' resistance to investing in closed-end funds.

In summary, we believe that PSH is an excellent investment opportunity for both dedicated closed-end investors and the much larger universe of traditional investment managers because the typical reasons for an investment manager not including a closed-end fund in their portfolios don't apply to PSH. We just need to do a better job getting the word out.

Organizational Update

The Pershing Square investment team is intentionally small. Currently, we have eight team members including myself, and at peak, we had ten. The team operates extremely collaboratively. Each member of the team's compensation is directly dependent on the performance of the overall portfolio rather than individual investments. Research on new investments is typically led by two members of the team, but vetted by the entire team. This structure has served us well over the years as it has aligned everyone's incentives with Pershing Square's long-term goals.

The team has operated in an entirely non-hierarchical format with one exception. As portfolio manager, I get to make the final yes or no decision on investments and in determining the sizing of positions. With the benefit of effectively no turnover in the team over the last five or so years, our investment team is the most highly functioning it has ever been.

I periodically get asked about succession planning at Pershing Square. At age 56, loving what I do and in excellent health, my principal risk is what can be deemed "pie truck risk," that is, the risk I look the wrong way crossing the street and get smooshed by a pie truck.

As a manager of perpetual capital, I am obligated to give some insight to our shareholders as to how we would operate if the pie truck ended my existence. I don't believe in a committee approach to investing where a majority vote determines each portfolio decision. At the end of the day, someone needs to make the decision and be held accountable.

I am pleased to announce that Ryan Israel, who joined Pershing Square from Goldman Sachs in March of 2009, will now become our Chief Investment Officer. I will continue as CEO and Portfolio Manager with continued control over ultimate decision making, but if the pie truck were to run me over tomorrow, Ryan would be my choice to manage the portfolio.

We are extremely fortunate in having an investment team where each member would be a star at any other firm, and could if they wished, leave to launch their own firms. Most members of our investment team that have left Pershing Square in previous years have been successful in setting up their own firms, and the same would be true for our current team members.

In selecting among our investment team for a CIO, I chose Ryan for a number of reasons. First, he is of exemplary character and is an extremely high-quality human being. He is a once-in-a-generation talent as an investor, not just in equities, but also in macro instruments. He is an excellent leader, teacher, communicator, and partner, and has the respect of each member of the investment team. As the longest-tenured member of the team, he has had the greatest opportunity to experience our profoundest successes and failures in dramatically different market environments and to learn from them. He has also had the opportunity to train most of our team members in our approach to investing.

We have built a culture that requires extreme candor. Ryan is unafraid to challenge anyone including yours truly, and that is an extremely important quality in a CIO. Ryan is the right choice, and importantly, when I checked with each of the other team members, they all agreed.

My decision to announce Ryan as CIO should in no way suggest to you that I am heading for the hills. I love this business and intend to stay active until they carry me out, and I am a heavy lift. I don't expect that our investment team will function differently beginning the day after this announcement. Ryan has already for some time been unofficially serving in this role.

It has been an extraordinary year filled with uncertainty, the tragic war in Ukraine, enormous capital markets volatility, and political divisiveness. Even more so in this environment, we feel extremely fortunate to have the backing of long-term investors who enable us to do our best work. We are perpetually extremely grateful.

As always, please reach out to ir@persq.com if you have any questions for us.

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, 2022 and year-to-date August 16, 2022.[15]

January 1, 2022 – June 30, 2022	
Interest Rate Swaptions	9.8 %
Share Buyback Accretion	0.2 %
Bond Interest Expense	(0.5)%
Pershing Square Tontine Holdings, Ltd.	(1.4)%
Restaurant Brands International Inc.	(1.8)%
Domino's Pizza Inc.	(2.7)%
The Howard Hughes Corporation	(2.8)%
Hilton Worldwide Holdings Inc.	(3.5)%
Chipotle Mexican Grill, Inc.	(3.7)%
Netflix, Inc.	(3.9)%
Lowe's Companies Inc.	(6.6)%
Universal Music Group N.V.	(6.9)%
All Other Positions and Other Income/Expense	(1.5)%
Net Contributors and Detractors	**(25.3)%**

January 1, 2022 – August 16, 2022	
Interest Rate Swaptions	9.9 %
Canadian Pacific Railway Limited	1.2 %
Share Buyback Accretion	0.4 %
Bond Interest Expense	(0.6)%
Hilton Worldwide Holdings Inc.	(1.3)%
Pershing Square Tontine Holdings, Ltd.	(1.3)%
The Howard Hughes Corporation	(2.4)%
Domino's Pizza Inc.	(2.8)%
Lowe's Companies Inc.	(3.3)%
Netflix, Inc	(3.9)%
Universal Music Group N.V.	(4.9)%
All Other Positions and Other Income/Expense	(0.9)%
Net Contributors and Detractors	**(9.9)%**

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 and share buyback accretion. 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 52-55.

Universal Music Group ("UMG")

Universal Music Group is the world's leading music entertainment company, a high-quality, capital-light business that is led by a superb management team. UMG's business can be best thought of as a rapidly growing royalty on the greater global consumption and monetization of music.

We believe that UMG's decades-long runway for growth remains underappreciated by investors. With increasing streaming penetration combined with the development of new services, platforms, and business models, UMG can grow revenues at an annual rate of 10% or so for more than a decade. High absolute levels of revenue growth coupled with UMG's fixed-cost base should allow UMG to significantly expand its operating margins over time, generating highly attractive earnings growth for the foreseeable future. UMG's recent results support our longer-term view, as year-to-date, revenues and profits both increased at a mid-teens growth rate, well above analyst expectations and the company's guidance during last year's Capital Markets day. When viewed on a multi-year basis, UMG's revenue growth has both been higher and more consistent than Warner Music Group, its most closely followed peer.

We believe that music is the lowest-cost, highest-value form of entertainment. For a $10 monthly fee (and less in a family plan) one can listen to over 80 million songs. We expect music streaming to be highly resilient, even in a recessionary environment, as consumers forgo other expenses before cancelling their music subscriptions.

While ad-supported streaming revenues can be more sensitive to advertising spend, UMG has maintained a high-teens growth rate year-to-date by consistently expanding its partnerships and renewing existing deals on more favorable terms. UMG is the pioneer in monetizing emerging platforms and first partnered with Facebook/Meta in 2017 – a groundbreaking partnership at the time that served as a template for social media companies to begin paying music rightsholders through fixed payments. The company recently renewed its Meta deal, significantly expanding the terms to include revenue sharing components. We believe the new Meta deal will boost UMG's growth over the coming years and represents a framework for future deals with other social media platforms. Over time, we expect the revenue from social media and other emerging platforms such as gaming and fitness to grow faster than traditional streaming and become a more material percentage of UMG's revenue base.

Music spending per capita is significantly below peak levels which were achieved in the late 1990s both on a nominal basis and when adjusted for inflation. Despite pervasive high levels of inflation in the global economy, streaming prices have stayed relatively constant since their introduction. While digital service providers recently began increasing prices in certain markets, we believe there is ample room to increase pricing in the coming years which will drive increased growth at UMG.

While streaming has been the primary driver of music's resurgence and will continue to be the primary driver of growth going forward, other revenue streams that were previously declining have also returned to growth. Physical music is experiencing a renaissance driven by vinyl demand. We believe that physical and digital collectibles provide an opportunity for UMG and its artists to better engage with and monetize their superfans.

Bill recently joined the UMG board and we look forward to working even more closely with the company as an engaged long-term shareholder. Given its long runway for sustained earnings growth, we believe that UMG's current valuation represents a significant discount to intrinsic value.

Restaurant Brands ("QSR")

QSR's franchised business model is a high-quality, capital-light, growing annuity that generates high-margin brand royalty fees from its four leading brands: Burger King, Tim Hortons, Popeyes, and Firehouse Subs.

QSR is investing in each of its brands to position them for sustainable, long-term growth. As Canada reopened, Tim Hortons' same-store sales returned to growth during the quarter compared to pre-COVID levels, driven by growth across all dayparts, formats, regions and product categories aside from hot beverage. The company is focused on executing the next phase of its "Back to Basics" plan by extending its beverage platform, capturing a greater share of afternoon foods and continuing its brand modernization. Longer-term, management believes it can sustainably grow same-store sales at a low-single-digit rate.

At Burger King in the U.S., the company also reported improved results and narrowed the gap to its peers. Recently-appointed Burger King U.S. President Tom Curtis and his team have begun to lay the foundation for a return to sustainable growth. We believe the company has a meaningful opportunity to reinvigorate growth and modernize its store base through a reinvestment plan. The company will be unveiling its "reclaim the flame" plan to franchisees next month.

Burger King international, Popeyes, and Firehouse Brands continue to perform strongly, with comparable sales up more than 20% relative to pre-COVID levels.

QSR's franchised-based royalty model is particularly attractive in an inflationary environment. QSR's revenues benefit when its franchisees increase prices, but its cost structure is not subject to the same inflationary pressures. QSR can continue to grow its business with minimal capital required as its franchisees open new units. Despite delayed permitting, higher material costs, and inflationary headwinds, QSR's unit growth returned to its historic mid-single-digit growth rate last year. As a result of improving same-store sales growth coupled with strong unit growth, QSR's earnings are now greater than prior to COVID and are growing at an attractive rate, in spite of significant industry-level inflation and same-store sales that are just now recovering to pre-COVID levels.

QSR continues to trade at a discount to its peers and its intrinsic value. The company has repurchased more than 3% of its shares outstanding over the last twelve months, which when coupled with its 4% dividend yield, enables QSR to return approximately 7% of its market capitalization to shareholders on an annual basis.

Chipotle Mexican Grill ("CMG")

Chipotle continued its impressive performance in 2022 driven by the ongoing recovery of in-restaurant sales, price increases to cover cost inflation, and successful menu innovation including pollo asado. During the second quarter, Chipotle continued to lead the restaurant industry in growth for both same-store sales ("SSS") and new restaurants, with SSS growing 10% year-over-year or 30% on a three-year cumulative basis. On-premise sales grew 36% as consumers resumed pre-pandemic routines, while digital sales declined only 3%, continuing their persistence despite the growth of conventional sales. Chipotle remains on track to grow its store base by approximately 8% this year with a longer-term annual store growth aspiration of nearly 10% once current headwinds around construction, permitting, and supplies ease.

We believe Chipotle is one of the best-positioned consumer companies for the current inflationary world. Given significant inflation in food and labor costs, management has planned a menu price increase of approximately 4% for August following a similarly-sized price increase in March. The company has tremendous pricing power due to the superb quality of its food which is priced at a discount to many competitors with inferior offerings, marketing focused on food quality and freshness rather than cost, and a customer base that over-indexes to higher-income consumers, some of whom are trading down from pricier alternatives.

Chipotle's economic model remains firmly intact, with restaurant-level margins in excess of 25% in the second quarter, up 0.8% year-over-year, and a consistent level of profitability expected for the current quarter. The company is debt-free and generates nearly all its sales in the U.S., insulating its earnings from the foreign currency headwinds facing many other large consumer companies.

To accelerate Chipotle's growth beyond the company's continued strong results, management is focused on improving throughput for in-store orders, and increasing order accuracy and timeliness for digital orders. While Chipotle's restaurants are staffed above 2019 levels, many current employees haven't experienced optimal operations given pandemic-related disruptions and the high rate of employee turnover endemic to the restaurant industry. Management has rolled out a new labor deployment tool to develop staffing models and is instituting an operational initiative focused on excellent execution of the basics, the latter of which started to bear fruit in 2019 before it was interrupted by the pandemic. We continue to be impressed by Chipotle management's continuous improvement initiatives, drive to create a superb customer experience and shareholder value creation.

