Pershing Square Holdings, Ltd.
2023 Annual Report

Pershing Square Holdings, Ltd.

2023 Annual Report and Audited Financial Statements

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.

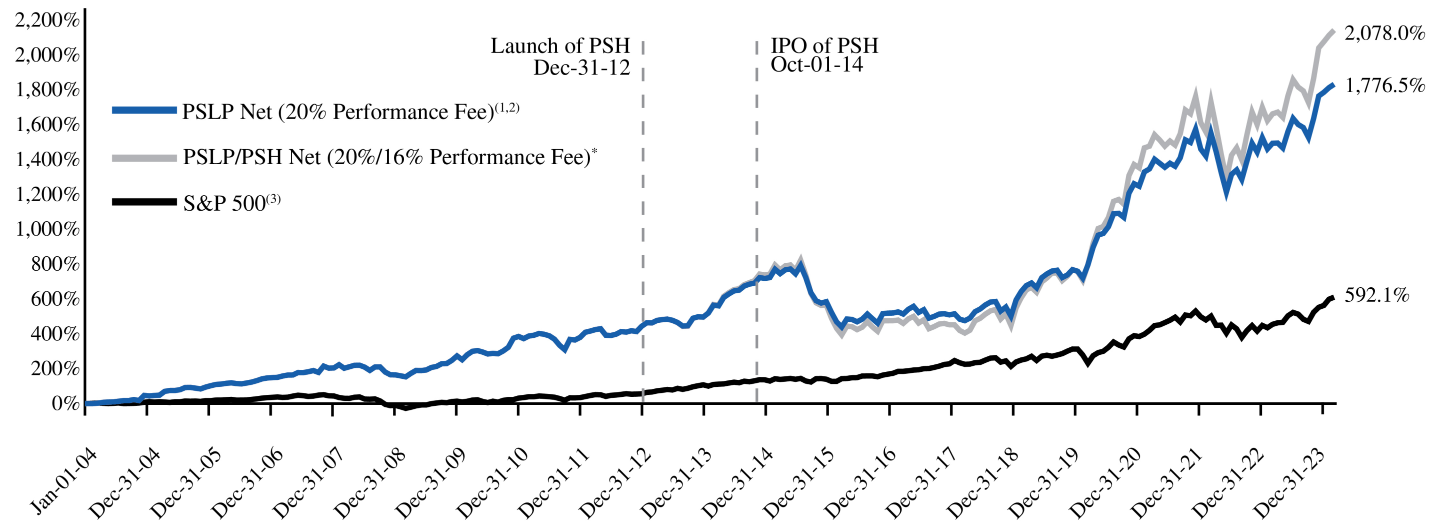
PSH was incorporated with limited liability under the laws of the Bailiwick of Guernsey on February 2, 2012. It commenced operations on December 31, 2012 as a registered open-ended investment scheme, and on October 1, 2014 converted into a registered closed-ended investment scheme. Public Shares of PSH 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 on pages 31-32 of this 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 more than 20 years, the investment strategy pursued by the Investment Manager has generated a 16.5% annualized net return and cumulative net returns of 2,078.0% for PSLP/PSH (as converted) compared to a 10.0% annualized net return and cumulative net returns of 592.1% 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,	(13.0)%	(37.0)%
2009	40.6 %	L.P.	40.6 %	26.4 %
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)%		(1.6)%	21.8 %
2018	(0.7)%	Pershing Square	(1.2)%	(4.4)%
2019	58.1 %	Holdings, Ltd.	44.1 %	31.5 %
2020	70.2 %		56.6 %	18.4 %
2021	26.9 %		22.9 %	28.7 %
2022	(8.8)%		(7.8)%	(18.1)%
2023	26.7 %		20.8 %	26.3 %
Year-to-date through March 19, 2024	4.9 %		3.6 %	8.9 %

January 1, 2004–March 19, 2024[1,4]			
Cumulative (Since Inception)	2,078.0 %	1,776.5 %	592.1 %
Compound Annual Return	16.5 %	15.6 %	10.0 %

December 31, 2012–March 19, 2024[1,4]			
Cumulative (Since PSH Inception)	310.8 %	254.0 %	348.5 %
Compound Annual Return	13.4 %	11.9 %	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 122. 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 121-125.

Chairman's Statement

INTRODUCTION

The volatility that the world's economy has experienced over the past five years has made for one of the most challenging investing environments in recent history. It is against that backdrop that I commend the Investment Manager for a remarkable period during which PSH delivered an impressive 31.2% five-year compound annual Net Asset Value ("NAV") return, a 13.5% three-year compound annual NAV return and a 26.7% one-year compound annual NAV return, outpacing both the S&P 500, FTSE 100 and MSCI World indices over the same periods.[i,ii] I am also pleased this strong NAV performance has been reflected in our share price, with investors experiencing share price appreciation of 31.2%, 11.3% and 36.0% over the same five, three and one year periods.[iii]

The Investment Manager's success has been driven by its adherence to its core investing principles and its disciplined investment process. These have directed the Investment Manager to assemble a portfolio of businesses based on deep fundamental research that are well positioned to perform and improve over time, even through periods of heightened volatility. Indeed, each of PSH's portfolio companies has made substantial business progress over the past five years or since the investment was added to the portfolio.

The past five years have also demonstrated the Investment Manager's ability to effectively navigate the macroeconomic environment through the use of various asymmetric hedging instruments which have protected the portfolio against the economic fallout from widely unforeseen events such as a pandemic and rising interest rates. The Investment Manager's strategy and execution of its hedging program has been a significant competitive advantage for PSH.

While the Investment Manager has delivered remarkable investment performance, the Board has also been active on behalf of shareholders to further enhance shareholder returns and create long-term value for investors. Over the same five-year period, the Board has, among other initiatives, instituted a dividend and adopted a methodology which ensures that the dividend will increase along with NAV appreciation over time, authorised $1.15 billion of share repurchases, authorised the issuance of long-dated debt at attractive rates while maintaining conservative leverage levels and investment grade ratings and considered how PSH might restructure to obtain a listing on a U.S. stock exchange.

Most recently, on February 7th, 2024, the Investment Manager announced its intention to launch a new NYSE-listed U.S. closed-end fund, Pershing Square USA, Ltd. ("PSUS"). 20% of the management fees earned by the Investment Manager from PSUS and any other additional Pershing Square funds that do not charge a performance fee will be used to reduce the performance fees paid to the Investment Manager by PSH. To facilitate the potential reduction in performance fees, the PSH Board approved various amendments to our Investment Management Agreement ("IMA") with the Investment Manager because we believe that the reduction in fees will enable PSH to generate higher long-term returns for its shareholders.

I detail PSH's strong investment performance as well as provide additional information about recent actions taken by the Board in the pages that follow.

INVESTMENT PERFORMANCE

During the year ended December 31, 2023, PSH's NAV per share, including dividends, increased by 26.7%, ending the year at $65.04 per share. PSH's share price increased by 36.0% over the same period as a result of the narrowing of the discount to NAV at which PSH shares traded from 33.2% to 28.7%.[iv] By comparison, the S&P 500 increased 26.3% during the year ended December 31, 2023.

PSH's strong performance in 2023 was driven by the continued progress of PSH's portfolio companies. PSH's hedging program was a detractor to performance in 2023, but when considered over longer periods, it has protected the portfolio from volatility and generated significant profits as detailed in the Investment Manager's letter in the 2023 Interim Report.

The performance of the entire portfolio along with additional information about the Investment Manager's hedging program is discussed in more detail in the Investment Manager's Report.

INVESTMENT MANAGER

The Board has delegated the task of managing PSH's assets to the Investment Manager as set out in the IMA entered into by PSH and PSCM at the inception of PSH (as amended from time to time). Although the Board does not make individual investment decisions, the Board is ultimately accountable for oversight of the Investment Manager.

The Investment Manager is a fundamental value investor that utilises a range of engagement strategies to unlock long-term value for shareholders and, among other things, seeks to invest in excellent businesses with opportunities for improvement. These businesses tend to be large cap companies domiciled in North America that generate relatively predictable and growing free-cash-flows, with formidable barriers to entry and a compelling value proposition. The Investment Manager continues to engage constructively with many of PSH's portfolio companies through direct board representation in some situations, and less formal, private engagement in others.

PSH continues to believe that its ability to access low-cost, long-term, investment grade debt is a competitive advantage, and its long-term debt management strategy is to manage leverage over time by increasing NAV through strong performance and laddering maturities through new issuances. PSH's debt profile is comprised of a laddered set of maturities, matching our long-term investment horizon, with a weighted average maturity of eight years and a weighted average cost of capital of 3.1% as of March 19, 2024. PSH's total debt to total capital ratio as of March 19, 2024 was 15.8%.[v] The Board believes that this amount of leverage is conservative, particularly given the quality, liquidity and mark-to-mark nature of PSH's portfolio assets. PSH does not have any margin leverage nor any mark-to-market covenants on its outstanding bonds.

PORTFOLIO CHANGES

As I discussed in my letter to you in August, the Investment Manager established a large position in Alphabet, the parent company of Google, in H1 2023. The Investment Manager initiated a position early in 2023 as concerns about the impact of AI on Alphabet's business caused the company's share price to decline to an attractive valuation. Alphabet has been a tremendous investment to date and was the third largest contributor to PSH's performance in 2023. PSH exited its investment in Lowe's in 2023 because the Investment Manager believes Lowe's future returns had become less certain amidst the current macroeconomic environment. Lowe's was a highly successful investment as the share price, including dividends, increased 175% from our average cost at announcement date to our average sale price.[vi]

The Investment Manager's registration statement for Pershing Square SPARC Holdings, Ltd. ("SPARC" or "Special Purpose Acquisition Rights Company"), a significantly more efficient and improved successor to the traditional Special Purpose Acquisition Company, became effective on September 29, 2023. SPARC has begun to pursue potential business combination opportunities with private, high-quality, growth companies including carve-out transactions with large capitalization public or private companies. A transaction with SPARC will enable a private company to substantially avoid the costs and risks associated with the traditional IPO process. It will enable a private company to raise a minimum amount of capital at a negotiated fixed price, with the Pershing Square funds (primarily PSH), affiliates of SPARC, committing a minimum of $250 million and up to $3.5 billion as anchor investors in the transaction.[vii] Ultimately, SPARC expands the universe of potential businesses that PSH can buy, and the Investment Manager will keep shareholders updated on its progress as appropriate.

Further information on the PSH portfolio can be found in the Investment Manager's Report.

CORPORATE ACTIONS

The Board has undertaken a number of corporate actions over the past year.

- In February 2024, the Board approved amendments to the Variable Performance Fee provisions in PSH's IMA that could reduce the performance fees paid by PSH, potentially starting in 2024. Prior to the amendment, the Company was entitled to receive a fee reduction of 20% of the performance fees earned by the Investment Manager from non-PSH funds. However, PSH would not benefit from the potential fee reduction until the Investment Manager had first recovered $120 million of costs it incurred in connection with PSH's initial public offering in 2014.

  The amendment eliminated the Investment Manager's right to receive the outstanding unrecovered IPO costs (which had been reduced to $36 million as of December 31, 2023), and expanded the fee reduction to also include 20% of management fees earned from any non-PSH Pershing Square funds that invest in public securities and do not charge performance fees. PSUS will charge a management fee (after its first year), but no performance fee, so the amendment to the IMA will ensure that the performance fees paid by PSH to the Investment Manager will be reduced by 20% of the management fees earned by the Investment Manager from PSUS.