Hilton ("HLT")

Hilton is a high-quality, asset-light, high-margin business with significant long-term growth potential, led by a superb management team. The unforeseen arrival of the COVID-19 pandemic catalyzed a rapid and near-complete standstill in global travel, with RevPAR (the industry metric for same-store sales at a given hotel) down roughly 90% at the nadir of the pandemic. We increased our investment in Hilton during the pandemic as we believed the economic dislocation from COVID-19 would prove to be transient and that industry projections regarding the timeline for recovery were too pessimistic.

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 recovered. In hindsight, Hilton's experience with COVID-19 – the 100-year proverbial flood – affirmed the company's unique high-quality, asset light, high-margin business model, and reinforced our belief that Hilton deserves a premium valuation.

While Hilton entered 2022 impacted by the Omicron variant, results have vastly improved throughout the year as COVID-19 has evolved towards a more endemic virus, and consumer behavior has adapted accordingly. In recent months, Hilton's system-wide RevPAR has surpassed 2019 levels and continues to improve. Recent strength has been led by domestic leisure travel occasions as consumer spending continues to shift from goods to services.

We expect demand to continue to strengthen from current levels as anticipated moderation in leisure occupancy is likely to be more than offset by improvements in corporate business transient and group business, both still below 2019 levels. Notably, the industrywide recovery is being led by an unprecedented surge in average daily rate ("ADR"). Historically a laggard during prior recessions, ADR has been buoyed by a strong consumer appetite to travel, a positive mix-shift from large corporations to small and medium-sized businesses, and broad and accelerating inflationary pressures (hotels can change room rates in real time). Hilton is well positioned to benefit from inflation as its fee-based business model benefits from rising ADRs while its cost base is largely fixed.

The combined impact of Hilton's net unit growth since the onset of the pandemic and the greater operational efficiencies has increased run-rate operating income to approximately 15% above 2019 operating income at similar levels of RevPAR. We expect Hilton to continue to deliver accelerated earnings growth for the foreseeable future, as industrywide occupancy continues to improve (still well below normal), ADR remains elevated, and Hilton laps over easy comparative historical periods.

Despite Hilton's accelerated near-term growth prospects and attractive long-term earnings algorithm, the stock is attractively priced at a low-20s multiple of 2023 earnings. We find Hilton's valuation to be compelling given its industry-leading competitive position, superb management team, attractive long-term net unit growth algorithm, pricing power, and best-in-class capital return policy.

Lowe's ("LOW")

Lowe's is a high-quality business with significant long-term earnings growth potential underpinned by a superb management team that is successfully executing a multi-faceted business transformation.

COVID-19 was a transformational event for the US housing market, causing homeowners to invest significantly in their homes as they shifted nearly all their daily activities to the home environment, including work, school, and leisure. The increased use of the home during COVID, in turn, increased the need for repair, maintenance and remodel activity, which significantly benefited Lowe's same-store sales. As consumers return to spending more time and money on out-of-the home activities the near-term demand for certain Do-It-Yourself ("DIY") categories has decreased. Moderation in DIY demand combined with increased mortgage rates and decreased housing affordability has caused many market participants to become concerned that the home improvement industry may give up a significant part of their COVID pandemic sales gains.

While we expect that there will be some near-term volatility and continued moderation of DIY demand, growth remains strong for projects requiring professional installation (the "Pro" business) due to a substantial backlog of projects undertaken during COVID, which should support industry growth in the near-term. In addition, we believe the medium-term growth outlook for the home improvement industry remains strong as demand is likely to normalize at a materially higher level as compared to the pre-COVID era. For the decade prior to COVID, home improvement industry sales were notably depressed relative to their long-term averages as a percentage of overall consumer spend and GDP and have only now returned to their longer-term historical levels. Moreover, we believe COVID has permanently renewed consumers' focus, appreciation, and utilization of their homes, which combined with higher home equity values, strong consumer balance sheets, low levels of home inventory for sale and an aging housing stock that requires an increasing level of maintenance, will likely result in a structurally higher level of ongoing home industry spending in the future. In the most recent quarter demand strengthened throughout the quarter as DIY consumers returned from summer vacations and focused on less seasonal home improvement projects.

While we believe the longer-term industry outlook remains strong, Lowe's is likely to generate a strong level of earnings growth over a multi-year period even if the industry and macroeconomic environment is weaker due to management's strong execution of the company's ongoing business transformation. A combination of market share gains (primarily from improving e-commerce execution and improving share of wallet amongst Pro customers) and a multitude of idiosyncratic self-help initiatives (primarily focused on improving in-store labor productivity and reconfiguring Lowe's for a market-based delivery model) are driving Lowe's transformation.

Lowe's operational transformation is further magnified by its aggressive share repurchase program, which is likely to see the company acquire a high-single-digit percentage of its market capitalization in this year alone. The materiality of Lowe's Perpetual Productivity Initiative was on full display in their most recent quarter, whereby the company leveraged fixed expenses by 80 basis points, driving 10% earnings-per-share growth notwithstanding flat topline growth. The successful execution of Lowe's continued business transformation should allow the company to generate accelerated earnings growth for the foreseeable future.

Notwithstanding our view on Lowe's attractive long-term earnings outlook, Lowe's currently trades at only 15 times forward earnings, a low valuation for a business of this quality, and a substantial discount to its direct competitor. We believe the current valuation reflects investors negative sentiment regarding the US housing market and incorporates the possibility of a greater than expected revenue decline. We believe the current valuation is highly attractive and anticipate Lowe's will generate high rates of returns from current levels if as we expect it continues to successfully execute the company's transformation.

Canadian Pacific Railway ("CP")

CP is a high-quality, inflation-protected business led by a best-in-class management team that operates in an oligopolistic industry with significant barriers to entry. With an improving volume and pricing outlook combined with the upcoming transformational acquisition of Kansas City Southern ("KCS"), we believe that CP's prospects are bright.

CP reported revenue growth of 7% in the second quarter as pricing and mix, fuel surcharge pass-throughs and foreign exchange more than offset a small decline in volumes. CP is leveraging the strong pricing environment to renew contracts at an average price increase of over 6%. Pricing directly benefits earnings as rails pass on increases in fuel and other expenses to customers through contractual fuel surcharges and CPI escalators. In addition to earnings growth, high inflation should help rail transportation take share from trucking and lead to incremental volume growth over time. Customers are choosing cheaper transportation solutions as prices rise, and CP's mission-critical rail service is often the cheapest or only viable method for transporting heavy freight over long distances. High fuel prices and wage gains also disproportionally increase the cost of trucking, which is up to three times less fuel efficient and much more labor intensive than rail transportation.

The demand outlook for CP continues to improve, especially given the current geopolitical environment. Russia's invasion of Ukraine and the resulting supply disruptions have boosted demand for Canadian exports such as grain and potash. Deglobalization has also increased the likelihood of major North American onshoring and energy production, which will accelerate CP's volume growth in the future. Total volumes declined by 2% in the second quarter due to the smaller than average Canadian grain harvest, while volumes excluding grain increased by 5%. The grain headwind will flip to a tailwind in the fall as CP anticipates a normal grain crop, which supports management's double-digit volume and revenue growth outlook for the second half of 2022.

CP's pending acquisition of KCS remains on track as the Surface Transportation Board's likely approval approaches. Based on the Board's updated procedural schedule, if all goes as expected, CP will gain operational control of KCS by the first quarter of 2023 at the latest. In the meantime, CP and KCS are preparing for synergies by holding productive discussions with potential customers, running proof of concept trains, and making capacity investments. By creating the only direct route from Canada to Mexico, the procompetitive merger offers shippers the unrivaled speed and service that is sorely needed to help ease supply chain congestion. We are confident in management's ability to achieve its revenue and cost synergy targets and create value for all stakeholders.

While CP's year-to-date results reflect its strong business performance and favorable outlook, we believe CP's current valuation represents a meaningful discount to intrinsic value in light of the company's high-quality business model and long-term growth potential.

The Howard Hughes Corporation ("HHC")

HHC's portfolio of well-located residential land and income-producing commercial assets continues to demonstrate resilient performance despite recent macro concerns of a slowdown in the housing market. The company's advantaged business model of owning master planned communities ("MPCs") provides HHC substantial control over the planning and release of land for sale and development, enabling it to take a long-term approach to maximizing the value of its portfolio. As a result of its outright ownership of thousands of acres of conservatively financed land and a management team that combines superb capital allocation and development skills, the company is much less exposed to the cyclicality of stand-alone, smaller-scale real estate development companies.

HHC's MPCs are attractively located in low cost-of-living, low-tax states like Texas and Nevada that are benefiting from significant in-migration. As mortgage rates have increased, the relative affordability and higher quality of life found in Summerlin (Las Vegas, Nevada) and Bridgeland (Houston, Texas), the company's two MPCs with the substantial majority of remaining land sales, is highly appealing to prospective homebuyers. Although the pace of home sales has moderated from the post-pandemic surge experienced in 2021, housing inventory in HHC's MPCs has been depleted and is near historical lows.

Homebuilder demand for lots remains strong and the company is experiencing significant growth in pricing due to the supply-demand imbalance, as evidenced by the 25% year-over-year increase in the average price per acre sold this quarter. Likewise, the company is experiencing robust performance across the rest of its portfolio. In its income-producing operating assets, this quarter NOI increased 15% year-over-year driven by the lease-up of new developments and significant increases in rental rates. The pace of condo sales in Ward Village has remained consistently strong due to the unique appeal of the development's location in Hawaii.

HHC's balance sheet is well insulated from the impact of rising interest rates. Approximately 83% of the company's debt is either fixed or swapped to a fixed rate, and the company has limited near-term debt maturities with a substantial portion of its debt maturing in 2026 or later. Unlike traditional developers and homebuilders, the company is not dependent on external capital to fund development. Substantial cash generated from its operating assets, MPC land sales, and condo sales is more than sufficient to self-fund future development opportunities.

While the company has made significant progress in simplifying its business and has a substantial runway for long-term value creation, we continue to believe its current share price is at a deep discount to its intrinsic value. The company has been able to capitalize on this discounted valuation by aggressively repurchasing its shares. Year to date, HHC has repurchased approximately 8% of its outstanding share count, funded by cash flow from operations and non-core asset sales.

We believe HHC is extremely well positioned for the current inflationary environment due to its combination of high-quality real estate assets and a largely fixed-rate liability structure. We expect the company to benefit from substantial land price appreciation and rental income growth in the coming years.

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

There have been no material updates for Fannie Mae and Freddie Mac in 2022. Both entities continue to build capital through retained earnings and now hold combined capital of $91 billion, up from nearly zero. As we have stated previously, as principally common shareholders (we own a small amount of preferred stock), we own valuable perpetual options on both entities that over the long term we believe will be worth many multiples of today's prices once re-privatization occurs.

Exited Positions

Domino's Pizza ("DPZ")

Since our last update, Domino's near-term business performance has shown meaningful improvement, including three-year stacked growth for the second quarter of 17% in the U.S., up 560 basis points sequentially. This improvement was driven by the full impact of its recent pricing actions, operational changes leading to improved staffing and labor utilization, and the return of its signature Boost Week promotion. These positive developments caused a significant recovery in Domino's share price and its valuation increased to more than 28 times our estimate of next twelve months' earnings.

In light of the company's relatively high valuation in the context of a volatile market environment, we decided to exit our investment to raise cash for alternative investment opportunities.

We have enormous respect for Domino's and its management team led by Russell Weiner, and we expect the company to continue its long track record of success.

Netflix ("NFLX")

In April, we announced that we exited our position in Netflix following the company's first quarter results as management commentary and a required shift in the company's business model toward ad-supported streaming caused us to lose confidence in our ability to predict the company's future prospects with a sufficient degree of certainty. While we have confidence in Netflix's superb management team and their long-term record, we believed the dispersion of outcomes had widened such that it no longer met our requirements for a core holding. We discussed our decision to sell Netflix in detail in our April 20th letter to investors which you can read here.

Pershing Square Tontine Holdings Ltd. ("PSTH")

On July 11th, PSTH announced that it would redeem its outstanding shares and liquidate as PSTH was unable to consummate a transaction that both met its investment criteria and was executable. PSTH returned its $4 billion of capital in trust to shareholders on July 26th. The PSTH liquidation is discussed in greater detail in the *PSTH Liquidation* section on page 42 of this report.

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 unaudited condensed interim financial statements are given in the Chairman’s Statement, the Investment Manager’s Report, and the notes to these unaudited 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 2021 Annual Report and in the Company’s Prospectus, available on the Company’s website (pershingsquareholdings.com).

The Board has considered the financial prospects of the Company through September 30, 2023 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, 2022 of $8,328,157,757;
- The liquidity of the Company’s assets (at June 30, 2022, 83.6% of its assets were comprised of cash, cash equivalents and Level 1 assets); and
- The Company’s total indebtedness to total capital ratio of 22.2% at June 30, 2022.

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 unaudited condensed interim financial statements.

RELATED-PARTY TRANSACTIONS

Other than those disclosed in Note 9, there were no changes to the related-party transactions described in the 2021 Annual Report that had 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. In order to identify these risks, the Board reviews the management of investment risk and the operations of the Investment Manager at each quarterly Board meeting. In addition, the Risk Committee performs an annual assessment of the existing and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity. Based on this assessment, the Risk Committee has identified the subset of risks listed below as the principal risks faced by the Company:

- Cybersecurity
- Investment Manager Engagement
- Insurance
- Investment Manager’s Authority
- Investment Risk
- Key Man Risk
- 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 2021 Annual Report. The Board believes these risks are applicable to the six-month period ended June 30, 2022 and the remaining six months of the current financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing this interim report and the unaudited condensed interim financial statements 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 interim report and unaudited 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 interim report and unaudited condensed interim financial statements in accordance with applicable law.

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

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, 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company for the period; and
- The interim report for the period ended June 30, 2022 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	Andrew Henton Chairman of the Audit Committee
August 19, 2022	August 19, 2022

Independent Review Report to Pershing Square Holdings, Ltd.

CONCLUSION

We have been engaged by the Company to review the unaudited condensed interim financial statements for the six months ended 30 June 2022 which comprises the Unaudited Condensed Interim Statement of Financial Position, Unaudited Condensed Interim Statement of Comprehensive Income, Unaudited Condensed Interim Statement of Changes in Equity, Unaudited Condensed Interim Statement of Cash Flows and the related Notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed interim financial statements for the six months ended 30 June 2022 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) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. 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 are prepared in accordance with International Financial Reporting Standards ("IFRS”). The interim report and unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

CONCLUSION RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with International Standard on Review Engagements 2410 (UK) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council, however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITY OF THE DIRECTORS

The directors are responsible for preparing the interim report and unaudited condensed interim financial statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the interim report and unaudited condensed interim financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the interim report and unaudited condensed interim financial statements, we are responsible for expressing to the Company a conclusion on the unaudited condensed interim financial statements. Our conclusion, including our Conclusions Relating to Going Concern, are 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) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. 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, Channel Islands
19 August 2022

Unaudited Condensed Interim Financial Statements

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of June 30, 2022 and December 31, 2021
(Stated in United States Dollars)

	Notes	2022 Unaudited	2021 Audited
Assets			
Cash and cash equivalents		$ 1,175,411,398	$ 1,767,776,549
Due from brokers		680,662,078	158,421,029
Trade and other receivables		13,400,169	10,293,988
Financial assets at fair value through profit or loss			
Investments in securities	4	8,940,998,750	13,028,113,314
Derivative financial instruments	4	1,045,971,430	843,764,884
Total Assets		**$ 11,856,443,825**	**$ 15,808,369,764**
Liabilities			
Due to brokers		$ 1,119,100,000	$ 774,874,594
Trade and other payables		6,599,063	464,492,013
Deferred tax expense payable	12	34,098,794	111,544,983
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	4	45,003,970	38,846,045
Bonds	11	2,323,484,241	3,009,416,881
Total Liabilities		**$ 3,528,286,068**	**$ 4,399,174,516**
Equity			
Share capital	6	$ 5,722,349,692	$ 5,722,349,692
Treasury shares	6	(297,015,623)	(242,956,239)
Retained earnings		2,902,823,688	5,929,801,795
Total Equity		**8,328,157,757**	**11,409,195,248**
Total Liabilities and Equity		**$ 11,856,443,825**	**$ 15,808,369,764**
Net assets attributable to Public Shares		$ 8,327,889,466	$ 11,408,830,936
Public Shares outstanding		197,367,682	199,120,882
Net assets per Public Share		$ 42.19	$ 57.30
Net assets attributable to Special Voting Share		$ 268,291	$ 364,312
Special Voting Share outstanding		1	1
Net assets per Special Voting Share		$ 268,291.07	$ 364,311.71

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2022 and June 30, 2021
(Stated in United States Dollars)

	Notes		2022 Unaudited		2021 Unaudited
Investment gains and losses					
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		$	(4,112,302,497)	$	760,705,653
Net realized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of 2022: nil, 2021: $652,636)			1,074,207,959		(109,129,995)
Net change in unrealized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of 2022: nil, 2021: nil)			22,205,689		273,603,218
	4		(3,015,888,849)		925,178,876
Income					
Dividend income			71,506,732		45,908,527
Interest income			1,222,051		61,584
Other income			37,159		–
			72,765,942		45,970,111
Expenses					
Performance fees	8		–		(125,267,348)
Management fees	8		(84,640,227)		(70,727,369)
Interest expense			(56,291,283)		(51,407,169)
Professional fees			(3,621,219)		(3,935,000)
Other expenses			(1,348,718)		(1,158,872)
			(145,901,447)		(252,495,758)
Net gain/(loss) on currency translation of the Bonds	11		45,110,821		–
Profit/(loss) before tax attributable to equity shareholders			**(3,043,913,533)**		**718,653,229**
Deferred tax expense	12		77,446,189		(48,429,782)
Withholding tax (dividends)			(15,734,044)		(12,569,884)
Profit/(loss) attributable to equity shareholders		**$**	**(2,982,201,388)**	**$**	**657,653,563**
Earnings per share (basic & diluted)[1]					
Public Shares	10	$	(14.99)	$	3.30
Special Voting Share	10	$	(95,389.01)	$	20,999.81

All the items in the above statement are derived from continuing operations. There is no other comprehensive income for the periods ended June 30, 2022 and June 30, 2021.

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

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022 and June 30, 2021
(Stated in United States Dollars)

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
As of December 31, 2021	**$ 5,722,349,692**	**$ (242,956,239)**	**$ 5,929,801,795**	**$ 11,409,195,248**
Total profit/(loss) attributable to equity shareholders	–	–	(2,982,201,388)	(2,982,201,388)
Share buybacks(1)	–	(54,059,384)	–	(54,059,384)
Dividend distribution to equity shareholders	–	–	(44,776,719)	(44,776,719)
As of June 30, 2022 (Unaudited)	**$ 5,722,349,692**	**$ (297,015,623)**	**$ 2,902,823,688**	**$ 8,328,157,757**
As of December 31, 2020	**$ 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 (Unaudited)	**$ 5,722,349,692**	**$ (242,956,239)**	**$ 4,190,971,164**	**$ 9,670,364,617**

(1) Since May 10, 2022, the Company has repurchased Public Shares as part of a share buyback program. This amount includes the accretion relating to the repurchases that was allocated to the Public Shares and the Special Voting Share. Any repurchased Public Shares were subsequently held in Treasury. As of June 30, 2022 and June 30, 2021, 13,589,068 and 11,835,868 Public Shares were held in Treasury, respectively. See Note 6 for further details.

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022 and June 30, 2021
(Stated in United States Dollars)

	Notes		2022 Unaudited		2021 Unaudited
Cash flows from operating activities					
Profit/(loss) for the period attributable to equity and management shareholders		$	(2,982,201,388)	$	657,653,563
Adjustments to reconcile changes in profit/(loss) for the period to net cash flows:					
Bond interest expense	11		54,012,411		50,015,860
Bond interest paid[1]	11		(64,193,910)		(48,428,473)
Net (gain)/loss on currency translation of the Bonds	11		(45,110,821)		–
(Increase)/decrease in operating assets:					
Due from brokers			(522,241,049)		954,332,067
Trade and other receivables			(3,106,181)		(868,348)
Investments in securities	4		4,087,114,564		(812,547,279)
Derivative financial instruments	4		(202,206,546)		(105,057,916)
Increase/(decrease) in operating liabilities:					
Due to brokers			344,225,406		343,900,000
Trade and other payables			(461,575,060)		(566,742,883)
Deferred tax expense payable	12		(77,446,189)		48,429,782
Derivative financial instruments	4		6,157,925		(573,590,762)
Net cash (used in)/from operating activities			**133,429,162**		**(52,904,389)**
Cash flows from financing activities					
Purchase of Public Shares[2]	6		(50,338,983)		(573)
Dividend distributions	6		(44,776,719)		(39,825,448)
Bond retirement	11		(630,623,000)		–
Expenses relating to issuance of the Bonds	11		(55,611)		(481,446)
Net cash (used in)/from financing activities			**(725,794,313)**		**(40,307,467)**
Net change in cash and cash equivalents			(592,365,151)		(93,211,856)
Cash and cash equivalents at beginning of period			1,767,776,549		1,879,639,109
Cash and cash equivalents at end of period		**$**	**1,175,411,398**	**$**	**1,786,427,253**
Supplemental disclosure of cash flow information					
Cash paid during the period for interest		$	65,638,358	$	49,925,209
Cash received during the period for interest		$	754,660	$	75,999
Cash received during the period for dividends		$	69,751,568	$	45,700,659
Cash deducted during the period for withholding taxes		$	15,600,978	$	12,516,409

(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 11.
(2) For the period ended June 30, 2021, represents cash paid for fractional shares related to conversions that occurred on December 31, 2020.

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

Notes to Unaudited 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 Guernsey law on June 27, 2012 and commenced operations on December 31, 2012. On October 2, 2014, the Guernsey Financial Services Commission approved the conversion of the Company into a registered closed-ended investment scheme.

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).

Investment Policy

Please refer to "Investment Policy" in the Report of the Directors in the 2021 Annual Report for the Investment Policy of the Company.

Bonds

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. The 2022 Bonds were retired on June 15, 2022. Refer to "Bond Retirement" within this Note for further details.

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 issued $500 million of Senior Notes maturing on November 15, 2030 (the "2030 Bonds"). The 2030 Bonds were issued at par with a coupon rate of 3.25% per annum.

On October 1, 2021, the Company issued $700 million of Senior Notes maturing on October 1, 2031 (the "2031 Bonds"). The 2031 Bonds were issued at 99.670% of par with a coupon rate of 3.25% per annum. On October 1, 2021, the Company also issued €500 million of Senior Notes maturing on October 1, 2027 (the "2027 Bonds" and together with the 2022 Bonds, 2039 Bonds, 2032 Bonds, 2030 Bonds and 2031 Bonds, "the Bonds"). The 2027 Bonds were issued at 99.869% of par with a coupon rate of 1.375% per annum.

The Bonds rank equally in right of payment and contain substantially the same covenants. The Bonds' coupons are paid semi-annually, with the exception of the 2027 Bonds, which are paid annually. The Bonds are listed on Euronext Dublin under the symbol of PSHNA.

Tender Offer

On September 22, 2021, the Company commenced a cash tender offer for the 2022 Bonds. Bonds in the amount of $369,377,000 were tendered and cancelled on October 4, 2021. Following the cancellation, the aggregate principal amount of the 2022 Bonds outstanding was $630,623,000. Bond holders participating in the tender received consideration from the Company of $1,032.82 per $1,000 of principal, equating to a payment of $381,499,953. The consideration paid in excess of principal resulted in a total one-time extinguishment expense of $12,122,953 to the Company.