  The Board believes that the fee offset arrangement distinguishes PSH from most other publicly listed funds and has the potential to meaningfully improve NAV per share performance. Shareholders can read more about the approved amendments in the press release on February 7th, 2024 (www.pershingsquareholdings.com/press-releases), and beginning on slide 14 of PSH's most recent annual investor presentation (www.pershingsquareholdings.com/materials/letters-to-shareholders).

- In 2022, the Board initiated a new methodology for determining the future dividends that PSH pays which established that the dividend payment would increase based on NAV growth. In January 2024, based on this methodology, the dividends for 2024 increased by 11%, the second increase since the adoption of the new methodology.

- The Board authorised a total of $350 million in share repurchase programs in 2023. During the year ended December 31, 2023, the Company repurchased 5.4 million shares at an average price of $37.91 and average discount to NAV of 34.3%. As of December 31, 2023, PSH has spent $1.3 billion to repurchase 64.5 million shares, representing 25.9% of initial shares outstanding, at an average price of $20.24 and average discount to NAV of 29.2% since initiating its first share repurchase program on May 2, 2017.

DISCOUNT TO NAV

Shareholders benefited from the narrowing of the discount during 2023 and have captured 100% of the value of the increase in NAV over the past five years as the PSH share price appreciated 31.2%.[viii] However, the Board is not satisfied with the current discount which stood at 28.7% at December 31, 2023 and 26.3% as March 19, 2024.[ix] As discussed in the Report of the Directors, the Board has undertaken a number of corporate actions in recent years to address the discount.

During 2023, the Board and the Investment Manager thoroughly examined the options for obtaining a U.S. listing for PSH with the goal of increasing the number of investors who could own PSH. After encountering numerous restrictions, limitations and issues relating to inter alia the Investment Company Act of 1940, adverse tax considerations, and challenging structuring requirements, the Board and the Investment Manager decided a U.S. listing was not viable and that PSH will remain a publicly-traded closed-end fund over the long term.

As of March 19, 2024, PSH is the 57th largest company by market capitalization in the FTSE 100 and would be the 46th largest were its shares to trade at NAV. The Investment Manager continues to increase its global marketing efforts, both directly and through its relationships with Cadarn Capital and LodeRock Advisors, to better inform the potential universe of investors about PSH. While this marketing effort along with the other corporate actions the Board has taken in recent efforts may have a positive impact on the narrowing of the discount, the Board continues to believe that the most powerful driver of long-term shareholder returns will be strong absolute and relative NAV performance.

CORPORATE GOVERNANCE / BOARD

As previously noted in the 2022 Annual Report and consistent with the requirements of the AIC Code for directors serving more than nine years, I will be stepping down as Chairman at the upcoming Annual General Meeting ("AGM"). The Board has selected Rupert Morley to be your next Chairman. Having already served on the PSH Board for three years, the Board is confident that Rupert has the knowledge and experience to take on the role of Chair, subject to shareholder approval at the AGM.

Tracy Palandjian retired as a non-executive director of the Company due to the increased demands of her executive and other board commitments and we thank her for her valuable contributions to PSH. The Board has nominated Charlotte Denton as an independent non-executive Director of the Company, subject to the approval of shareholders at the 2024 AGM. Ms Denton's lengthy experience serving as a director to regulated asset management businesses in Guernsey and the UK further adds to the Board's financial expertise and skill set and her prior service on the board of PS Holdings Independent Voting Company Limited ("VoteCo") has made her knowledgeable about the Company.

EVENTS / SHAREHOLDER ENGAGEMENT

PSH's annual investor meeting was held on February 8, 2024. It was wonderful to get an opportunity to interact with so many of our shareholders in person and we were pleased to welcome hundreds more to the webcast of the event. During the meeting, the Investment Manager presented a portfolio update. Slides from the presentation are available on PSH's website: www.pershingsquareholdings.com.

PSH's 2024 AGM will be held in Guernsey on May 8, 2024. Details of the event will be posted on www.pershingsquareholdings.com.

This is my final letter to you as Chair of PSH, and it will be your new Chairman who will report to you on the first half of the year in August 2024. As a PSH shareholder myself, I look forward to reading his updates and those of the Investment Manager, who will also keep you informed of any significant developments in the portfolio before then, if appropriate.

/s/ Anne Farlow
Anne Farlow
Chairman of the Board
March 22, 2024

Investment Manager's Report

LETTER TO SHAREHOLDERS[(5)]

To the Shareholders of Pershing Square Holdings, Ltd.:

In 2023, Pershing Square's 20th year, Pershing Square Holdings generated strong NAV performance of 26.7% versus 26.3% for our principal benchmark, the S&P 500 index.[6] Our total shareholder return was 36.0%, as PSH's discount to NAV narrowed by 4.5 percentage points from 33.2% to 28.7%.[7]

Investors who invested in Pershing Square, L.P. at its inception on January 1, 2004, and transferred their capital account to PSH at its inception on December 31, 2012 ("Day One Investors") have grown their equity investment at a 16.5% compounded annual rate over the last 20 years, compared with a 10.0% return had they invested in the S&P 500 during the same period.

With the magic of compounding, our 16.5% compound annual NAV return translates into a cumulative total NAV return since inception of 2,078% versus 592% for the S&P 500 over the same period. In other words, Day One Investors have multiplied their equity investment by 22 times versus the seven times multiple they would have achieved had they invested in a zero-fee S&P 500 index fund.[8]

Using PSH's stock price return rather than per-share NAV performance, Day One Investors have earned a 15.0% compounded return, a 17-times multiple of their original investment.[9] This lower return reflects the 26.3% discount to NAV at which PSH's stock currently trades.[10] Our strong preference is for PSH's shares to trade at or around intrinsic value for which we believe NAV per share is a conservative estimate. We recently announced a number of important steps that we believe will help to close the discount to NAV, which I discuss later in this letter.

2023 In Review

2023 was another excellent year for our portfolio companies and their stock price performances. Despite a challenging geopolitical backdrop with two major wars underway and a large and sustained increase in interest rates, our portfolio companies continued to generate strong growth in revenues, profits, and shareholder value. This outcome is not guaranteed every year, but it is certainly intentional. We seek to identify businesses whose business models, competitive advantages, barriers to entry, balance sheets, and excellent management teams enable them to succeed despite the negative extrinsic factors (i.e., factors that are not inherent to the business itself) that inevitably emerge.

We added one company to the portfolio in 2023, Alphabet (aka Google), and we exited one, Lowe's. Our limited portfolio activity should not be a surprise. In that we are a long-term investor which attempts to identify businesses we can own for a decade or more, you should generally expect limited changes in our equity portfolio composition. Frenetic investment activity is often the enemy of long-term performance. An investment manager who markets itself as a long-term owner of businesses, but who is constantly buying and selling new securities is likely misrepresenting their strategy.

Hedging and Asymmetric Investments

We seek to mitigate extrinsic risks by investing in hedges and other asymmetric instruments that offer large payoffs if negative events occur. While we have successfully hedged the three 'black swan' risks of the last 20 years of our history – the Great Financial Crisis, Covid 19, and the Federal Reserve's recent aggressive increases in short-term rates – we can't promise to identify and execute attractive hedges for all future risks. We do, however, spend significant time attempting to understand the potential risks that may emerge in the world, and the various instruments we can use to 'insure' against their potential negative effects. In order for our hedging strategy to be effective, we need to both identify the potential risk and invest in an instrument that offers a sufficient payoff relative to the cost of the hedge. Our ability to have done so historically is due to the fact that we have identified important risks in advance of most other investors. Our hedging strategy has been a substantial contributor to our long-term performance as we have generated large profits from these investments and we have generally reinvested the proceeds in our core holdings at lower valuations during market disruptions.[11]

In 2023, our hedges generated 187 basis points (bps) of losses principally due to an energy-related hedge (-108bps) and Japanese interest-rate swaptions (-141bps) offset somewhat by mark-to-market gains on USD interest-rate swaptions (+92bps) referencing several tenors (30-year payer swaptions, and 5-year and 1-year receiver swaptions).[12] Our 30-year USD interest-rate payer swaptions (instruments that increase in value as rates rise) were valued at 92% above cost at the beginning of the year, but we did not realize these gains because of continuing concerns we had for most of the year about rising interest rates.

In October, we believed that interest rates were unlikely to rise further and we sold our 30-year USD interest-rate swaptions and generated a smaller profit (33% premium above cost). We then initiated investments in 1-year and 5-year instruments that increase in value as rates decline, which we continue to hold.

We also continue to maintain our energy-related hedge to mitigate the impact of a large rise in energy prices. As energy prices decreased in 2023, the hedge's value declined to about 39% below cost at year end and has increased in value since the beginning of the year with the rise in energy prices.

Our hedging program has enabled to us to be comfortable remaining fully invested even during periods of market turmoil. Our approach to portfolio management, however, may cause us to maintain a profitable hedge longer than would be optimal if our only concern were maximizing the profit on the hedge. We do so because our goal is to generate overall portfolio gains rather than maximizing the profits of individual hedges. If one purchased a large homeowner's policy, one should be similarly reluctant to cancel it in exchange for a substantial payment from the carrier if a large tornado were enroute. Alternatively, if we managed a separate fund just for asymmetric bets, the fund's mandate would only consider the profit maximization of its asymmetric instruments, not protecting a long equity portfolio from the risk of loss.

Our principal goal in initiating and maintaining hedges is to reduce the overall risk of a permanent loss of capital, and to create liquidity at times when liquidity is most valuable. Our investment in credit default swaps on the investment grade bond index to hedge Covid risk in late February and early March of 2020 best exemplifies this strategy. In March of 2020, the Pershing Square Funds generated $2.6 billion of proceeds from an investment of $27 million of CDS premium and quickly redeployed $2.3 billion of these profits in a stock market that had declined by as much as 33.8%.[13] 2020's hedging and reinvestment program led to our best performance year ever, up 70.2% in 2020.

While our investments in hedging and asymmetric instruments have been enormously profitable, we could have done better. In each of the three black swan events of the last 20 years, we had an early and highly variant view of the likely impact and probability of their occurrence and had identified and invested in instruments that offered profits many times their cost. In retrospect, we should have invested more and achieved even greater profits without risking materially more capital.

While our strategy of identifying asymmetric investments has existed since the inception of Pershing Square, it could be best described as episodic and opportunistic. After our successful Covid trade in early 2020, we have adopted a more systematic and dedicated approach executed by a subset of the investment team – Ryan Israel, Bharath Alamanda, and myself. Our experience with our new dedicated effort has been favorable. We have broadened the universe of asymmetric opportunities we are researching and are finding a greater number of interesting opportunities to pursue. While we intend for these investments to continue to represent a modest percentage of our capital, we believe they could be an even more important contributor to our returns over time.

Our 20-Year Performance History

Pershing Square's performance history can be best understood by considering it in three chapters. In our first chapter, we generated a 20.9% compounded return for the first nearly 12 years of our history – from January 1, 2004 to July 31, 2015.[14] In chapter two, which lasted about two years, we incurred a large loss on our investment in Valeant which led to declines both in the market value of our other long positions and an increase in the liability of our short position in Herbalife as its stock price rose as investors expected us to be forced to sell and/or cover positions. Our recovery began in 2018 as we generated a nearly flat year (-0.7%) in a down market.