Bond Retirement

On June 15, 2022, the Company redeemed all outstanding 2022 Bonds at a redemption price equal to 100% of the principal amount of $630,623,000, plus accrued and unpaid interest through June 14, 2022 of $14,451,777. Following the redemption, the 2022 Bonds were retired.

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. All Directors other than Mr. Botta are considered independent. Anne Farlow is the Chairman of the Board.

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. Mr. Botta is a member of the Risk and Nomination Committees. The other committees are comprised solely of 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.

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

Pursuant to an administration agreement, Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") has been appointed as administrator.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The unaudited condensed interim financial statements of the Company for the six months ended June 30, 2022 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, 2021. The unaudited 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, 2021.

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, 2023 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 its 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 unaudited condensed interim statement of comprehensive income.

As of December 31, 2020 all Management Shares were converted to Public Shares. There were no Management Shares outstanding or issued as of June 30, 2022 or December 31, 2021. Share conversion rights between Management Shares and Public Shares are summarized in Note 6.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2021. 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 2022 have been assessed and do not have an impact on the unaudited condensed interim 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, 2022	December 31, 2021
Investments in securities	$ 8,940,998,750	$ 13,028,113,314
Derivative financial instruments	1,045,971,430	843,764,884
Financial assets at fair value through profit or loss	**$ 9,986,970,180**	**$ 13,871,878,198**

Financial liabilities at fair value through profit or loss:

As of	June 30, 2022	December 31, 2021
Derivative financial instruments	$ 45,003,970	$ 38,846,045
Financial liabilities at fair value through profit or loss	**$ 45,003,970**	**$ 38,846,045**

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

For the six-month period ended June 30	2022			2021		
	Realized	**Unrealized**	**Total Gains/(Losses)**	**Realized**	**Unrealized**	**Total Gains/(Losses)**
Financial assets at fair value through profit or loss	$ (311,188,188)	$ (3,895,825,312)	$ **(4,207,013,500)**	$ 533,104,055	$ 520,104,299	$**1,053,208,354**
Derivative financial instruments	1,150,188,222	40,936,429	**1,191,124,651**	(25,483,664)	(102,545,814)	**(128,029,478)**
Net changes in fair value	$ 839,000,034	$ (3,854,888,883)	$ **(3,015,888,849)**	$ 507,620,391	$ 417,558,485	$ **925,178,876**

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 fixed income securities, interest rate swaptions, 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, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Equity Securities:								
Common Stock	$ 8,699,246	$ –	$ –	$ 8,699,246	$ 12,551,899	$ –	$ –	$ 12,551,899
Investment in Affiliated Entities	–	203,799(5)	598(3)	204,397	–	273,045(5)	170,378(3)	443,423
Preferred Stock	37,356	–	–	37,356	32,791	–	–	32,791
Derivative Contracts (Held for Trading):								
Currency Call/Put Options	–	3,147(1)	–	3,147	–	–	–	–
Foreign Currency Forwards	–	26,910(1)	–	26,910	–	2,140(1)	–	2,140
Forward Purchase Units	–	–	1,642(4)	1,642	–	–	1,524(4)	1,524
Interest Rate Swaptions	–	1,014,272(1)	–	1,014,272	–	840,101(1)	–	840,101
Total	**$ 8,736,602**	**$ 1,248,128**	**$ 2,240**	**$ 9,986,970**	**$ 12,584,690**	**$ 1,115,286**	**$ 171,902**	**$ 13,871,878**

As of	June 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities:								
Derivative Contracts (Held for Trading):								
Equity Forwards	$ –	$ 45,004 (2)	$ –	$ 45,004	$ –	$ 12,526(2)	$ –	$ 12,526
Foreign Currency Forwards	–	–	–	–	–	20,396(1)	–	20,396
Forward Purchase Units	–	–	–	–	–	–	5,924(4)	5,924
Total	**$ –**	**$ 45,004**	**$ –**	**$ 45,004**	**$ –**	**$ 32,922**	**$ 5,924**	**$ 38,846**

(1) Level 2 financial instruments include OTC currency call/put options, interest rate swaptions and foreign currency forwards 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 included within Level 2. The Investment Manager utilizes a third-party pricing service and its widely recognized valuation models, to obtain fair values of these financial instruments.

(2) Level 2 financial instruments include equity forward contracts 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, payment schedules and/or dividends declared.

(3) Level 3 financial instruments include the Company's investments in PSTH Sponsor, SPARC Sponsor and SPARC Sponsor Cayman, each as defined in Note 9. Substantially all of the instruments underlying these investments are Level 3.

(4) Level 3 financial instruments include the Company's investments in the Committed Forward Purchase Units and the Additional Forward Purchase Units, as defined in Note 9.

(5) This figure represents the Company's investment in PS VII Master, as defined in Note 9. As of June 30, 2022, the instruments underlying the Company's investment in PS VII Master include 99.6% of Level 1 financial instruments, 0.3% of Level 2 financial instruments and 0.1% of other assets and liabilities that are outside the scope of IFRS 13. As of December 31, 2021, the instruments underlying the Company's investment in PS VII Master included 98.7% of Level 1 financial instruments, 0.9% of Level 2 financial instruments and 0.4% of other assets and liabilities that are outside the scope of IFRS 13. Due to certain restrictions on when the Company can dispose of its investment, the Investment Manager has determined that PS VII Master is a Level 2 financial instrument.

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 11.

Some of the Company's investments in Level 1 securities represent a significant proportion of the Company's portfolio. If such investments were sold or covered in their entirety, it might not be possible to sell them at the quoted market price which IFRS requires to be used in determining 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 as of June 30, 2022 and December 31, 2021 include the Company's investments in PSTH Sponsor, SPARC Sponsor, SPARC Sponsor Cayman and the Forward Purchase Units (each as defined in Note 9). 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. The Investment Manager employs an independent third-party valuation firm to conduct valuations for the Forward Purchase Units and the Sponsor Warrants held by PSTH Sponsor. 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 methods discussed. Any material changes in valuation methods are discussed and agreed with the Board of Directors and the Investment Manager's valuation committee. The following table summarizes the change in the carrying amounts associated with Level 3 investments for the period ended June 30, 2022 and the year ended December 31, 2021.

	Forward Purchase Units	PSTH Sponsor	SPARC Sponsor Cayman	SPARC Sponsor	Total
Balance at December 31, 2021	$ (4,399,803)	$ 170,378,058	$ –	$ –	$ 165,978,255
Purchase of SPARC Cayman ordinary shares	–	–	815,200	–	815,200
Purchase of SPARC ordinary shares	–	–	–	1,511,041	1,511,041
Net gain/(loss)	6,041,791	(169,779,717)	(815,200)	(1,511,041)	(166,064,167)
Balance at June 30, 2022	**$ 1,641,988**	**$ 598,341**	**$ –**	**$ –**	**$ 2,240,329**

	Forward Purchase Units	PSTH Sponsor	SPARC Sponsor Cayman	SPARC Sponsor	Total
Balance at December 31, 2020	$ 536,440,242	$ 216,765,432	$ –	$ –	$ 753,205,674
Purchase of SPARC Cayman ordinary shares	–	–	1,493,740	–	1,493,740
Purchase of SPARC ordinary shares	–	–	–	205,880	205,880
Net gain/(loss)	(540,840,045)	(46,387,374)	(1,493,740)	(205,880)	(588,927,039)
Balance at December 31, 2021	**$ (4,399,803)**	**$ 170,378,058**	**$ –**	**$ –**	**$ 165,978,255**

As disclosed in the table above, the Company had a net loss of $166,064,167 and $588,927,039 for the period ended June 30, 2022 and the year ended December 31, 2021 from Level 3 securities. The loss for the period ended June 30, 2022 is the result of a decline in the value of the Sponsor Warrants held by PSTH Sponsor (as disclosed in Note 9) due to the application of a discount for a short search period to the valuation of the Sponsor Warrants in 2022. This discount is further described under "Quantitative Information of Significant Unobservable Inputs – Level 3". The loss for the year ended December 31, 2021 was primarily driven by changes in the market value of the Company's investments in PSTH Sponsor and the Forward Purchase Units due to a decrease in the price of PSTH's publicly traded Class A common stock.

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, 2022 and December 31, 2021:

As of June 30, 2022	Financial Assets/ Liabilities	Fair Value	Valuation Techniques	Unobservable Input	Input
Forward Purchase Units:					
Committed Forward Purchase Units	Financial Asset	$ 1,106,754	Black-Scholes pricing model	Discount for Lack of Marketability	1%
Additional Forward Purchase Units	Financial Asset	$ 535,234	Black-Scholes pricing model	Discount for Lack of Marketability	64%
				Discount for Probability of Exercise	79.8%
Investment in PSTH Sponsor:					
Sponsor Warrants	Financial Asset	$ 596,530	Black-Scholes pricing model	Volatility	25%
				Illiquidity Discount	18%
				Probability of Warrant Renegotiation	18.8%
				Discount for Short Search Period	99.7%

As of December 31, 2021	Financial Assets/ Liabilities	Fair Value	Valuation Techniques	Unobservable Input	Input
Forward Purchase Units:					
Committed Forward Purchase Units	Financial Liability	$ (5,923,858)	Black-Scholes pricing model	Discount for Lack of Marketability	1%
Additional Forward Purchase Units	Financial Asset	$ 1,524,055	Black-Scholes pricing model	Discount for Lack of Marketability	45%
				Discount for Probability of Exercise	79.8%
Investment in PSTH Sponsor:					
Sponsor Warrants	Financial Asset	$ 170,376,263	Black-Scholes pricing model	Volatility	25%
				Illiquidity Discount	20%
				Probability of Warrant Renegotiation	18.8%

The significant unobservable inputs listed above are reflective of the rights and obligations associated with each investment.

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 Initial Business Combination ("IBC"). As a result of the FPA Lock-Up, the DLOM was 1% as of June 30, 2022 (December 31, 2021: 1%).

The Additional Forward Purchase Units are subject to the same FPA Lock-Up and have embedded optionality such that they may be exercised at any amount up to $2 billion. This additional feature, combined with the FPA Lock-Up, resulted in a DLOM of 64% as of June 30, 2022 (December 31, 2021: 45%). The Discount for Probability of Exercise is a direct result of the embedded option component. It is modelled to reflect the possible exercise of values between nil and $2 billion, resulting in a discount of 79.8% as of June 30, 2022 (December 31, 2021: 79.8%).

The Sponsor Warrants have four significant unobservable inputs: (i) Volatility, (ii) Illiquidity Discount, (iii) Probability of Warrant Renegotiation and (iv) Discount for Short Search Period. The volatility of 25% as of June 30, 2022 (December 31, 2021: 25%) reflects the anticipated implied volatility of the potential target company from PSTH's IBC over the Sponsor Warrants' 10-year term. The Illiquidity Discount of 18% as of June 30, 2022 (December 31, 2021: 20%) relates to an embedded lock-up, whereby the securities underlying the Sponsor Warrants may not be sold for three years post the completion of PSTH's IBC. The Probability of Warrant Renegotiation is a discount based on the probability that the Sponsor Warrants will be restructured at the time of PSTH's IBC. The discount of 18.8% as of June 30, 2022 (December 31, 2021: 18.8%) was representative of the average of sponsor incentive restructurings and founder stock forfeitures in completed SPAC transactions. The Discount for Short Search Period of 99.7% as of June 30, 2022 (December 31, 2021: nil) relates to PSTH's deadline to either complete its IBC or execute a letter of intent, agreement in principle or definitive agreement for its IBC within 24 months of its initial public offering ("IPO").