At the inception of chapter three, which began in 2018, we announced that: (1) we would no longer seek to raise capital for our two open-ended funds – Pershing Square, L.P. and Pershing Square International, Ltd., (2) we would return to our roots as an "investment-centric" operation, and (3) we would refocus on our core investment principles, which we symbolically engraved on 'stone' tablets that sit on everyone's desk and in conference rooms around the office.

We also gave up activist short selling (which had been a very small but publicly notable part of our strategy) and I and other employees and affiliates made a large additional investment in PSH, which greatly increased the stability of our capital.

In segment three, we have generated our best absolute and relative NAV returns since inception, 25.3% compounded for the last six calendar years, 1,320 basis points per annum above the S&P 500's total return over the same period. What has caused our outperformance? We believe the answer can be best understood by examining the competitive advantages that we have developed over time.

The Sources of Pershing Square's Competitive Advantage

Michael Porter, the Harvard Business School professor and competitive strategy guru, has been one of the most important influences on our investment strategy. Michael was an early investor in Gotham Partners, my first fund, and in Pershing Square where he served on our advisory board for nearly two decades. Michael retired from HBS recently, but his work continues to drive enormous value in business, government, and society for which we should all be very grateful. Michael will soon be honored in a full day symposium at HBS later this month which makes it timely for us to examine Pershing Square's competitive advantages so that we can better understand their importance in contributing to our historic profits and in helping to drive our long-term prospects.

The Competitive Advantages of Our Investment Strategy

Pershing Square's competitive advantages begin with our investment strategy which has few likeminded practitioners. Our strategy is to acquire large minority stakes in the highest quality, durable growth companies in the world, generally at times when a company is enduring a period of underperformance, or alternatively when the market incorrectly believes that a period of subpar performance for a business is about to begin. Because of our track record for successfully effecting positive corporate change, we are able to obtain a large degree of influence over the companies in which we invest. Our influence enables us to have input into and advise on management, governance, and/or strategic issues, thereby assisting our portfolio companies in creating long-term value.

It has been nearly eight years since we have made a so-called "activist" investment. In our early years, we had not yet earned sufficient credibility in the board room to obtain corporate influence, so we had no choice but to utilize an activist approach. Over the last 20 years, we have built substantial credibility with management teams, boards of directors, and shareholders that has enabled us to avoid the need for activism to have influence in the board room. We greatly prefer our quieter and more time-efficient approach to engaged long-term ownership.

One can think of our strategy as akin to private equity, but where we do not need to pay a premium for control in an auction managed by a first-tier investment bank, and therefore, unlike private equity, we don't need to use large amounts of leverage to generate attractive rates of return. Our investment universe is also not limited to what is for sale in the private markets. Our opportunity set is comprised of large capitalization, publicly traded companies which include many of the best businesses in the world that would not likely be receptive to a going private transaction.

Our strategy of investment concentration is an important competitive advantage as we allocate capital only to our best ideas. Fewer investment professionals are needed to manage a concentrated portfolio. Our small team approach allows us to recruit the best and brightest as top talent greatly prefers to be one of eight or 10 investment professionals rather than one of 25, one of 100, or even 1,000 or more, team sizes which are common at other large alternative investment managers.

Our investment strategy is one of the few that benefits from economies of scale. In light of our long-term ownership objectives and the large cap nature of our targets, larger ownership stakes are beneficial as they increase our influence, which helps to drive our investment performance. While we have yet to legally control a business with a 50% or greater stake, one can envision a world where we do as our asset base grows over time.

The Competitive Advantages of Permanent Capital

Pershing Square is one of only a few investment managers that operates with permanent capital. In a world where our competition is beholden to annual, quarterly, monthly and even daily redemption terms, the stability of our capital base is one of our most important competitive advantages. It enables us to take the long view and to be opportunistic during market panics, a time when other investors typically need to raise capital by selling assets to meet the redemptions that inevitably come with market volatility. Permanent capital also allows us to make long-term commitments to management teams which have enabled us to recruit some of the most outstanding CEOs in the world to our portfolio companies.

Our closed-ended fund structure, strong long-term performance record, and portfolio comprised of well-capitalized large companies have enabled PSH to garner strong investment grade credit ratings and to issue a modest amount (generally between 15% and 20% of total assets) of investment grade bond financing without mark-to-market or other margin-like covenants. This low-cost, long-term leverage (3.1% weighted average cost of capital, eight-year weighted-average term bonds) replaces higher-cost equity capital and enhances our long-term investment returns, without adding meaningful risk to the portfolio.

Permanent capital is an important recruiting tool. We generally hire investment analysts from the top private equity firms. The risk of leaving a large established private equity firm for a position at a typical hedge fund is that one's tenure is highly correlated with the short-term success of the firm the analyst joins regardless of his or her individual performance. In light of our permanent capital base, even in the most challenging period in our history in 2017, we were able to recruit the top two investment professionals of the private equity class of that year. Bharath Alamanda and Feroz Qayyum joined when we were well below the high-water mark because they understood that our permanent capital base provided long-term staying power.

Permanent capital is also a great retention tool. Whereas in the past, a few members of our investment team left to form their own firms, none have departed since we restructured the firm six or so years ago. While an entrepreneurial analyst could still leave and launch her own firm, she would be leaving behind the benefits of our permanent capital, large scale, and our reputational equity.

The Competitive Advantages of the Pershing Square Brand

While there are a number of other well-known hedge fund firms, in most firms the brand is not relevant to their investment performance. We have increasingly found that the Pershing Square brand, or in other words, the reputational equity that we have built over time, is an important asset of the firm. We are well known for our tenacity, for keeping our word, and for doing the right thing. These tenets of our corporate ethos have also enabled us to attract and retain the best talent to our firm and to the companies that we own, while also creating opportunities for investment. Our 2021 negotiated investment in Universal Music Group was facilitated by the reputation that we have built over 20 years. Our reputation is our most carefully guarded asset, one that we expect will play an even more important role in our longer-term investment performance.

The Competitive Advantages of Admitting Our Mistakes and Learning from Them

Experience is making mistakes and learning from them. We have made many mistakes over 20 years, and we treasure each and every one of them. We write about our mistakes in our public letters. We talk about them in podcasts and interviews, and they are widely featured in the media. We are transparent about our errors for two reasons: our investors are entitled to as much transparency about our failures as our successes, and importantly, our public disclosure of mistakes encourages us to study and learn from them, markedly decreasing the likelihood that they will be repeated.

The Competitive Advantages of Our Culture and Small Organizational Scale

Pershing Square has 40 employees. The combination of permanent capital and a concentrated investment approach allows us to operate with substantially fewer employees compared with firms with similar amounts of capital under management. Our smaller human scale allows us to attract the highest quality employees and retain them. Our unique family-oriented culture, the powerful economics of our business, and its widely dispersed economic ownership make Pershing Square a unique and special place to spend one's career. Our small scale and long-tenured employee base also reduce risks, particularly in a regulatorily-sensitive industry.

Much has been said about the DEI movement on campus, corporations, and in government in recent months. Pershing Square manages to be a highly diverse, meritocratic, and inclusive culture for all of our employees. While we have long believed in the benefits of our diverse culture, Pershing Square's diversity is not just defined by our racial, ethnic, sexual identity, and gender differences. Our team members come from highly diverse geographical, socioeconomic, and cultural backgrounds and represent broad viewpoints, politically and otherwise. Yet, we all manage to get along well without the corporate politics typical of many companies. While we don't all agree on who should be our next U.S. president, we are closely aligned on our long-term mission of driving value for our investors. We are extremely fortunate to work alongside such a remarkable, high-quality group of human beings.

Other Notable Developments of 2023

Pershing Square SPARC Holdings, Ltd.

After two years and 15 amended filings of its registration statement, Pershing Square SPARC Holdings, Ltd. was finally declared effective by the SEC on September 29, 2023. To remind you, SPARC is a new form of acquisition company that does not suffer from the structural, compensation, and other problems with other acquisition vehicles. SPARC has no underwriting fees, shareholder warrants or founder stock, nor is there a short timeframe to identify a transaction (we have 10 years to execute a deal).

We believe that SPARC is the most efficient and certain way for a private business to go public, with the benefit of Pershing Square as an anchor investor with as much as a $3.5 billion committed investment, a commitment that we can make prior to the public announcement of the transaction.[15] As a result, a potential counterparty can have certainty about its public offering including price (i.e., valuation) and the minimum amount of capital that will be raised regardless of market conditions.

We have received a substantial number of inbound potential SPARC transaction ideas, but none yet that meet our standards for business quality, durable growth, and sufficient scale. We welcome ideas for potential transactions and would be delighted to pay advisors for bringing us a deal that meets our criteria.

Modifications to the Investment Management Agreement

On February 7th, PSH announced certain amendments to the Investment Management Agreement that will have the effect of reducing PSH's 16% performance fee. The amendments to the IMA include:

1. An amendment to the Variable Performance Fee ("VPF") provision of the IMA which will now provide that the Additional Reduction will no longer exclude fees paid to the Investment Manager by Pershing Square funds that are publicly traded in the United States.
2. An amendment to the VPF provision of the IMA which provides that the Additional Reduction will also include an amount equal to 20% of any management fees that the Investment Manager earns from non-PSH, Pershing Square funds that invest in public securities that do not have performance fees.
3. The waiver by the Investment Manager of the right to receive the $36 million outstanding balance of unrecovered IPO costs before the Additional Reduction under the VPF provision takes effect.

As a result of the above amendments, PSH's 16% annual performance fee will now also be reduced by 20% of any management fees earned from any non-PSH Pershing Square funds that invest in public securities and do not have performance fees. The benefits of reduced fees include better long-term performance and, we also believe, greater demand for shares from investment managers who are required to report the 'look-through' fees of funds in which they invest. We believe the Key Information Document ("KID"), which requires disclosure of the proportion of fees and (illogically) the interest expense of any fund an asset manager invests in – is one of the principal factors driving reduced demand for PSH, thereby contributing to our wider discount to NAV. By reducing PSH's performance fees, we will generate higher returns, report lower fees on our KID disclosure document, and PSH will become a more attractive investment for all.

On February 7th, we also announced our intention to launch a U.S. closed-ended fund called Pershing Square USA, Ltd., a fund which will largely mirror PSH in its investment strategy and hedging and asymmetric investment approach.

With the benefit of the newly modified VPF arrangement, our long-term goal is to reduce PSH's performance fees to zero with the launch of new funds and strong long-term performance. We are limited in what we can share about these plans due to regulatory reasons, but we will inform you as promptly as possible about these developments.

Our CEOs

Over the last 20 years, we have had the opportunity to work alongside some of the greatest CEOs in history. Notable mentions from our past include icons such as Hunter Harrison of Canadian Pacific and Seifi Ghasemi of Air Products, and our current roster is similarly extraordinary. We would not have achieved our success without their transformative contributions. While we always sing our CEOs' praises internally and often in our letters, it is important that you know how fortunate we are to have the benefit of their acumen, commitment, energy, and alignment with our success.