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, 2022 and December 31, 2021:

As of June 30, 2022	Financial Assets/ Liabilities	Unobservable Input	Sensitivity Used	Effect on Fair Value
Forward Purchase Units:				
Committed Forward Purchase Units	Financial Asset	Discount for Lack of Marketability	+1%/-1%	$(11,179) / $11,179
Additional Forward Purchase Units	Financial Asset	Discount for Lack of Marketability	+5%/-5%	$(74,338) / $74,338
		Discount for Probability of Exercise	+5%/-5%	$(132,156) / $132,156
Investment in PSTH Sponsor:				
		Volatility	+5%/-5%	$91,492 / $(93,953)
Sponsor Warrants	Financial Asset	Illiquidity Discount	+5%/-5%	$(36,436) / $36,436
		Probability of Warrant Renegotiation	+3%/-3%	$(22,080) / $22,080
		Discount for Short Search Period	+0.3%/-5%	$(596,530) / $10,670,333

As of December 31, 2021	Financial Assets/ Liabilities	Unobservable Input	Sensitivity Used	Effect on Fair Value
Forward Purchase Units:				
Committed Forward Purchase Units	Financial Liability	Discount for Lack of Marketability	+1%/-1%	$60,461 / ($60,461)
Additional Forward Purchase Units	Financial Asset	Discount for Lack of Marketability	+5%/-5%	$(138,566) / $138,566
		Discount for Probability of Exercise	+5%/-5%	$(376,353) / $376,353
Investment in PSTH Sponsor:				
		Volatility	+5%/-5%	$34,608,359 / $(35,703,875)
Sponsor Warrants	Financial Asset	Illiquidity Discount	+5%/-5%	$(10,648,536) / $10,648,536
		Probability of Warrant Renegotiation	+3%/-3%	$(6,295,477) / $6,295,477

6. 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.

The Company had 197,367,682 Public Shares (December 31, 2021: 199,120,882) and the Special Voting Share outstanding as of June 30, 2022. The Company also held 13,589,068 (December 31, 2021: 11,835,868) Public Shares in Treasury for a total of 210,956,750 Public Shares in issue as of June 30, 2022 (December 31, 2021: 210,956,750). Management Shares were issued to certain members, partners, officers, managers, employees or affiliates of the Investment Manager and certain other shareholders at the time of the IPO; however, no Management Shares were in issue as of June 30, 2022 and December 31, 2021.

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 2022 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 2022 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.

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, 2022 and December 31, 2021.

Share Conversion

Subject to the terms of the Lock-Up Deed, holders of Management Shares are entitled to convert Management Shares into Public Shares and persons who are eligible to hold Management Shares are entitled to convert Public Shares into Management Shares, on a NAV-for-NAV basis at each month end.

During the period ended June 30, 2022 and year ended December 31, 2021, there were no conversions between share classes.

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, which remained in effect until March 28, 2022 when the Company announced an increase to $0.125 per Public Share for the remainder of the calendar year 2022. The Company's intended policy in future years is to pay quarterly dividends in an amount determined by multiplying the average PSH NAV of all trading days in December of the prior year by 0.25%, subject to a cap whereby the total dividends paid for the year is not to exceed 125% of the average total dividends paid in each of the previous three years. Once the dividend is set for a specific year, the Company does not intend to decrease it from that level even in the event that its NAV were to decline in a future year.

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 that, in accordance with the indentures governing the Bonds, 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.

In the period ended June 30, 2022, the Company paid dividends of $44,776,719, a higher amount than it paid in the period ended June 30, 2021 ($39,825,448) due to an increase in the quarterly dividend beginning in the second quarter of 2022.

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 2022 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 a share buyback program on May 10, 2022 (the "2022 Share Buyback Program") of $100 million or for up to 10 million of the Company's outstanding Public Shares on the London Stock Exchange and Euronext Amsterdam. The Company appointed Jefferies International Limited as the buyback agent. As of June 30, 2022, 1,753,200 shares had been repurchased for $54 million at an average discount of 31.5%, representing 54.1% of the 2022 Share Buyback Program. There were no share buybacks in 2021. All Public Shares repurchased were held in Treasury. Since the Company's first buyback program in May 2017, including the Company's May 2018 tender offer, the Company has repurchased a total of 52,587,439 Public Shares for $891 million at an average discount of 26.8% through June 30, 2022.

The Public Shares, Management Shares and Special Voting Share transactions for the period ended June 30, 2022 and year ended December 31, 2021 were as follows:

	Public Shares	Special Voting Share
Shares Outstanding as of December 31, 2020	**199,120,882**	**1**
Shares Outstanding as of December 31, 2021	**199,120,882**	**1**
Share Buybacks	(1,753,200)	–
Shares Outstanding as of June 30, 2022	**197,367,682**	**1**

7. COMMITMENTS AND CONTINGENCIES

As of June 30, 2022 and December 31, 2021, the Company had commitments relating to its purchase of the Forward Purchase Units and the undrawn balance of the promissory note as described on page 41 of Note 9. No other commitments or contingencies existed as of June 30, 2022 and December 31, 2021.

Refer to Note 13 for subsequent events relating to the above commitments.

8. INVESTMENT MANAGEMENT AGREEMENT — MANAGEMENT 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. Management Shares, if any, are not charged a management fee. Management fees paid by Public Shares held by PSCM employees, partners and their affiliated entities are refunded to such shareholders by the Investment Manager.

For the period ended June 30, 2022 and the period ended June 30, 2021, the Investment Manager earned management fees from the Company of $84,640,227 and $70,727,369, respectively.

Performance Fee

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

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

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

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

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

The Potential Offset Amount equaled $120 million in the aggregate at the time of the IPO. After giving effect to the Potential Reduction Amount of $10.8 million in the year ended 2021, the Potential Offset Amount was reduced to $41.6 million as of December 31, 2021 and remained unchanged as of June 30, 2022.

For the period ended June 30, 2022, the Investment Manager did not earn or accrue any performance fees. For the period ended June 30, 2021, the Investment Manager earned performance fees of $534,865 in connection with the payments of the quarterly dividends and accrued an annual performance fee of $124,732,483.

Termination

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

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

9. RELATED PARTY DISCLOSURES

Pershing Square Tontine Holdings, Ltd.

Pershing Square Tontine Holdings, Ltd. ("PSTH"), a Delaware corporation, was 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 S-1 Registration Statement with the Securities and Exchange Commission ("SEC") on June 22, 2020 and subsequently consummated its IPO on July 24, 2020.

Pershing Square TH Sponsor, LLC ("PSTH Sponsor"), a Delaware limited liability company, was the sponsor entity of PSTH. The Company, Pershing Square, L.P. ("PSLP") and Pershing Square International, Ltd. ("PSINTL" and together with the Company and PSLP, the "Pershing Square Funds") wholly owned PSTH Sponsor as non-managing members and are its only source of funding. The business and affairs of PSTH Sponsor were managed exclusively by its non-member manager, PSCM.

The Company's investments as of June 30, 2022 in PSTH and PSTH Sponsor, both affiliates of PSCM, are described below. PSTH announced on July 11, 2022 that it will redeem all of its outstanding shares of Class A common stock effective as of the close of business on July 25, 2022, and will thereafter liquidate. The effect of the PSTH liquidation on the Company is described in "PSTH Liquidation".

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 would automatically have converted 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 was unsecured, accrued interest on a monthly basis at the applicable federal rate, and was payable no later than the end of the 24-month (or 30-month, as applicable) period from PSTH's IPO in which PSTH was required to 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, 2022 and December 31, 2021, $378,880 was left under the promissory note that could be drawn down; however, there were no borrowings outstanding.

Sponsor Warrants

On July 21, 2020, PSTH Sponsor purchased 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 Warrants agreement filed as an exhibit to the PSTH S-1, the Sponsor Warrants would have been 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 would have had a term of 10 years from PSTH's IBC and would generally not have been salable, transferable or exercisable until three years into their term.

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, 2022 and December 31, 2021.

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 provided 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 had a purchase price of $20.00 and consisted 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 would have taken place in one or more private placements in such amounts and at such time or times as the Pershing Square Funds determined, 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 could not have been transferred to any other parties. However, the Pershing Square Funds' right to purchase the Additional Forward Purchase Units could have been 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 could have determined, by mutual agreement, to increase the number of Additional Forward Purchase Units at any time prior to the IBC.

The Pershing Square Funds' obligation or right, as applicable, to purchase the Forward Purchase Units was allocated among the Company, PSLP, and PSINTL at 90.72%, 5.73% and 3.55%, respectively. As of June 30, 2022, the Pershing Square Funds had not purchased any Forward Purchase Units.

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, 2022 and December 31, 2021.

PSTH's Proposed IBC and Cancellation

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. Under the terms of the agreement with Vivendi, PSTH shareholders, including the Company, would have received a distribution of UMG shares from a liquidating trust 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 an amended forward purchase agreement.

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 also agreed to assume the indemnity agreement between PSTH and Vivendi, and to reimburse PSTH for the expenses PSTH incurred in connection with the proposed UMG transaction, which were approximately $25 million. The purchase of UMG shares and the reimbursement of expenses to PSTH are discussed further in "PS VII" within this Note.

PSTH Liquidation

On July 11, 2022, PSTH announced that it would not consummate an IBC within the time period required by its charter and would redeem all of its outstanding shares of Class A common stock, effective as of the close of business on July 26, 2022, and thereafter liquidate. As a result, the forward purchase agreement has terminated and the Sponsor Warrants have expired. Once the liquidation of PSTH is completed, PSTH will distribute the remaining cash in the entity, if any, to PSTH Sponsor which holds PSTH's Class B common stock and the Sponsor Warrants. PSTH Sponsor initially paid a total cost of $65,025,000 for the Class B common stock and the Sponsor Warrants. PSTH Sponsor will further distribute such cash to the Pershing Square Funds, the non-managing members of PSTH Sponsor. As of the date of this report, it is estimated that the Pershing Square Funds will receive $16 million upon PSTH's liquidation, representing PSTH's cash residual after the payment of all liquidation costs. The Company's portion of this estimated receivable is $14.5 million.

PSTH Litigation

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 the independent directors of PSTH, PSTH Sponsor, PSLP, PSTH, PSINTL and the Company alleging, among other things, that PSTH is an investment company under the Investment Company Act of 1940. The case was dismissed with prejudice by agreement of the parties and terminated August 3, 2022.

PS VII

PS VII Master, L.P. ("PS VII Master"), an affiliated fund that commenced operations on August 9, 2021, operates as a co-investment vehicle invested primarily in securities of (or otherwise seeking to be exposed to the value of securities issued by) UMG.

On August 9, 2021, the Company, PSLP and PSINTL made capital contributions of $2,510,274,953, $202,475,922 and $87,249,125, respectively, to PS VII Master, for a total of $2,800,000,000. The capital contributions were used to acquire 128,555,017 ordinary shares of UMG, representing

7.1% of the share capital of UMG at the time of the acquisition. As a result of the closing of this acquisition, the share purchase and indemnity agreements described under "PSTH's Proposed IBC and Cancellation" transferred to the Company and its affiliates and PSTH was released from its obligations under these agreements to Vivendi.

On August 24, 2021, the Pershing Square Funds made additional capital contributions to PS VII Master of approximately $25 million, of which the Company contributed $22,377,329. The capital contributions were used by PS VII Master to reimburse PSTH for expenses PSTH incurred in connection with PSTH's proposed UMG transaction. The $25 million was reflected in the cost of UMG shares and was ultimately borne by all investors in PS VII Master.

On September 1, 2021, PS VII Master raised $1.18 billion of additional capital, for a total capital raise of $4 billion. On September 9, 2021, a second purchase of 52,769,098 UMG ordinary shares was executed for $1.15 billion. In total, 181,324,115 ordinary shares of UMG were purchased by PS VII Master for $3.9 billion, representing approximately 10% of UMG at the time of acquisition. There are no trading restrictions on the stock acquired.