Our Academy Award winners this year include:

Keith Creel of Canadian Pacific (the best operator in the industry who created the first Trans-North American railroad with the completion of the acquisition of Kansas City Southern in December 2021),

Patrick Doyle, Executive Chairman of Restaurant Brands (best known for his remarkable success at Domino's who along with CEO Josh Kobza we expect will deliver an even better outcome at RBI),

Marvin Ellison of Lowe's (who has executed a brilliant turnaround on a rapid path to catch Lowe's direct competitor),

Sir Lucian Grainge of UMG (who has navigated every music format and technological threat to the industry with aplomb and can only be described as an icon),

Brian Niccol of Chipotle (Chipotle stock is up more than 10-fold since Brian became CEO in March 2018. What more can we say?),

Chris Nassetta of Hilton for whom words do not do justice,

Sundar Pichai of Alphabet (whom we don't yet know, but has led Alphabet for over the last eight years, during which the company's revenue, earnings and market value have grown substantially), and

David O'Reilly of Howard Hughes Holdings (who has not yet reached iconic status but is on his way based on his progress to date).

Last, but not least, it is important to mention the CEOs of Fannie Mae and Freddie Mac, Priscilla Almodovar and Michael DeVito, whom we have never met, get no recognition, and are underpaid because both companies remain wards of the state. These two executives run two of the most important companies in the country, critical for our unique housing finance system to remain intact, and one of the most important drivers of our economy. We should all be incredibly appreciative for their important work on our nation's behalf.

While the CEOs get most of the shoutouts, the rest of the team members ultimately do the work required to deliver the results. Thank you to all for an incredible 20 years.

2023 was yet another year of geopolitical and economic uncertainty. 2024 will likely be no different with the upcoming U.S. presidential election, unresolved wars in Ukraine and the Middle East, and continued political disharmony globally. Despite these concerns, we believe we are well equipped for uncertainty in light of the high-quality nature of the businesses we own, and the superb management teams that preside over them. Volatility is the friend of the long-term investor with permanent capital. While we fret about the world around us, we are well positioned for uncertainty.

There are few firms in our industry who make it past a decade, let alone more than 20 years. We are incredibly grateful for the opportunity you have given us to be a long-term steward of your investment capital. Thank you for your confidence and support.

Sincerely,

William A. Ackman

PORTFOLIO UPDATE (16)

Performance Attribution

Below are the contributors and detractors to gross performance of the portfolio of the Company for 2023 and year-to-date 2024.[17]

January 1, 2023 – December 31, 2023	
Chipotle Mexican Grill, Inc.	8.2 %
Universal Music Group N.V.	5.6 %
Alphabet Inc.	5.4 %
Hilton Worldwide Holdings Inc.	5.1 %
Restaurant Brands International Inc.	3.3 %
Lowe's Companies Inc.	2.3 %
Howard Hughes Holdings Inc.	1.4 %
Share Buyback Accretion	1.1 %
Federal National Mortgage Association	0.8 %
Canadian Pacific Kansas City Limited	0.6 %
Federal Home Loan Mortgage Corporation	0.5 %
Interest Rate Swaptions	(0.5)%
Bond Interest Expense	(0.8)%
Energy Options	(1.1)%
All Other Positions and Other Income/Expense	(0.1)%
Contributors Less Detractors (Gross Return)	**31.8 %**

January 1, 2024 – March 19, 2024	
Chipotle Mexican Grill, Inc.	3.1 %
Hilton Worldwide Holdings Inc.	1.8 %
Canadian Pacific Kansas City Limited	1.1 %
Universal Music Group N.V.	0.8 %
Alphabet Inc.	0.7 %
Restaurant Brands International Inc.	0.6 %
Federal National Mortgage Association	0.5 %
Share Buyback Accretion	0.2 %
Bond Interest Expense	(0.1)%
Howard Hughes Holdings Inc.	(1.6)%
Interest Rate Swaptions	(1.7)%
All Other Positions and Other Income/Expense	0.8 %
Contributors Less Detractors (Gross Return)	**6.2 %**

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 121-125.

Current Equity Positions:

Universal Music Group ("UMG")

Universal Music Group is the world's leading music entertainment company and a high-quality, capital-light business that can be best thought of as a rapidly growing royalty on greater global consumption and monetization of music. In 2023, UMG's organic revenues grew 12% while Adjusted EBITDA grew 19%, far in excess of the company's mid-term guidance. We generally prefer to follow the progress of an earnings-per-share driven metric of bottom-line financial performance rather than adjusted EBITDA when evaluating businesses. For 2023, however, UMG's Adjusted EBITDA is a reasonable method to judge the company's year-on-year progress in light of the large upfront option-grant expenses in 2023, a substantial portion of which are one-time in nature. We believe that the long-term outlook for UMG is strong and that the company will continue to outperform its mid-term guidance due to better monetization, cost rationalization, and continued development of new services.

We have long believed that music is one of the lowest-cost, highest-value forms of entertainment, which is still in the early stages of monetization. Up until recently, the ~$10 per month pricing of music subscriptions has remained unchanged. In 2023, each of the major digital service providers ("DSPs") increased prices for individual subscriptions from $9.99 to $10.99, and Deezer, a smaller player, increased prices further to $11.99 in its key markets. Because of the lag between announcement and pricing implementation, these increases only partially contributed to 2023 revenues, and 2024 will be the first full year to benefit from price increases. We believe that regular price increases will become the norm in the audio streaming industry as they are in the video streaming industry.

Importantly, UMG is also helping shape the industry by moving it towards an "artist-centric" economic model which would provide greater rewards to those artists who drive subscriber growth, engagement, and retention. UMG has signed agreements with most of the major DSPs that incorporate these principles which will increase artist revenues, and the labels including UMG which represent them.

While streaming led to broad adoption among consumers, a single price point for all consumers has not allowed for customer segmentation. We believe engaging and monetizing superfans through targeted offerings is a significant opportunity for platforms and labels. UMG is actively working with its partners to expand the music market by offering products and experiences for superfans. The company will update investors on these initiatives and its growth outlook at its Capital Markets Day in September.

While UMG's revenues and business performance have been ahead of our expectations and the company's mid-term targets, its costs have also grown meaningfully over the last few years. The company recently announced a €250 million cost-saving program, far above investor expectations. We believe these savings will allow the company to reliably expand its margins while still maintaining industry-leading A&R (artist and repertoire) and marketing investments. The company also announced a minority investment in Chord Music Partners, an investment vehicle for smaller catalog acquisitions. The partnership is a financially attractive way for UMG to acquire certain catalog assets on attractive terms while earning distribution and other fees for its services.

While investors were initially concerned about the impact of artificial intelligence ("AI") on the music industry, UMG is demonstrating its ability to harness AI's growth opportunities while also ensuring regulatory and legal protection for its artists. In August, UMG and Google announced joint ethical AI principles and YouTube released AI music tools including a prompt-based feature that generates content in an artist's voice. UMG is also lobbying lawmakers to protect artist rights. U.S. lawmakers are considering a federal right of publicity law and bolstering existing copyright law. European lawmakers recently passed the EU Artificial Intelligence Act, which includes meaningful transparency and record keeping obligations. While UMG is actively partnering and enabling the ethical use of AI, it is also taking a strong stance against platforms that have trained their models on copyrighted content by challenging them in court.

Alphabet ("GOOG")

In early 2023, we initiated an investment in Alphabet, the parent company of Google, at a highly attractive valuation during a period when apprehension about the company's competitive positioning in AI overshadowed the high-quality nature of its business and strong growth prospects.

Since we initiated our position, the company has delivered impressive operating results. With two of the highest ROI and most resilient ad formats in Search and YouTube, Google occupies a dominant position in the secularly fast-growing digital advertising market. As the digital advertising market recovered over the course of the year, revenue growth in Google's advertising business accelerated from 3% in Q1 2023 to 10% in Q4 2023. Moreover, the company realized significant progress on its substantial margin expansion opportunity and maintained a robust capital return program. In 2023, operating profit margins expanded by approximately 225 basis points (bps), excluding one-time severance and real estate charges, as the Cloud segment reached breakeven profitability. We expect continued cost control, automation efficiencies, and operating leverage in under-earning segments (Cloud & YouTube) to sustain margin expansion as Google invests behind AI initiatives. The company is using its ample free cash flow to repurchase approximately 4% of its outstanding shares on an annual basis.

Despite strong financial performance, concerns about Google's AI capabilities continue to weigh on its valuation. These concerns were recently stoked by Google's flawed rollout of its Gemini chatbot app which displayed historically inaccurate and biased responses to certain image and text queries. CEO, Sundar Pichai, has acknowledged these responses as "completely unacceptable" and the company is working quickly to rectify underlying issues, including implementing structural changes to its product launch, evaluation, and red-teaming processes to prevent future instances of bias. While Google's challenges have been well-publicized, it is worth noting that AI chatbots from other Big Tech and upstart competitors have displayed similarly biased and inaccurate responses.

We are still in the very early days of AI commercialization and expect the company to iterate and learn from occasional missteps as it launches new AI applications. Over the longer term, we believe Google's access to high-quality training data, its substantial distribution moat, its AI-optimized infrastructure and deep technical expertise are durable competitive advantages. Although overshadowed by the scrutiny around its chatbot, Google also recently unveiled its next-generation AI model, Gemini 1.5, which we believe is industry-leading and represents a step-change improvement in the amount of information an AI model can process. For example, Gemini 1.5 is capable of analyzing hour-long videos and codebases with over 30,000 lines of code. Google is uniquely well-positioned to deliver AI advances, like Gemini 1.5, cost-efficiently and at scale across its broad suite of consumer and Cloud apps, including six different products that each serve more than two billion users.

The cumulative impact of AI and machine learning enhancements is perhaps most evident in Google's core Search franchise. Google Search has evolved from its starting point as a simple results page with "10 blue links" and now provides summary answer snippets for informational and educational queries similar to AI chatbots without any of their latency. For more involved queries, for example, in travel, the company has developed specialized Google Flights and Hotels modules that offer consumers substantial utility and freedom to direct their discovery process. Innovation in Google Search has maintained its leading market position through multiple perceived "disruption" risks over time, including the platform transition from desktop-to-mobile and competitive threats from social media and verticalized search. Likewise, we view the company's integration of generative AI into a wider range of queries, not as a disruptive shift, but as a natural evolution of its Search product which will enhance the user experience and improve conversion for advertisers.

We continue to believe Google is one of the most advantaged and scaled players in AI with an unmatched business model. The company's stock currently trades at approximately 19 times forward earnings, a deep discount to its peers despite its similar rate of projected earnings growth.

Chipotle ("CMG")

Chipotle delivered outstanding results in 2023 driven by the company's continued focus on exceptional food and operational excellence. Same-store sales grew 8% in 2023, or 42% from 2019 levels. Traffic growth accelerated from 4% in the first quarter to more than 7% in the fourth quarter as customers responded to Chipotle's industry-leading value proposition, faster throughput, and successful menu innovations including its Chicken Al Pastor and Carne Asada limited time offerings. Customer feedback shows that Chipotle's offering is closely aligned with how today's consumer wants to eat, while serving higher quality food than its fast casual competitors at 20-30% lower prices.

Chipotle's robust sales growth and attractive unit economics resulted in 230bps of restaurant-level margin expansion in 2023. While management made encouraging progress during the year, it still sees significant opportunity to improve in-restaurant execution, which should further increase profitability and enhance the customer experience in the near term.