On September 21, 2021, at the time of UMG's listing on Euronext Amsterdam, PS VII Master's UMG ordinary shares were converted to UMG common stock.

On October 1, 2021, PS VII Master transferred to the Company its ownership of 105,325,592 UMG ordinary shares and cash of $12,484,432, as a partial redemption in kind of its ownership interest in PS VII Master as of September 30, 2021. The market value of these shares at the time of distribution was $2,820,120,137 with an unrealized gain of $510,548,632. This represented 92% of the Company's investment in PS VII Master. The remaining 8% is still invested in PS VII Master for regulatory purposes. The Company is not charged a management fee or performance fee in relation to its investment in PS VII Master.

On December 9, 2021, the Company received a capital distribution from PS VII Master of $1,881,372, the result of dividends (net of withholding) received by PS VII Master from its investment in UMG common stock.

As of June 30, 2022 and December 31, 2021, the Company had a capital balance of $203,798,924 and $273,045,403 in PS VII Master, respectively, representing an ownership of 28% of the fund.

Pershing Square SPARC Holdings, Ltd.

Pershing Square SPARC Holdings, Ltd. ("SPARC") is a Delaware Corporation 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 with the SEC on November 24, 2021 and subsequently filed an amendment on June 16, 2022.

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

Pershing Square SPARC Holdings, Ltd. ("SPARC Cayman"), a Cayman Islands exempted company and Pershing Square SPARC Sponsor Cayman, LLC ("SPARC Sponsor Cayman"), a Delaware limited liability company were previously formed for the same purpose as SPARC and SPARC Sponsor, but the Investment Manager later determined to proceed using a Delaware entity. In connection therewith, the Investment Manager determined to liquidate SPARC Cayman and SPARC Sponsor Cayman, which are currently in liquidation and expected to be dissolved before the end of 2022.

SPARC intends to distribute, at no cost, subscription warrants ("SPARs") to purchase SPARC shares at a future date to PSTH security holders who owned either Class A

Common Stock (ticker: PSTH) or PSTH warrants (ticker: PSTH.WS) as of the close of business on July 25, 2022 (the last date on which such instruments could have been redeemed or cancelled): ½ of a SPAR for each share of PSTH common stock and one SPAR for each PSTH warrant. After SPARC has entered into a definitive agreement for its business combination and distributed to SPAR holders a prospectus, included in an effective registration statement that describes the proposed business combination, SPAR holders may elect to exercise their SPARs. SPARC intends that, at the time during which a holder may elect to exercise, the SPARs will be quoted on the OTCQX marketplace of the OTC Markets Group or other quotation service. The shares issuable upon the exercise of the SPARs will be issued concurrently with the closing of SPARC's business combination. SPARC remains subject to SEC review. No assurance can be given that SPARC will be effectuated. The amended SPARC S-1 Registration Statement is available on the SEC's website.

From November 9, 2021 through May 26, 2022, the Pershing Square Funds made total capital contributions of $1,972,180 to SPARC Sponsor to fund its acquisition of 197,188 shares of SPARC common stock ("Sponsor Shares") to pay various organizational and legal costs of SPARC. The Company's capital contributions totaled $1,716,921. As of June 30, 2022 and December 31, 2021, the Company owned 87% of SPARC Sponsor.

From June 14, 2021 through May 24, 2022, the Pershing Square Funds made total capital contributions of $2,653,160 to SPARC Sponsor Cayman to fund its acquisition of 132,658 shares of SPARC Cayman ordinary shares to pay various organizational and legal costs of SPARC Cayman. The proceeds of SPARC Sponsor Cayman's 2022 share purchases specifically were used by SPARC Cayman to wind down its operations and liquidate. As of June 30, 2022 and December 31, 2021, the Company's portion of these contributions totaled $2,308,940 and the Company owned 87% of SPARC Sponsor Cayman.

Refer to Note 5 for fair market value associated with SPARC Sponsor and SPARC Sponsor Cayman as of June 30, 2022 and December 31, 2021.

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 in Note 11). Rebalancing transactions involve either the Company purchasing securities or other financial instruments held by one or more affiliated entities or selling securities or other financial instruments to one or more affiliated entities.

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

For the period ended June 30, 2021, the Investment Manager effected rebalancing transactions for certain of the Company's investments. The combined fair value of these rebalancing transactions was $63,780,080. There were no rebalancing transactions for the period ended June 30, 2022.

Director's Fees

For the period ended June 30, 2022, the Company's independent Directors' fees in relation to their services for the Company were $302,499 of which none were payable as of June 30, 2022. For the period ended June 30, 2021, the Company's independent Directors' fees in relation to their services for the Company were $298,811 of which none were payable as of June 30, 2021.

Management and Performance Fees

The relationship between the Company and the Investment Manager and the fees earned are disclosed in Note 8.

PSH Ownership

During the period ended June 30, 2022, William Ackman and Nicholas Botta transferred a total of 41.4 million and 1.6 million Public Shares, respectively, to wholly owned affiliated entities they control. The transfers did not result in a change of beneficial ownership or voting control of Public Shares.

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.

As of June 30, 2022 and December 31, 2021, William Ackman, Nicholas Botta, other PSCM affiliates and their respective affiliated entities had total net economic share ownership of approximately 25% of the Company.

Beneficial Ownership of Portfolio Companies

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

As of June 30, 2022 and December 31, 2021, 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, UMG and Class A common stock of PSTH, assuming full election of the Forward Purchase Units. Additionally, as of June 30, 2022 and December 31, 2021, the Company and the other Pershing Square Funds, through their ownership of SPARC Sponsor and SPARC Sponsor Cayman, are the sole shareholders of SPARC and SPARC Cayman, respectively.

On May 12, 2022, William A. Ackman was appointed as a non-executive director of UMG. He is also the chairman of the board of The Howard Hughes Corporation.

10. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit/(loss) for the period 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 for the Public Shares and the Special Voting Share were 198,904,323 and 1, respectively for the period ended June 30, 2022, and 199,120,882 and 1, respectively for the period ended June 30, 2021. The Company's share buybacks provided accretion to the Public Shares of $0.13 per share during the period ended June 30, 2022. Accretion is not included in calculation of EPS. The Company did not repurchase shares during the period ended June 30, 2021.

11. BONDS

The Company has the following Senior Notes issued and outstanding, which are listed on Euronext Dublin with a symbol of PSHNA:

Bond	Date of Issuance	Bond Face	Price of Bonds at Issuance (of Par)	Fixed Rate Coupon (per annum)	Coupon Payment	Maturity Date
2027 Bonds	October 1, 2021	€ 500,000,000	99.869%	1.375%	Annual	October 1, 2027
2030 Bonds	November 2, 2020	$ 500,000,000	100%	3.250%	Semi-Annual	November 15, 2030
2031 Bonds	October 1, 2021	$ 700,000,000	99.670%	3.250%	Semi-Annual	October 1, 2031
2032 Bonds	August 26, 2020	$ 200,000,000	100%	3.000%	Semi-Annual	July 15, 2032
2039 Bonds	July 25, 2019	$ 400,000,000	100%	4.950%	Semi-Annual	July 15, 2039

The Company used the net proceeds of the Bonds' offerings for general corporate purposes, including to make investments or hold assets in accordance with the Company's Investment Policy, and in the case of the 2027 and 2031 Bonds, a portion of the proceeds were used to fund the tender offer for the 2022 Bonds described below.

On September 22, 2021, the Company commenced a cash tender offer for any and all of the 2022 Bonds, which had an original principal amount of $1,000,000,000. The tender was finalized on October 4, 2021, resulting in the partial cancellation of $369,377,000 of the original principal amount. Bond holders participating in the tender received consideration from the Company of $1,032.82 per $1,000 of principal, equating to a payment of $381,499,953. The consideration paid in excess of principal resulted in a total one-time extinguishment expense of $12,122,953 to the Company in 2021. The Company also paid interest accrued from the immediately preceding interest payment date, to (but excluding) the tender settlement date of October 4, 2021, in respect of the 2022 Bonds purchased by the Company pursuant to the tender offer.

On June 15, 2022, the Company redeemed all outstanding 2022 Bonds at a redemption price equal to 100% of the principal amount of $630,623,000, plus accrued and unpaid interest through June 14, 2022 of $14,451,777. Following the redemption, the 2022 Bonds were retired.

The outstanding Bonds rank equally in right of payment with each other and contain substantially the same covenants. Each of the Bonds is callable at par plus a customary make whole premium until a certain date (the "Par Call Date") and thereafter becomes callable at 100% of Par. The Par Call Date for each of these Bonds is as follows:

Bond	Par Call Date
2027 Bonds	August 1, 2027
2030 Bonds	August 15, 2030
2031 Bonds	July 1, 2031
2032 Bonds	July 15, 2030
2039 Bonds	July 15, 2034

If a key man event were to have occurred prior to July 15, 2022, generally, each of the Bonds would have required the Company to make an offer to acquire the Bonds at 101% of par plus accrued interest. As of July 15, 2022 and thereafter, if a key man event occurs, the specified debt to capital ratio in the Bonds' debt covenants 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 will be required to either reduce its debt or issue additional equity within 180 days. In the event the Company elects to reduce its debt, the Bonds become callable at 101% of par plus accrued interest in the amount necessary to achieve the required debt to capital ratio and the Company may select which Bonds to redeem.

The fair value of the Bonds as of June 30, 2022 and December 31, 2021 is summarized in the table below:

As of		June 30, 2022		December 31, 2021
Fair Value of the Bonds				
2022 Bonds	$	–	$	641,520,165
2027 Bonds		429,135,525		559,919,993
2030 Bonds		408,150,000		503,642,500
2031 Bonds		567,735,000		700,889,000
2032 Bonds		166,502,000		193,938,000
2039 Bonds		374,004,000		453,416,000
	$	**1,945,526,525**	**$**	**3,053,325,658**

In accordance with IFRS 9, the Bonds' carrying value on the statement of financial position as of June 30, 2022 (unaudited condensed interim statement) and December 31, 2021, is $2,323,484,241 and $3,009,416,881, respectively. As of June 30, 2022 and December 31, 2021, the carrying value includes $2,996,407 and $3,055,718 of original issue discount and $25,444,605 and $35,055,718 of capitalized transaction costs, respectively, which are amortized over the life of the Bonds using the effective interest method.

For the period ended June 30, 2022		
At December 31, 2021	**$**	**3,009,416,881**
True-up of 2027 & 2031 Bonds issue costs		(17,320)
2022 Bonds redeemed		(630,623,000)
Unrealized currency (gain)/loss on translation during the period		(45,110,821)
Finance costs for the period		54,012,411
Bonds coupon payments during the period		(64,193,910)
At June 30, 2022	**$**	**2,323,484,241**
Finance costs for the period:		
Bonds coupon expense	$	51,827,181
Amortization of Bonds issue costs incurred as finance costs		2,012,221
Amortization of Bonds original issue discount incurred as finance costs		173,009
Interest expense	**$**	**54,012,411**

For the year ended December 31, 2021		
At December 31, 2020	**$**	**2,122,787,844**
Write-off of 2030 & 2032 Bonds issue costs		128,853
2022 Bonds cancelled from tender offer		(369,377,000)
2027 & 2031 Bonds issued		1,279,900,000
2027 & 2031 Bonds issue costs		(12,901,799)
2027 & 2031 Bonds original issue discount		(3,069,669)
Unrealized currency (gain)/loss on translation during the year		(10,539,796)
Finance costs for the year		103,900,095
Bonds coupon payments during the year		(101,411,647)
At December 31, 2021	**$**	**3,009,416,881**
Finance costs for the year:		
Bonds coupon expense	$	99,901,785
Amortization of Bonds issue costs incurred as finance costs		3,908,950
Amortization of Bonds original issue discount incurred as finance costs		89,360
Interest expense	**$**	**103,900,095**

12. DEFERRED TAX EXPENSE

As a foreign corporation holding a beneficial ownership in a U.S. real property interest (The Howard Hughes Corporation), the Company will be subject to the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") income tax withholding upon disposition of 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 assesses a 21% rate on the unrealized gains on the stock and equity forward contracts purchased, if any. As the stock price of Howard Hughes Corporation declined for the period ended June 30, 2022, deferred tax expense had a positive impact on the unaudited condensed interim statement of comprehensive income in the amount of $77,446,189. The Company had a deferred tax expense of $48,429,782 for the period ended June 30, 2021.

13. 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 unaudited condensed interim financial statements. This evaluation together with the Directors' review thereof did not result in any additional subsequent events that necessitated disclosures and/or adjustments, except as follows.

Non-Adjusting Subsequent Events

As discussed in "PSTH Liquidation" on page 42 of Note 9, PSTH announced that it would not consummate an IBC within the time period required by its charter and would redeem all of its outstanding shares of Class A common stock, effective as of the close of business on July 26, 2022, and thereafter liquidate. As a result, the forward purchase agreement has terminated and the Sponsor Warrants have expired. The Pershing Square Funds, as non-managing members of PSTH Sponsor, will receive $16 million upon PSTH's liquidation, representing PSTH's cash residual after the payment of all liquidation costs. The Company's portion of this estimated receivable is $14.5 million.

On July 28, 2022, the Company announced an additional share buyback program for $200 million or for up to 20 million of the Company's outstanding Public Shares on the London Stock Exchange and Euronext Amsterdam. The additional buyback program will commence following the completion of the Company's existing $100 million share buyback program and the reopening of the Company's trading window. The larger size of the additional program is intended to reduce the risk that it is exhausted during a period when trading window restrictions prevent the authorization of new buyback programs.

Adjusting Subsequent Events

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

Appendix A to the Investment Manager's Report

100 Largest Equity Closed-End Funds by Market Capitalization | As of August 16, 2022 | Source: Bloomberg

Rank	Bloomberg Ticker	Name	Primary Exchange	Market Capitalization (USD in mm)	Net Asset Value (USD in mm)	% Premium/ (Discount) to NAV(a)	Latest NAV Estimate Date	Annualized NAV Return (Incl. Dividends)(b) 1 Year	3 year	5 Year
1	SMT LN Equity	SCOTTISH MORTGAGE INV TR PLC	London	$15,670	$16,599	(6%)	8/16/2022	(29%)	23%	18%
2	AFI AU Equity	AUSTRALIAN FOUNDATION INV CO	ASE	$6,883	$6,106	13%	7/29/2022	(3%)	7%	9%
3	PSH NA Equity	PERSHING SQUARE HOLDINGS LTD	EN Amsterdam	$6,464	$9,969	(35%)	8/16/2022	6%	27%	24%
4	FCIT LN Equity	F&C INVESTMENT TRUST PLC	London	$5,796	$6,165	(6%)	8/16/2022	5%	12%	10%
5	ARG AU Equity	ARGO INVESTMENTS LTD	ASE	$5,088	$4,667	9%	7/29/2022	2%	6%	7%
6	RCP LN Equity	RIT CAPITAL PARTNERS PLC	London	$4,724	$4,846	(3%)	7/29/2022	(3%)	10%	9%
7	DNP US Equity	DNP SELECT INCOME FUND INC	New York	$3,935	$3,527	12%	8/16/2022	12%	7%	7%
8	BION SW Equity	BB BIOTECH AG-REG	SIX Swiss Ex	$3,675	$3,130	17%	8/16/2022	(18%)	5%	3%
9	ATST LN Equity	ALLIANCE TRUST PLC	London	$3,652	$3,906	(6%)	8/16/2022	2%	11%	9%
10	PCT LN Equity	POLAR CAPITAL TECHNOLOGY TR	London	$3,570	$3,895	(8%)	8/16/2022	(7%)	18%	19%
11	SSON LN Equity	SMITHSON INVESTMENT TRUST	London	$3,098	$3,265	(5%)	8/16/2022	(17%)	8%	N.A.
12	MNKS LN Equity	MONKS INVESTMENT TRUST PLC	London	$2,951	$3,190	(8%)	8/16/2022	(14%)	11%	11%
13	EXG US Equity	EATON VANCE TAX-MANAGED GLOB	New York	$2,744	$2,692	2%	8/16/2022	(8%)	10%	6%
14	WWH LN Equity	WORLDWIDE HEALTHCARE TRUST P	London	$2,708	$2,900	(7%)	8/16/2022	2%	11%	9%
15	UTF US Equity	COHEN & STEERS INFRASTRUCTUR	New York	$2,658	$2,650	0%	8/16/2022	9%	8%	8%
16	CSQ US Equity	CALAMOS STRAT TOT RETURN FD	NASDAQ GS	$2,503	$2,468	1%	8/16/2022	(7%)	15%	11%
17	CLDN LN Equity	CALEDONIA INVESTMENTS PLC	London	$2,475	$3,247	(24%)	7/29/2022	22%	13%	11%
18	UTG US Equity	REAVES UTILITY INCOME FUND	NYSEAmerican	$2,398	$2,396	0%	8/16/2022	2%	5%	5%
19	FP RO Equity	SC FONDUL PROPRIETATEA SA	Bucharest	$2,344	$3,390	(31%)	7/29/2022	62%	28%	23%
20	CTY LN Equity	CITY OF LONDON INVESTMENT TR	London	$2,334	$2,289	2%	8/16/2022	9%	6%	3%
21	PNL LN Equity	PERSONAL ASSETS TRUST PLC	London	$2,315	$2,291	1%	8/16/2022	3%	6%	5%
22	FGT LN Equity	FINSBURY GR&INC TRUST-ORD	London	$2,301	$2,405	(4%)	8/16/2022	(2%)	2%	6%
23	CLM US Equity	CORNERSTONE STRATEGIC VALUE	NYSEAmerican	$2,205	$1,707	29%	8/12/2022	0%	14%	11%
24	BIGZ US Equity	BLACKROCK INNOV & GROW TR	New York	$2,169	$2,591	(16%)	8/16/2022	(35%)	N.A.	N.A.
25	TEM LN Equity	TEMPLETON EMERGING MARKETS-O	London	$2,137	$2,471	(14%)	8/16/2022	(11%)	4%	3%
26	RQI US Equity	COHEN & STEERS QUAL INC RLTY	New York	$2,124	$2,155	(1%)	8/16/2022	3%	9%	9%
27	GDV US Equity	GABELLI DIVIDEND & INCOME TR	New York	$2,088	$2,353	(11%)	8/16/2022	(6%)	11%	7%
28	ETY US Equity	EATON VANCE TAX-MANAGED DIVE	New York	$2,065	$1,956	6%	8/16/2022	(4%)	10%	8%
29	ADX US Equity	ADAMS DIVERSIFIED EQUITY	New York	$2,049	$2,402	(15%)	8/16/2022	(2%)	14%	11%
30	WTAN LN Equity	WITAN INVESTMENT TRUST PLC	London	$1,978	$2,148	(8%)	8/16/2022	(3%)	7%	6%
31	BMEZ US Equity	BLACKROCK HEALTH SCI TR II	New York	$1,976	$2,246	(12%)	8/16/2022	(25%)	N.A.	N.A.
32	EVT US Equity	EATON VANCE TAX-ADV DVD INC	New York	$1,975	$1,936	2%	8/16/2022	(2%)	11%	9%
33	HBMN SW Equity	HBM HEALTHCARE IVST-A	SIX Swiss Ex	$1,957	$2,228	(12%)	8/15/2022	(6%)	19%	19%
34	MYI LN Equity	MURRAY INTERNATIONAL TR-O	London	$1,937	$1,970	(2%)	8/16/2022	15%	8%	5%
35	MRC LN Equity	MERCANTILE INVESTMENT TRUST	London	$1,917	$2,246	(15%)	8/16/2022	(22%)	5%	4%
36	GAB US Equity	GABELLI EQUITY TRUST	New York	$1,895	$1,657	14%	8/16/2022	(6%)	11%	7%
37	GOF US Equity	GUGGENHEIM STRATEGIC OPPORTU	New York	$1,869	$1,490	25%	8/16/2022	(5%)	5%	5%
38	JAM LN Equity	JPMORGAN AMERICAN INVEST-ORD	London	$1,838	$1,869	(2%)	8/16/2022	13%	19%	15%
39	USA US Equity	LIBERTY ALL STAR EQUITY FUND	New York	$1,818	$1,735	5%	8/16/2022	(10%)	12%	9%
40	BDJ US Equity	BLACKROCK ENHANCED EQTY DVD	New York	$1,801	$1,799	0%	8/16/2022	1%	9%	7%