We believe Chipotle is in the early innings of a decades-long growth story. In North America, management expects to grow its restaurant count at a rate of 8% to 10% per annum, with the goal of more than doubling its store base to at least 7,000 locations. International expansion remains a largely untapped opportunity, with the company just beginning to increase investment in Europe and recently announcing its first-ever franchise agreement in the Middle East. In addition to opening new restaurants, Chipotle's many growth opportunities in existing restaurants include menu innovations, loyalty program enhancements, and the long-term potential to offer breakfast and leverage automation technology to simplify operations.

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. Since Patrick Doyle joined as Executive Chairman in November 2022, QSR has announced various strategic initiatives and begun providing investors with more details about the business. Coupled with significant investments over the last few years to drive more consistent growth across each of its brands, QSR has entered a new era of what we believe will be consistently stronger performance.

In February, the company hosted an investor day and introduced a five-year growth outlook comprising 3%+ annual comparable sales and 5%+ net restaurant growth, driving 8%+ system-wide sales and operating income growth. We believe the company can outperform these targets, as expenses will grow slower than sales while it laps its investments at Burger King in the U.S. The company also updated investors on franchisee profitability with significant improvements at each of its brands, including nearly 50% increases in franchise profitability at Burger King in the U.S. and 30% at Tim Hortons in Canada.

Burger King's turnaround in the U.S. is well underway and is now poised for acceleration. Comparable sales in the U.S. improved each quarter during the year despite the majority of the $400 million "Reclaim the Flame" program yet to be spent. To further accelerate the turnaround, the company announced plans to acquire its largest franchisee, Carrols, with the goal of fully modernizing and refranchising its restaurants over the next five to seven years. We believe these substantial investments will transform the majority of Burger King's restaurants to their modern image and help shift the franchise system towards smaller more entrepreneurial operators, setting the brand up for long-term success.

The company also revised its segment reporting and began providing standalone financials for its international business. In our view, this is the crown jewel of the company, as it is a pure franchised royalty business, with a decades-long opportunity for unit growth. In 2023, QSR's international business generated systemwide sales growth of 18% and operating income growth of 15%, despite temporary weakness in some markets. The international business comprises nearly half of QSR's restaurants and nearly a third of its operating income, a strong source of long-term growth and profitability for the company.

Despite economic weakness in China, we expect unit growth will be higher in 2024 than 2023 and will eventually return to the company's historic 5%+ growth rate. While QSR has made substantial progress across its brands, it still trades at a discount to its intrinsic value and its peers, which have lower long-term growth potential.

Hilton ("HLT")

Hilton is a high-quality, asset-light, high-margin business with significant long-term growth potential. Hilton generated strong financial performance in 2023 as revenue per available room ("RevPAR"), the industry metric for same-store sales, increased 13% year over year reflecting both the continued late-cycle international recovery from COVID-related industrywide disruption and strong domestic trends. Earnings-per-share grew 27% year over year, and are now ~60% above pre-COVID-19 levels reflecting the compounded benefit of Hilton's net unit growth, excellent cost control, and share buybacks.

Near-term industry trends remain favorable, which will continue to benefit from continued robust RevPAR growth balanced across still improving occupancy trends and continued strength in average daily room rate ("ADR"). While aggregate occupancy remains modestly below pre-COVID levels, it is poised to improve in 2024 driven by acceleration in business transient travel, record group demand, and strong international growth. Similarly, ADR growth is likely to continue given strong demand against a backdrop of record low domestic supply growth of net new rooms. As a result, 2024 RevPAR growth is likely to remain above long-term trends. For context, STR Global, the industry's leading hospitality research firm, is projecting 2024 U.S. RevPAR growth of 4%, while international RevPAR growth is likely to be even stronger.

Hilton's net unit growth is poised to accelerate in 2024 to ~6% or more. Hilton currently has the largest pipeline of rooms in the company's history at 462,000, of which nearly half are under construction. This growth is supported by both existing and new brand concepts including Spark and LivSmart Studios by Hilton, a new exclusive partnership with Small Luxury Hotels of the World, and the recently announced acquisition of the Graduate Hotels brand.

Over the medium-term, Hilton stands to benefit from continued RevPAR growth (which historically grows at a premium to inflation), the acceleration of net unit growth back to Hilton's historical industry-leading cadence of 6% to 7%, and continued strong growth from non-RevPAR fee earnings. Strong high-single-digit revenue growth combined with Hilton's excellent cost control, high incremental margins, and substantial capital return program should drive robust earnings growth for the foreseeable future.

Howard Hughes ("HHH")

HHH delivered strong business performance in 2023, highlighting the high-quality nature of its well-located master-planned communities ("MPCs") and resilient business model.

In its land sales segment, the company generated a record $341 million in full-year profits. New home sales in HHH's communities, a leading indicator of future land sales, increased an impressive 45% in 2023. The surge in new home sales continues to be driven by a significant shortage of resale housing inventory as existing homeowners are reluctant to give up their low-rate mortgages. This dynamic has led to robust homebuilder demand against a backdrop of limited supply of vacant lots in HHH's MPCs. The resulting supply-demand imbalance has supported strong pricing growth with the company's average price per acre for residential land sold exceeding $1 million in Q4 2023, up 22% year-over-year, a record-high milestone for the company.

HHH's portfolio of income-producing operating assets have generated rental rate increases and strong leasing activity contributing to net operating income growth of 4% in 2023. This strong operating performance has enabled the company to navigate a challenging capital markets environment for real estate. In 2023, the company closed $659 million of financings, including approximately $500 million of construction loans across six new development projects.

In October 2023, HHH announced plans to spin-off its newly-formed Seaport Entertainment division, which will include the Seaport District in New York City, the Las Vegas Aviators baseball team and stadium, and the company's ownership stake in Jean-Georges Restaurants. The company has appointed Anton Nikodemus, former President & COO of MGM CityCenter and an entertainment industry veteran with over 30 years of experience, as the CEO of Seaport Entertainment. We are optimistic Anton and his team will unlock significant embedded upside potential in Seaport Entertainment's unique collection of assets. Moreover, we believe the planned separation will further establish HHH as a streamlined, pure-play MPC company.

HHH is in the early stages of its decades-long value creation opportunity, and we expect the company to become substantially more free-cash-flow generative in the coming years. Pershing Square purchased an additional 3.0 million shares of HHH in 2023 at an average price of $72 per share and now owns 38% of the company. We believe our purchase price represents a deep discount to the company's intrinsic value given its uniquely advantaged business model and long-term growth prospects.

Canadian Pacific Kansas City ("CPKC")

CPKC is a high-quality, inflation-protected, unique North American railroad that operates in an oligopolistic industry with significant barriers to entry. In 2023, Canadian Pacific made history when it closed the acquisition of Kansas City Southern and renamed the combined company Canadian Pacific Kansas City, creating the only railroad with a direct route connecting Canada, the United States, and Mexico. This transformative acquisition will generate substantial long-term shareholder value as well as create competitive options for shippers and reduce greenhouse gas emissions by converting trucks to rail transportation.

In the 11 months since the acquisition closed, CPKC has already realized $350 million of run-rate revenue synergies, exceeding management's expectations, despite a soft demand environment. Broad-based contract wins across end markets including chemicals, automotive, and cross-border intermodal demonstrate the attractiveness of the company's unique service product.

CPKC is also ahead of plan on realizing cost synergies as the team successfully integrates the two networks after overcoming some operational challenges in Mexico. We believe CPKC is well on its way to achieving management's goal to more than double the company's earnings per share by 2028 while holding capital expenditures at current levels. We continue to believe that CPKC's one-of-a-kind network and superb team are well positioned to deliver profitable long-term growth in the coming years.

Fannie Mae ("Fannie") and Freddie Mac ("Freddie")

Fannie Mae and Freddie Mac remain valuable perpetual options on the companies' exit from conservatorship. There have been no material updates about the companies since our 2023 Semiannual Report.

Both entities continue to build capital through retained earnings which have increased their combined capital to $125 billion, what is already likely a fortress-level of capital. We continue to believe that the economic and political rationale for Fannie and Freddie's independence remains intact. The U.S. Presidential election in November 2024 may present the opportunity for a change in the status quo. Both companies' stock price increases in 2023 and year to date reflect optimism around a potential re-privatization in the event former President Trump is re-elected. The Trump administration had begun the process of releasing Fannie and Freddie from conservatorship, a process which would likely be completed in a future Trump administration.

Exited Equity Positions:

Lowe's ("LOW")

As discussed in the February Annual Investor Presentation, we exited our investment in Lowe's ("LOW") after a highly successful, nearly six-year holding period, thereby freeing up capital for new opportunities. Lowe's is a high-quality business with significant long-term earnings growth potential that has been successfully executing a multi-faceted business transformation in recent years.

We initiated the position in 2018 on the thesis that Lowe's refreshed board of directors would hire a world-class management team capable of closing the substantial operational and financial performance gap that then-existed relative to its direct competitor, Home Depot. We viewed the operating discrepancies with Home Depot to be largely a byproduct of poor focus and suboptimal management which could be fixed with excellent new leadership and renewed focus on operational excellence.

After initiating our position, Lowe's hired Marvin Ellison as CEO, a superb, former senior-level operations executive from Home Depot. Marvin quickly assembled a refreshed team of world-class operators and merchants who have successfully executed a substantial operational transformation in recent years: (1) substantial share gains by Lowe's in its professional and omnichannel markets, (2) five-year U.S. same-store sales growth of +32%, and (3) operating profit margin expansion of ~475bps (a 55% increase, with margins expanding from 8.6% to 13.3%). Lowe's earnings have increased approximately ~2.6x over this period and its share price has responded accordingly, increasing 175% from our average cost at announcement date to our average sale price.

While we continue to maintain a positive outlook for Lowe's long-term earnings prospects, we exited the position in late 2023 as we became concerned that volatile industry conditions created an uncertain near-term earnings trajectory, including downside risk to both Lowe's same-store sales and earnings. In that context, we thought that Lowe's valuation at the time of our sale largely reflected the company's future financial prospects. Lowe's subsequently guided towards another year of negative same-store sales and for earnings to decline in 2024.

We continue to monitor Lowe's business prospects and believe the company is positioned to continue to succeed over the long-term. Lowe's has been a highly successful investment for Pershing Square.

PUBLIC COMPANY ENGAGEMENT SINCE INCEPTION(18)

Long Positions

Wendy's 2004	Sears 2004	Plains Resources 2004	Atlantic Realty Trust 2004	SPI 2004	M 2005	Sears Canada 2005
Borders 2006	Ceridian 2006	Target 2007	GGP 2008	Longs Drugs 2008	EMC² 2008	Landry's Restaurants, Inc. 2009
Howard Hughes 2010	Fortune Brands 2010	Beam 2010	AB Alexander & Baldwin, Inc. 2010	jcp 2010	Canadian Pacific Railway 2011	Justice Holdings Ltd. 2011
P&G 2012	Platform Specialty Products Corporation 2013	Air Products 2013	FannieMae 2013	Freddie Mac We make home possible® 2013	zoetis 2014	Allergan 2014
Valeant Pharmaceuticals North America 2015	Nomad Foods 2015	Mondelēz International 2015	Chipotle 2016	ADP® 2017	Starbucks Coffee 2018	United Technologies 2018
Lowe's 2018	Hilton 2018	Agilent Technologies 2019	Starbucks Coffee 2020	Restaurant Brands International 2020	Pershing Square Tontine Holdings 2020	Universal Universal Music Group 2021
CPKC 2021	Google 2023	Pershing Square SPARC Holdings 2023				

Short Positions*

mbia Wisdom in Action℠ 2004	Ambac 2005	FannieMae 2007	Freddie Mac We make home possible® 2007	FSA® 2007	Herbalife. 2012

* Short Positions includes options, credit default swaps and other instruments that provide short economic exposure. Pershing Square has no current intention to initiate a public equity short position.

The companies on this page reflect all of the portfolio companies, long and short, as of March 19, 2024, in respect of which (a) Pershing Square or any Pershing Square Fund, as applicable, has designated a representative to the board, filed Schedule 13D, Form 4 or a similar non-US filing or has made a Hart-Scott Rodino filing; or (b) Pershing Square has publicly recommended changes to the company's strategy in an investment-specific white paper, letter or presentation.

Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying endnotes and disclaimers on pages 121-125.

Principal Risks and Uncertainties

The Board has ultimate responsibility for the Company's risk management. The Board recognizes that identifying the inherent risks related to the business and operations of the Company and developing an effective strategy to manage and mitigate these risks is crucial to the ongoing viability and success of the Company.

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 Board has established a Risk Committee, which at least annually carries out a robust assessment of the existing and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity.

The Risk Committee's assessment identified 44 existing risks relevant to the Company's business, including risks arising from the Company's investment activities, structure and operations as well as risks relating to shareholder engagement and regulatory compliance. The Risk Committee has considered the cause of each risk, the likelihood of the risk occurring, and the severity of the impact on the Company if the risk occurs, both before and after taking into account the controls in place to mitigate it. Based on this assessment, the Risk Committee has identified the subset of risks set out below as the principal risks faced by the Company. The discussion of each principal risk below also includes the effect of any applicable emerging risks identified by the Committee.

Risk	Description	Mitigating Factors
Investment Risk	The Company's investments are exposed to the risk of the loss of capital. There is no assurance that the Company's portfolio investments will increase in value and shareholders may lose all, or substantially all, of their investment in the Company. Failure to appropriately integrate risks into investment decisions or to manage risks to which the Company's investments are exposed, including Environmental, Social, and Governance ("ESG") risks such as climate change, may have a material negative impact on the Company's performance. The Board and Investment Manager have identified artificial intelligence (AI) as an emerging risk to the Company's investments.	The Investment Manager is an experienced investor and makes investment decisions in accordance with its investment principles as described in the Company's Investment Policy. The most important criterion in the Investment Manager's investment selection process is its view of the long-term quality of a business, which is informed by, among other things, the Investment Manager's assessment of the potential impact of risks to the business, including ESG risks, and how these risks are managed by its board and management. The Investment Manager assesses risks to the long-term success of the Company's investments by performing extensive research prior to making an investment decision and by ongoing monitoring to deeply understand each business and the industry in which it operates. The Investment Manager's approach to the management of ESG risks as a component of investment risk is further described in its ESG Statement available on the Company's website. The potential impact of AI is a primary concern of the Investment Manager when evaluating portfolio companies and the Investment Manager seeks to position the portfolio such that its constituents benefit from, rather than are disrupted by, AI. See the Portfolio Update in the Investment Manager's Report for further discussion of AI's impact on individual names. The Board receives quarterly updates on the performance of the Company's portfolio positions. The long-term interests of the Investment Manager are aligned with the Company's shareholders as a result of the substantial investment made by the Investment Manager's personnel in the Company.

Risk	Description	Mitigating Factors
Investment Manager's Authority	The Investment Manager has broad investment authority in executing the Company's strategy and may use whatever investment techniques it believes are suitable for the Company, including novel or untested approaches. In addition, the Company's strategy depends on the ability of the Investment Manager to successfully identify attractive investment opportunities. Performance fees may incentivize the Investment Manager to take on excessive risk within the portfolio.	The Board receives a report from the Investment Manager at each quarterly Board meeting, or as necessary, on developments and risks relating to portfolio positions, financial instruments, and the portfolio composition as a whole. The Investment Manager engages in a thorough diligence process for novel investment structures and is an experienced investor. The Investment Manager seeks to limit the impact of unsuccessful novel investments on the Company's performance by sizing them appropriately and regularly reevaluating any unrealized losses. The Investment Manager has no current intention to initiate a public equity short position. Performance fee calculation takes into account both unrealized gains and losses, and no performance fee is paid unless NAV appreciation exceeds the high water mark. Investment team compensation is based on performance of the overall portfolio rather than any individual position. The long-term interests of the Investment Manager are aligned with the Company's shareholders as a result of the substantial investment made by the Investment Manager's personnel in the Company.
Portfolio Concentration	The Investment Manager may invest a significant proportion of the Company's capital in a limited number of investments, including asymmetric hedges, subject to the Company's Investment Policy. Because the Company's portfolio is highly concentrated, it is sensitive to general market fluctuations and its investment results may be volatile. A concentrated portfolio also exacerbates the risk that a loss in any one position could have a material adverse impact on the Company's assets.	The Investment Manager performs extensive research prior to making new investments, along with ongoing monitoring of positions held in the Company's portfolio. The Investment Manager is mindful of sector and industry exposures and other correlations between businesses in which the Company invests. The Investment Manager will reduce position sizes accordingly in investments with greater leverage, business complexity or other factors that create a risk of substantial permanent impairment of value. The Board reviews portfolio concentrations and receives a detailed overview of the portfolio positions no less than quarterly, and more frequently as necessary. The Investment Policy prohibits investments by the Company in, or giving exposure to, the securities of any one issuer representing more than 25% of the Company's gross assets (assets on the statement of financial position prior to deduction of liabilities) measured at the time of making the investment.

Risk	Description	Mitigating Factors
Corporate Engagement	The Investment Manager is an engaged investor and may advocate for managerial, operating and governance changes, which may require the substantial use of time, resources and capital and may involve litigation by or in opposition to the target company's management, board or shareholders.	The Investment Manager has significant experience engaging constructively with the management of portfolio companies, and management has been supportive of its role in the substantial majority of such engagements. The Investment Manager takes an active role where it believes the commitment of time, energy, and capital is justified in light of the potential reward. The Investment Manager does not currently intend to initiate public equity short positions. The Board is kept informed of and reviews the Investment Manager's active engagements with portfolio companies.
Portfolio Liquidity Risk	The Company may be restricted from trading in certain securities in its portfolio for which the Investment Manager has board representation or for contractual, regulatory or other reasons. Stressful market conditions may prevent the Company from having sufficient liquidity to meet its liabilities when due.	The timing of the Company's significant liquidity events (e.g. bond coupon payments, bond maturities, dividends, etc.) is known well in advance by the Investment Manager. The Investment Manager actively monitors positions with trading restrictions to manage its future liquidity needs. The Investment Manager may sell securities subject to restrictions through block sales, during open trading windows or pursuant to automatic trading plans. When joining the board of an issuer, the Investment Manager typically seeks to receive registration rights to facilitate future sales. The Company invests primarily in large-capitalization securities which are highly liquid under normal market conditions. The Investment Manager actively manages the Company's cash and cash equivalents to ensure, as much as possible, that the Company will have sufficient liquidity under both normal and stressed market conditions.
NAV Discount	The Public Shares of the Company have in the past, currently and may in the future trade at a significant discount to NAV, which may affect demand for the Public Shares.	For a summary of actions the Company has taken to address the discount, please see "Discount to NAV" in the Report of the Directors. The Board monitors the trading activity of the shares on a regular basis and reviews the discount to NAV at its quarterly meetings. The Company has retained advisers to engage with existing and potential shareholders and to assist in its consideration of potential measures to reduce the discount of share price to NAV.
Regulatory Risk	Regulatory risk can negatively impact the Company in a number of ways. For example, changes in laws or regulations could have a detrimental impact on the Company's ability to freely acquire and dispose of certain securities or deploy certain investment techniques. In addition, failure to comply with laws or regulations can subject the Company to reputational damage and prosecutions.	Prior to initiating an investment, the Investment Manager considers the possible legal and regulatory issues that could impact its ability to achieve its objective with respect to such position. The Investment Manager's legal and compliance team (supported by professional external advisers) monitors regulatory changes on an ongoing basis and informs the Board of emerging risks. The Board and the Investment Manager maintain policies and procedures designed to prevent violations of applicable laws and regulations. The Board is provided with the Investment Manager's compliance manual and periodic updates thereto. The Board is apprised of any regulatory inquiries or material regulatory developments and receives quarterly updates from the Investment Manager's Chief Legal and Compliance Officer.

Risk	Description	Mitigating Factors
Key Personnel	The departure of Mr Ackman and Mr Israel or of a significant number of members of the investment team could have a material adverse effect on the Company's ability to achieve its investment objective.	To mitigate the risk of Mr Ackman's unforeseen departure, the Investment Manager appointed Ryan Israel, the longest-tenured member of the investment team, as Chief Investment Officer in August 2022. The investment team and other senior personnel of the Investment Manager are experienced, longstanding employees, and there is minimal turnover. While Mr Ackman has ultimate discretion with respect to all investment decisions, each member of the investment team plays a material role in the construction and management of the portfolio. The Investment Manager has structured the incentive compensation of key personnel to promote their retention and contribute to the long-term success of the Company. Sound corporate governance principles and segregation of duties are well established and effectively practiced. The Investment Manager maintains a contingency plan to facilitate an orderly transition in the management of the Company's affairs and communications to shareholders upon the occurrence of Mr Ackman's death or permanent disability.
Tax Risk	The Company may conduct its affairs in a way that places its tax status at risk. Changes to the tax laws of, or practice in a tax jurisdiction affecting the Company could adversely affect the value of the Company's investments and decrease the post-tax returns to shareholders. Investments in the Company may not be tax efficient for certain shareholders. The Investment Manager may make an investment or trading decision which takes into account tax consequences for some investors and/or is tax efficient for some shareholders, but which may result in adverse tax or economic consequences for other shareholders.	The Company aims to avoid adverse tax consequences and engages experienced tax advisers as appropriate.
Market Risk	Adverse changes affecting the global financial markets and global economy may have a material negative impact on the performance of the Company's investments or may cause the prices of financial and derivative instruments in which the Company invests to be highly volatile. The Board and the Investment Manager have identified AI and uncertainty regarding the outcome of U.S. federal elections in 2024 as emerging risks to the stability of global financial markets.	The Investment Manager monitors emerging risks to global markets as part of its portfolio management process. While the Company is not committed to maintaining market hedges at any time, the Investment Manager may seek to opportunistically invest in hedges to protect the Company's portfolio against specific macroeconomic risks and capitalize on market volatility. In order to mitigate market-related downside risk, the Company may acquire put options, short market indices or baskets of securities and/or purchase index or single-name credit default swaps, interest rate or currency hedges, or engage in other hedging strategies.