100 Largest Equity Closed-End Funds by Market Capitalization | As of August 16, 2022 | Source: Bloomberg (cont'd)

Rank	Bloomberg Ticker	Name	Primary Exchange	Market Capitalization (USD in mm)	Net Asset Value (USD in mm)	% Premium/ (Discount) to NAV[(a)]	Latest NAV Estimate Date	Annualized NAV Return (Incl. Dividends)[(b)] 1 Year	3 year	5 Year
41	IEM LN Equity	IMPAX ENVIRONMENTAL MARKETS	London	$1,772	$1,751	1%	8/16/2022	(2%)	18%	13%
42	BSTZ US Equity	BLACKROCK SCIENCE & TECH II	New York	$1,758	$1,960	(10%)	8/16/2022	(32%)	16%	N.A.
43	VEIL LN Equity	VIETNAM ENTERPRISE INV LTD-C	London	$1,756	$2,160	(19%)	8/16/2022	(1%)	14%	14%
44	BCAT US Equity	BLACKROCK CAPITAL ALLOCATION	New York	$1,753	$2,017	(13%)	8/16/2022	(9%)	N.A.	N.A.
45	BNKR LN Equity	BANKERS INVESTMENT TRUST	London	$1,699	$1,827	(7%)	8/16/2022	(0%)	9%	8%
46	RVT US Equity	ROYCE VALUE TRUST	New York	$1,695	$1,755	(3%)	8/16/2022	(9%)	12%	8%
47	ETV US Equity	EATON VANCE T/M BUY-WRITE OP	New York	$1,681	$1,497	12%	8/16/2022	(6%)	8%	7%
48	TY US Equity	TRI-CONTINENTAL CORP	New York	$1,609	$1,788	(10%)	8/16/2022	(2%)	13%	10%
49	EIT-U CN Equity	CANOE EIT INCOME FUND	Toronto	$1,606	$1,616	(1%)	8/16/2022	19%	18%	10%
50	JMG LN Equity	JPMORGAN EMERGING MKTS-ORD	London	$1,563	$1,735	(10%)	8/16/2022	(12%)	6%	6%
51	CGT LN Equity	CAPITAL GEARING TRUST-ORD	London	$1,559	$1,522	2%	8/16/2022	3%	7%	6%
52	MGF AU Equity	MAGELLAN GB FD CLOSED CLASS	ASE	$1,535	$1,892	(19%)	8/16/2022	(7%)	N.A.	N.A.
53	FCSS LN Equity	FIDELITY CHINA SPECIAL SITUA	London	$1,509	$1,635	(8%)	8/16/2022	(25%)	6%	2%
54	FEV LN Equity	FIDELITY EUROPEAN TRUST PLC	London	$1,491	$1,645	(9%)	8/16/2022	(3%)	9%	8%
55	ETG US Equity	EATON VANCE T/A GL DVD INCM	New York	$1,479	$1,427	4%	8/16/2022	(11%)	11%	7%
56	BXMX US Equity	NUVEEN S&P500 BUY-WRT INC FD	New York	$1,451	$1,429	2%	8/16/2022	(3%)	8%	5%
57	BRWM LN Equity	BLACKROCK WORLD MINING TRUST	London	$1,425	$1,428	(0%)	8/16/2022	6%	21%	13%
58	WAM AU Equity	WAM CAPITAL LTD	ASE	$1,405	$1,153	22%	7/29/2022	(8%)	4%	6%
59	HRI LN Equity	HERALD INVESTMENT TRUST PLC	London	$1,346	$1,719	(22%)	8/16/2022	(15%)	14%	12%
60	ATT LN Equity	ALLIANZ TECHNOLOGY TRUST PLC	London	$1,292	$1,425	(9%)	8/16/2022	(10%)	20%	21%
61	STEW US Equity	SRH TOTAL RETURN FUND INC	New York	$1,282	$1,517	(16%)	8/16/2022	(3%)	9%	8%
62	BBH LN Equity	BELLEVUE HEALTHCARE TRUST	London	$1,279	$1,318	(3%)	8/16/2022	4%	17%	14%
63	EDIN LN Equity	EDINBURGH INVESTMENT TRUST	London	$1,277	$1,369	(7%)	8/16/2022	3%	6%	1%
64	NFJ US Equity	VIRTUS DVD INTRST & PRM STR	New York	$1,274	$1,432	(11%)	8/16/2022	(6%)	10%	6%
65	MUT LN Equity	MURRAY INCOME TRUST PLC	London	$1,249	$1,324	(6%)	8/16/2022	(2%)	7%	6%
66	BST US Equity	BLACKROCK SCIENCE & TECH TR	New York	$1,230	$1,208	2%	8/16/2022	(24%)	14%	15%
67	RICA LN Equity	RUFFER INVESTMENT COMPANY LD	London	$1,230	$1,197	3%	8/16/2022	5%	9%	6%
68	QQQX US Equity	NUVEEN NAS100 DYN OVERWRT FD	NASDAQ GS	$1,203	$1,181	2%	8/16/2022	(10%)	10%	8%
69	LWDB LN Equity	LAW DEBENTURE CORP PLC-ORD	London	$1,202	$1,187	1%	8/16/2022	3%	10%	6%
70	RNP US Equity	COHEN & STEERS REIT AND PREF	New York	$1,195	$1,209	(1%)	8/16/2022	(2%)	7%	8%
71	KYN US Equity	KAYNE ANDERSON ENERGY INFRAS	New York	$1,189	$1,369	(13%)	8/16/2022	30%	(5%)	0%
72	AGT LN Equity	AVI GLOBAL TRUST PLC	London	$1,161	$1,291	(10%)	8/16/2022	3%	11%	8%
73	WLE AU Equity	WAM LEADERS LTD	ASE	$1,143	$1,034	10%	7/29/2022	9%	11%	10%
74	FSV LN Equity	FIDELITY SPECIAL VALUES PLC	London	$1,098	$1,173	(6%)	8/16/2022	2%	8%	5%
75	MFF AU Equity	MFF CAPITAL INVESTMENTS LTD	ASE	$1,092	$1,288	(15%)	8/12/2022	(5%)	4%	10%
76	SAIN LN Equity	SCOTTISH AMERICAN INV COMP	London	$1,088	$1,103	(1%)	8/16/2022	5%	12%	11%
77	CET US Equity	CENTRAL SECURITIES CORP	NYSEAmerican	$1,048	$1,208	(13%)	8/12/2022	(5%)	12%	12%
78	SDP LN Equity	SCHRODER ASIA PACIFIC-ORD	London	$1,021	$1,148	(11%)	8/16/2022	(8%)	8%	6%
79	ETW US Equity	EATON VANCE TAX MAN GLBL BR	New York	$1,009	$1,010	(0%)	8/16/2022	(8%)	6%	4%
80	CRF US Equity	CORNERSTONE TOTAL RETURN FND	NYSEAmerican	$1,002	$774	29%	8/12/2022	(0%)	14%	10%

100 Largest Equity Closed-End Funds by Market Capitalization | As of August 16, 2022 | Source: Bloomberg (cont'd)

Rank	Bloomberg Ticker	Name	Primary Exchange	Market Capitalization (USD in mm)	Net Asset Value (USD in mm)	% Premium/ (Discount) to NAV[(a)]	Latest NAV Estimate Date	Annualized NAV Return (Incl. Dividends)[(b)] 1 Year	3 year	5 Year
81	EOS US Equity	EATON VANCE ENH EQT INC II	New York	$999	$969	3%	8/16/2022	(14%)	12%	11%
82	VOF LN Equity	VINACAPITAL VIETNAM OPPORTUN	London	$997	$1,222	(18%)	8/16/2022	7%	14%	11%
83	EWI LN Equity	EDINBURGH WORLDWIDE INV TR	London	$979	$1,133	(14%)	8/16/2022	(26%)	7%	11%
84	GAM US Equity	GENERAL AMERICAN INVESTORS	New York	$978	$1,159	(16%)	8/16/2022	(4%)	11%	9%
85	GSCT LN Equity	THE GLOBAL SMALLER COS TRUST	London	$972	$1,122	(13%)	8/16/2022	(6%)	7%	6%
86	HQH US Equity	TEKLA HEALTHCARE INVESTORS	New York	$963	$1,008	(4%)	8/16/2022	(13%)	8%	4%
87	IGR US Equity	CBRE GLOBAL REAL ESTATE INCO	New York	$961	$988	(3%)	8/16/2022	(9%)	5%	5%
88	ICGT LN Equity	ICG ENTERPRISE TRUST PLC	London	$946	$1,459	(35%)	4/29/2022	17%	N.A.	N.A.
89	JGGI LN Equity	JPMORGAN GLOBAL GROWTH & INC	London	$945	$937	1%	8/16/2022	9%	15%	11%
90	MRCH LN Equity	MERCHANTS TRUST PLC	London	$938	$932	1%	8/16/2022	9%	12%	6%
91	JFJ LN Equity	JPMORGAN JAPANESE INVEST TR	London	$936	$1,002	(7%)	8/16/2022	(19%)	5%	6%
92	MEGI US Equity	MAINSTAY CBRE GLBL INFR MEGA	New York	$920	$1,023	(10%)	8/16/2022	N.A.	N.A.	N.A.
93	AOD US Equity	ABRDN TOTAL DYNAMIC DIVIDEND	New York	$914	$1,034	(12%)	8/16/2022	(8%)	9%	6%
94	HTD US Equity	JOHN HANCOCK T/A DVD INCOME	New York	$911	$936	(3%)	8/16/2022	10%	7%	6%
95	EOT LN Equity	EUROPEAN OPPORTUNITIES TRUST	London	$902	$1,065	(15%)	8/16/2022	(7%)	1%	4%
96	BGFD LN Equity	BAILLIE GIFFORD JAPAN TRUST	London	$899	$973	(8%)	8/16/2022	(12%)	4%	6%
97	UNC CN Equity	UNITED CORPORATIONS LTD	Toronto	$892	$1,444	(38%)	8/11/2022	(13%)	4%	5%
98	CII US Equity	BLACKROCK ENHANCE CAP & INC	New York	$892	$899	(1%)	8/16/2022	(1%)	13%	10%
99	BKI AU Equity	BKI INVESTMENT CO LTD	ASE	$890	$903	(1%)	8/12/2022	13%	5%	7%
100	TMPL LN Equity	TEMPLE BAR INVESTMENT TRUST	London	$888	$942	(6%)	8/16/2022	4%	3%	1%

Source: Bloomberg. Bloomberg data has not been independently verified by Pershing Square.

(a) Premium / (Discount) to NAV is calculated using the following formula: (Share price as of August 16, 2022 / Latest available NAV per share estimate from Bloomberg) – 100%

(b) Annualized NAV returns are estimated using the latest available historical NAV data from Bloomberg and represent the compound annual return of NAV per share, including dividends received, over a one, three and five year period

Appendix B 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). Since May 2, 2017, the Company has periodically engaged in share repurchases whereby its buyback agent has repurchased Public Shares subject to certain limitations. In May 2018, the Company purchased and cancelled 22,271,714 shares pursuant to the tender offer announced on April 25, 2018 (the "Tender Offer"). Any positive impact on the Company's performance due to these share buybacks and the Tender Offer is reflected in the returns herein. 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 decreased by 18.2% and 8.7%, 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 decreased by 24.9% and 17.1%, 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. The Company's total debt to capital ratio is calculated in accordance with the "Total Indebtedness to Total Capital Ratio" under the PSH Bonds' Indentures. Under the Indentures, the Company's "Total Capital" reflects the sum of its NAV and its "Total Indebtedness". Total Indebtedness reflects the total "Indebtedness" of the Company and any consolidated subsidiaries (excluding any margin debt that does not exceed 10% of the Company's total capital), plus the proportionate amount of indebtedness of any unconsolidated subsidiary or affiliated special investment vehicle. As defined in the Indentures, "Indebtedness" reflects indebtedness (i) in respect of borrowed money, (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), (iii) representing capital lease obligations, (iv) representing the balance deferred and unpaid of the purchase price of any property or services (excluding accrued expenses and trade payables in the ordinary course of business) due more than one year after such property is acquired or such services are completed or (v) in respect of the Company's capital stock that is repayable or redeemable, pursuant to a sinking fund obligation or otherwise, or preferred stock of any of the Company's future subsidiaries. Indebtedness does not include, among other things, NAV attributable to any management shares or hedging obligations or other derivative transactions and any obligation to return collateral posted by counterparties in respect thereto.

v. 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 28.8% to 29.3% as of June 30, 2022 and further widened to 35.0% as of August 16, 2022 and the discount for Public Shares listed in USD narrowed from 29.7% to 28.8% as of June 30, 2022 but widened to 34.8% as of August 16, 2022.

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). Any positive impact on the Company's performance due to share buybacks and the Tender Offer is reflected in the net returns. 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) 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. © 2022 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 (Since PSH Inception)" is calculated from January 1, 2004 and December 31, 2012, respectively.

5. NAV performance is presented as net returns. Please also refer to Endnotes i and v of the Chairman's Statement. Total shareholder return is calculated based on PSH's Public Shares traded on Euronext Amsterdam. The total shareholder return over the same period for Public Shares listed on the LSE in Sterling and USD was 18.2% and 24.9%, respectively. Total shareholder return for Public Shares includes dividends paid with respect to such shares.

6. Please refer to Endnote 3.

7. Refers to the cumulative net returns of the Pershing Square strategy since its inception on January 1, 2004 versus the performance of the S&P 500 index over the same period. Please also refer to Endnote 1.

8. Amount includes investments in the Pershing Square private funds by charitable entities associated with Pershing Square employees and/or affiliates.

9. Based on the Company's portfolio and the closing price of the Company's Public Shares traded on Euronext Amsterdam on August 16, 2022.

10. Bonds denominated in non-US currencies have been converted to USD at the prevailing exchange rate at the reporting date, 1.02.

11. The list of the 100 largest closed-end equity funds in the world by market capitalization is comprised of publicly traded closed-end funds appearing in Bloomberg's Fund Screening tool after applying a filter for funds with "equity" and "mixed allocation" asset classes. The list does not include closed-end funds not appearing in Bloomberg or closed-end funds categorized by Bloomberg as focused on other asset classes, and it should not be considered a comprehensive list of closed-end equity funds. Bloomberg data has not been independently verified by Pershing Square.

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

13. Public float refers to the number of Public Shares not owned by affiliates of Pershing Square. Reduction in public float reflects the net result of transactions by PSCM affiliates.

14. Performance calculation for SMT uses Bloomberg NAV and dividend data and assumes dividends have not been reinvested.

15. This report reflects the contributors and detractors to the performance of the portfolio of the Company. Other than 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.

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, 2022 to June 30, 2022. 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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