Risk	Description	Mitigating Factors
Information Security	An information security breach results in the disclosure of the Company's sensitive information and/or access to core systems being disrupted or denied. The Board and the Investment Manager identified as an emerging risk, developments in AI that could increase the number, precision and success of cyber attacks against the Company.	The Company's sensitive information is primarily maintained by the Investment Manager and the Administrator, which have implemented robust information security controls, frequent testing, periodic assessments and advanced monitoring of cybersecurity threats. The Investment Manager reviews the information security controls of service providers with access to sensitive Company information to ensure appropriate protections are in place. All core operating systems are regularly backed up. The Investment Manager assesses emerging threats to its information security, including the heightened risk posed by malicious use of AI in ransomware and other types of cyber attacks and has implemented additional monitoring of network traffic and integrated AI into its monitoring of user activity and phishing campaigns. The Information Security Committee of the Investment Manager meets semi-annually or more frequently as needed to evaluate information security risks and to review the effectiveness of the Investment Manager's information security controls. The Board receives quarterly updates on information security and a periodic overview of the Investment Manager's information security program.
Service Providers	Key service providers perform inadequately or expose the Company to risk. An external incident (e.g. pandemic, natural disaster) significantly disrupts key service providers.	The Investment Manager has adopted a vendor supervision policy and performs due diligence on service providers, including information security and business continuity reviews, in accordance with its assessment of their risk to the Company. The Investment Manager monitors key service providers through frequent contact and reports to the Board as needed. The Board advises on the engagement of service providers as appropriate and the Management Engagement Committee reviews key service providers at least annually.
Insurance	The Company is liable for claims due to the failure of an insurance underwriter or inadequate insurance coverage.	The Company and the Investment Manager maintain insurance policies with reputable insurance underwriters. Insurance arrangements and limits are reviewed annually by the Board to ensure they remain appropriate.

Directors

ANNE FARLOW

Independent Director

Chairman of the Board

Chairman of the Nomination and Management Engagement Committees

Ms Farlow, a Hong Kong resident, has been an independent Director of the Company since October 2014 and is an experienced private equity investment professional and non-executive director. She is a non-executive director of BlueRiver Acquisition Corp., listed on the New York Stock Exchange, and Caledonia Investments plc, listed on the London Stock Exchange and is on the Development Committee of Sidney Sussex College, Cambridge. She has been an active investor in and non-executive director of various unlisted companies since 2005.

From 2000 to 2005, she was a director of Providence Equity Partners in London, and was one of the partners responsible for investing a $2.8 billion fund in telecom and media companies in Europe.

From 1992 to 2000, she was a director of Electra Partners, and was based in London from 1992 to 1996 and Hong Kong from 1996 to 2000. Prior to working in private equity, Ms Farlow worked as a banker for Morgan Stanley in New York, and as a management consultant for Bain and Company in London, Sydney and Jakarta.

Ms Farlow graduated from Cambridge University with a MA in engineering in 1986 and a MEng in chemical engineering in 1987. She obtained an MBA from Harvard Business School in 1991.

NICHOLAS BOTTA

Mr Botta, a U.S. resident, has been a Director of the Company since March 2012. He is also a director of Pershing Square International, Ltd., and a trustee of Pershing Square USA, Ltd. Until March 1, 2017, when Mr Botta became President of the Investment Manager, he was the Investment Manager's Chief Financial Officer.

He also worked as controller and then as Chief Financial Officer of Gotham Partners from 2000 to 2003. From 1997 to 2000, Mr Botta was a senior auditor at Deloitte & Touche in its securities group. He was also a senior accountant from 1995 to 1997 for Richard A. Eisner & Co., LLP.

Mr Botta received his Bachelor of Accounting from Bernard Baruch College in 1996. Mr Botta is a certified public accountant.

BRONWYN CURTIS, OBE

Senior Independent Director

Chairman of the Remuneration Committee

Ms Curtis, a UK resident, has been an independent Director of the Company since April 2018. Ms Curtis is a global financial economist who has held senior executive positions in both the financial and media sectors. She currently serves as a non-executive director of a number of institutions including the UK Office for Budget Responsibility, BH Macro, Mercator Media, TwentyFour Income Fund, and Scottish American Investment Co.

She has also been a Governor at the London School of Economics. Ms Curtis held several senior positions at HSBC from 2008 to 2012 where she managed the global research operations and portfolio including the economic, fixed income, foreign exchange and equity products. From 1999 to 2006, Ms Curtis was the Head of European Broadcast at Bloomberg LP.

Prior to joining Bloomberg, she held positions at Nomura International and Deutsche Bank and worked as a consultant for the World Bank and the UN. Ms Curtis has an honours degree in Economics from LaTrobe University, Australia and a Masters in Economics from the London School of Economics.

ANDREW HENTON

Independent Director

Chairman of the Audit and Risk Committees

Mr Henton, a Guernsey resident, has been an independent director of the Company since September 2020. Mr Henton has wide board experience of both regulated and non-regulated businesses (including listed funds) in both executive and non-executive capacities. He also serves as chair of Onward Opportunities Limited listed on the LSE. He currently serves on the boards of several private entities. He is a non-executive member of the board of Utmost Worldwide Limited and SW7 Holdings Limited and is a board member and audit chair of Butterfield Bank Guernsey Limited. He serves as a member of the board of TaDaweb S.A., Longview Partners (Guernsey) Limited and Close Brothers Asset Management (Guernsey) Limited. He also previously served as the chair of the board of Boussard & Gavaudan Holding Limited, a listed closed-ended investment company.

Between 2002 and 2011, Mr Henton held various positions at Close Brothers Group plc, latterly acting as Head of Offshore Businesses. During this time, he led the creation of Close Private Bank, which provided asset management, banking, and administration services to high net worth and institutional clients. Mr Henton previously spent four years working in HSBC's Corporate Finance division and three years as a Fund Manager with Baring Private Equity Partners.

He graduated from Oxford University in 1991 and subsequently qualified as a Chartered Accountant with PricewaterhouseCoopers in London.

TOPE LAWANI

Independent Director

Mr Lawani, a Nigerian national, has been an independent director of the Company since April 2021. He is a co-founder and managing partner of Helios Investment Partners and co-CEO and a director of Helios Fairfax Partners Corp (TSX:HFPC). Prior to forming Helios, he was a principal in the San Francisco and London offices of TPG Capital. He began his career as a mergers & acquisitions and corporate development analyst at the Walt Disney Company.

Mr Lawani serves as a non-executive director of Helios Towers plc. and NBA Africa. Mr Lawani is a member of the Harvard Law School Dean's Advisory Board and the international board of The END Fund, a leader in the global health movement to tackle Neglected Tropical Diseases.

He previously was a non-executive director of several public companies, including Vivo Energy plc., Equity Group Holdings Plc (NSE-NAIROBI:EQTY.NR), First City Monument Bank Plc (NSE:FCMB), and Millicom International Cellular (NASDAQ:TIGO). He also previously was a member of the MIT Corporation (Massachusetts Institute of Technology's Board of Trustees), served as a board observer of the board of directors of J. Crew, Inc. and Burger King Corp., and on the MIT School of Engineering Dean's Advisory Council, the Overseers' Visiting Committee of the Harvard Business School, the MIT OpenCourseWare Advisory Board and on the Board of Directors of the Emerging Markets Private Equity Association (EMPEA).

Mr Lawani received a B.S. in Chemical Engineering (with a Minor in Economics) from the Massachusetts Institute of Technology, a Juris Doctorate (cum laude) from Harvard Law School and an MBA from Harvard Business School. He is fluent in Yoruba, a widely spoken West African language.

RUPERT MORLEY

Independent Director

Mr Morley, a UK resident, has been an independent Director of the Company since April 2021. Mr Morley is the chairman of the board of Bremont Watch Company and a trustee of Comic Relief and chair of its investment advisory group and its commercial subsidiary, Comic Relief Ltd. Mr Morley previously served as CEO of Sterling Relocation, Hamptons estate agency and Propertyfinder.co.uk and managing director of Swan Hellenic Cruises. He also previously served as operations director of Brierley Investments Limited, a non-executive director of Thistle Hotels, English Welsh & Scottish Railways and Graham-Field Health Products and president of the Fédération Internationale des Déménageurs Internationaux (FIDI).

He has a degree in economics from Cambridge University and an MBA from Harvard Business School where he was a Kennedy Scholar.

Report of the Directors

We present the Annual Report and Financial Statements of the Company for the year ended December 31, 2023.

PRINCIPAL ACTIVITY

The Company was incorporated in Guernsey, Channel Islands 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 1, 2014, the Guernsey Financial Services Commission ("GFSC") approved the conversion of the Company into a registered closed-ended investment scheme.

Please refer to Note 11 for further information on the various classes of shares (any reference to "Note" herein shall refer to the Notes to the Financial Statements).

INVESTMENT POLICY

The Company's investment objective is to preserve capital and seek maximum, long-term capital appreciation commensurate with reasonable risk. For these purposes, risk is defined as the probability of permanent loss of capital, rather than price volatility.

In its value approach to investing, the Company seeks to invest in long (and occasionally short) investment opportunities that the Investment Manager believes exhibit significant valuation discrepancies between current trading prices and intrinsic business (or net asset) value, often with a catalyst for value recognition.

The Investment Manager may also seek short sale investments that offer absolute return opportunities. In addition, the Investment Manager may short individual securities to hedge or reduce long exposures.

The Company will not make an initial investment in the equity of companies whose securities are not publicly traded (i.e., private equity) but may invest in privately placed securities of public issuers and publicly traded securities of private issuers. Notwithstanding the foregoing, it is possible that, in limited circumstances, public companies in which the Company has invested may later be taken private, and we may make additional investments in the equity or debt of such companies. The Company may make investments in the debt securities of a private company, provided that there is an observable market price for such debt securities.

The Company may invest in long and short positions in equity or debt securities of U.S. and non-U.S. issuers (including securities convertible into equity or debt securities); distressed securities, rights, options and warrants; bonds, notes and equity and debt indices; swaps (including equity, foreign exchange, interest rate, commodity and credit default swaps), swaptions, and other derivatives; instruments such as futures contracts, foreign currency, forward contracts on stock indices and structured equity or fixed-income products (including without limitation, asset-backed securities, mortgage-backed securities, mezzanine loans, commercial loans, mortgages and bank debt); exchange traded funds and any other financial instruments the Investment Manager believes will achieve the Company's investment objective. The Company may invest in securities sold pursuant to initial public offerings. Investments in options on financial indices may be used to establish or increase long or short positions or to hedge the Company's investments. In order to mitigate market-related downside risk, the Company may acquire put options, short market indices, baskets of securities and/or purchase credit default swaps, but is not committed to maintaining market hedges at any time.

A substantial majority of the Company's portfolio is typically allocated to 8 to 12 core holdings usually comprised of liquid, listed mid-to-large capitalization North American companies.

So long as the Company relies on certain exemptions from investment company status under the U.S. Investment Company Act of 1940, as amended, the Company will not purchase more than 3% of the outstanding voting securities of any SEC-registered investment company. The Company will not invest more than 10%, in aggregate, of its total assets in other UK-listed closed-ended investment funds. In addition, investments by the Company in, or giving exposure to, the securities of any one issuer may not, in the aggregate, represent more than 25% of the Company's gross assets, measured at the time the investment is made.

To date, the Company has generally implemented substantially similar investment objectives, policies and strategies as the other investment funds managed by the Investment Manager and its affiliates. Allocation of investment opportunities and rebalancing or internal "cross" transactions are typically made on a pro-rata basis. However, the Investment Manager may abstain from effecting a cross transaction or only effect a partial cross transaction if it determines, in its sole discretion, that a cross transaction, or a portion thereof, is not in the best interests of a fund (for example, because a security or financial instrument is held by such fund in the appropriate ratio relative to its adjusted net asset value, or because a security or financial instrument should be divested, in whole or in part, by the other funds) or as a result of tax, regulatory, risk or other considerations.

The Company may hold its assets in cash, cash equivalents and/or U.S. Treasurys pending the identification of new investment opportunities by the Investment Manager. There is no limit on the amount of the Company's assets that may be held in cash or cash equivalent investments at any time.

The Board has adopted a policy pursuant to which the borrowing ratio of the Company, defined for this purpose as the ratio of the aggregate principal amount of all borrowed money (including margin loans) to total assets (pursuant to the latest annual or semi-annual Financial Statements of the Company), shall in no event exceed 50% at the time of incurrence of any borrowing or its drawdown (e.g. a borrowing under a line of credit). The Board may amend the Company's borrowing policy from time to time, although the Board may not increase or decrease the Company's maximum borrowing ratio without the prior consent of the Investment Manager. This borrowing policy does not apply to and does not limit the leverage inherent in the use of derivative instruments.

The Company may use derivatives, including equity options, in order to obtain security-specific, non-recourse leverage in an effort to reduce the capital commitment to a specific investment, while potentially enhancing the returns on the capital invested in that investment.

The Company may also use derivatives, such as equity and credit derivatives and put options, to achieve a synthetic short position in a company without exposing the Company to some of the typical risks of short selling, which include the possibility of unlimited losses and the risks associated with maintaining a stock borrow. The Company generally does not use total return swaps to obtain leverage, but rather to manage regulatory, tax, legal or other issues.

Material changes to the Company's Investment Policy require approval by a special resolution of the holders of Public Shares.

RESULTS AND NAV

The Company had a gain attributable to all shareholders for the year ended December 31, 2023 of $2.49 billion (2022: loss of $1.17 billion). The net assets attributable to all shareholders at December 31, 2023 were $12.06 billion (2022: $9.88 billion). For the Company's performance returns, please see the Company Performance and Financial Highlights sections on pages 2 and 117, respectively.

The Company announces the weekly and monthly NAV and investment performance of its Public Shares to the Euronext Amsterdam and LSE exchanges and publishes this information on the Company's website (www.pershingsquareholdings.com). In addition, transparency reports created by the Administrator are published on the Company's website.

The Company released semi-annual financial statements on August 18, 2023 relating to the first half of 2023. The Company intends to release semi-annual financial statements for the first half of 2024 in the third quarter.

DISCOUNT TO NAV

The Board monitors the discount to NAV at which the Company's Public Shares trade closely and seeks opportunities to narrow it. The Board is pleased that the discount narrowed by 4.5% in 2023, from 33.2% at the beginning of the year to 28.7% as of December 31, 2023, and has narrowed further to 26.3% as of March 19, 2024. The Board believes that its actions since 2017, along with strong investment performance of 31.2% annual net returns over the past five years, have meaningfully contributed to this progress. The Board and the Investment Manager continue to believe that the Public Shares are undervalued and remain focused on delivering positive performance and attracting long-term investors to further narrow the discount.

The Company has taken a variety of actions to better position the Public Shares as an attractive investment opportunity to potential investors in the UK and internationally, including adding a listing on the Main Market of the LSE (2017), adding a USD denominated LSE quotation (2018), and initiating a quarterly dividend (2019). As a result of these actions, and the Company's admission to the FTSE 100 in December 2020, the visibility of the Company has continued to grow over time.

In January 2022, the Company moved to the North American investment sector of the Association of Investment Companies from the Hedge Fund sector, which more accurately reflects the Company's investment focus. The Company also amended its dividend policy in 2022 such that dividends will increase with the Company's NAV. As a result, the Company's 2024 quarterly dividend increased to $0.1456 per Public Share from $0.1307 per Public Share paid in 2023. Further details regarding the Company's dividend policy are in "Dividends" on page 34. The Company also engaged Cadarn Capital Ltd ("Cadarn Capital") and LodeRock Advisors Inc. ("LodeRock") in June and September 2023, respectively, to provide strategic marketing advice and develop shareholder engagement strategies over a wider geographic focus.

At the Company's 2024 investor event, the Investment Manager and the Board announced an amendment to the IMA's performance fee offset provisions. Under the previous arrangement, the Company received a fee reduction of 20% of performance fees earned by the Investment Manager on current and certain future non-PSH funds only once the Investment Manager recovered $120 million of costs it incurred in connection with PSH's initial public offering, of which $36 million remained as of December 31, 2023. The amendment eliminated the Investment Manager's right to receive the outstanding $36 million, and expanded the fee reduction to also include 20% of any management fees earned from any non-PSH Pershing Square funds that invest in public securities (specifically including those that do not have performance fees, which until now had been excluded).

The Company announced two new share buyback programs in June and November of 2023 (the "2023 Share Buyback Programs") of $100 million or for up to 5 million of the Company's outstanding Public Shares and $250 million or for up to 10 million of the Company's outstanding Public Shares, respectively. The Company repurchased 5,397,296 Public shares in 2023 for $204.6 million at an average discount of 34.3%, which completed the July 2022 share buyback program and represented 48.1% of the 2023 Share Buyback Programs. 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 64,493,975 Public Shares for $1.3 billion at an average discount of 29.2% through December 31, 2023.

The Company intends to propose that shareholders renew the Company's general share buyback authority at the Company's 2024 Annual General Meeting to allow the Company to engage in share buybacks up to a maximum of 14.99% of the Public Shares outstanding. If approved by shareholders, the Board may decide to utilize the share buyback authority to make further acquisitions of Public Shares in the market if it and the Investment Manager determine it is likely to be an effective use of capital after taking into consideration the discount at which shares would be repurchased, unencumbered cash, investment opportunities, current portfolio holdings, leverage and other factors, and in the best long-term interests of shareholders.

The Board continues to be satisfied that the interests of PSH shareholders and the Investment Manager are closely aligned. Affiliates of the Investment Manager beneficially owned approximately 27% of the Company at December 31, 2023 (December 31, 2022: 26%). The Board believes the investment in the Company by the Investment Manager's team has created a strong incentive for the Investment Manager to generate positive investment performance, which the Board believes will increase the Company's share price and reduce the discount to NAV over the long term. The Board also welcomes the anticipated repeal of the PRIIPS Regulation.

BONDS IN ISSUE

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 of 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 issued €500 million of Senior Notes maturing on October 1, 2027 (the "2027 Bonds" and together with the 2039 Bonds, 2032 Bonds, 2030 Bonds and 2031 Bonds, the "Outstanding Bonds"). The 2027 Bonds were issued at 99.869% of par with a coupon rate of 1.375% per annum.

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

On June 26, 2015, the Company closed on the offering of $1 billion Senior Notes that matured on July 15, 2022 (the "2022 Bonds" and together with the Outstanding Bonds, the "Bonds"). On June 15, 2022, the Company redeemed all outstanding 2022 Bonds. Following the redemption, the 2022 Bonds were retired.

DIVIDENDS

On March 28, 2022, the Company announced that quarterly dividends for 2023 and future years would be paid in an amount determined by multiplying the Company's average NAV per Public Share for all trading days in December of the prior year by 0.25%, subject to a cap on the total dividends paid for the year of 125% of the average of the 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 the dividend in future years, even if the NAV per Public Share were to decline. On January 11, 2024, the Company announced a quarterly dividend of $0.1456 per Public Share for 2024.

The Special Voting Share (see Note 11) receives a proportionate quarterly dividend based on its respective net asset value per share, which is contributed to charity. Dividends will be paid in USD 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 ("DRIP") administered by an affiliate of Link Market Services Limited ("Link"), the Company's registrar. Further information regarding the dividend, including the anticipated 2024 dividend payment schedule and how to make these elections, is available at www.pershingsquareholdings.com/psh-dividend-information.

Each dividend is subject to a determination that, after the payment of the dividend, the Company will meet 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 year ended December 31, 2023, the Company paid dividends of $98,781,277, a net increase of $5,510,265 from the amount it paid in 2022 due to the increase in the Company's NAV per Public Share.

DIRECTORS

The present members of the Board, all of whom are non-executive Directors, are listed on pages 28-30. Further information regarding the Board is provided in the Corporate Governance Report.

The Company maintains directors' and officers' liability insurance in relation to the actions of the Directors on behalf of the Company. Information regarding Directors' remuneration and ownership in the Company is set out in the Directors' Remuneration Report on pages 42-44.

MATERIAL CONTRACTS

The Company's material contracts are with:

- PSCM, the Investment Manager to the Company. PSCM receives a quarterly management fee and may receive a performance fee from the Company as described more fully in Note 15.
- Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust"), the Company's Administrator and Company Secretary. The Administrator provides the Company with administration services, including, among other things, the computation of the Company's NAV and the maintenance of the Company's accounting and statutory records.
- Link, the Company's registrar. The Company has also engaged an affiliate of Link to administer the Company's DRIP.
- Goldman Sachs & Co. LLC and UBS Securities LLC, the Company's Prime Brokers and custodians.
- The Bank of New York Mellon, the Company's bond indenture trustee, custodian and securities intermediary for derivatives subject to uncleared margin rules.
- Jefferies International Limited ("Jefferies"), the Company's corporate broker and buyback agent. Jefferies also previously served as the adviser for the Company's share tender offer and was the Company's sponsor in connection with its LSE listing.

- Cadarn Capital and LodeRock, investor relations advisers to the Company based in the UK and Canada, respectively. The Company's engagement of Frostrow Capital LLC expired on June 30, 2023.

Although the Investment Manager is authorized to engage service providers on behalf of the Company, the Board is advised of and given the opportunity to review and execute material contracts.

The Board and, where appropriate, the Investment Manager monitor the performance of these service providers throughout the year, and the Management Engagement Committee conducts a formal review annually. For further details of the review conducted by the Management Engagement Committee of these and other service providers to the Company, please see "Management Engagement Committee" in the Corporate Governance Report.

The Board has reviewed the recommendations of the Management Engagement Committee with respect to the engagement of the Investment Manager and the Company's other material service providers and agrees with the Committee's conclusion that their continued appointment is in the interests of the Company's shareholders as a whole. The Board will continue to monitor their performance closely.

ESG

As an investment company without employees or physical operations, the Company does not directly engage in activities that impact the environment or the community. Although the Board has delegated the responsibility for making individual investment decisions to the Investment Manager, the Board has encouraged the Investment Manager to consider ESG best practices, including the risks and impact of climate change, within its own organization, and to actively engage on these issues with its portfolio companies when appropriate.

As further described in the Investment Manager's ESG Statement, available on the Company's website, the Investment Manager has integrated ESG into its investment selection, risk management and stewardship processes, and has embedded ESG considerations into its operations as a firm. The Investment Manager analyzes the exposure of a business to ESG risks and its approach to ESG at the time of its initial investment and as part of its ongoing stewardship by performing extensive diligence on the business, the industry sector and the context in which the business operates. A business that has not addressed material ESG risks or that has unsustainable business practices will generally not meet the Investment Manager's investment criteria unless the Investment Manager's intent is to use its influence to actively address these issues. As highlighted in "Public Company Engagement Since Inception", the Investment Manager continues to be an engaged investor on the Company's behalf, and it considers many of the Company's current portfolio companies to be active engagements. The Investment Manager has formal representation on the boards of HHH and UMG, and an ongoing informal dialogue with representatives of other portfolio companies.

The Investment Manager provides a detailed portfolio review to the Board at each quarterly Board meeting and discusses any material ESG issues at each portfolio company as part of its report. Topics discussed in 2023 meetings included the impact of the U.S. labor market on the portfolio, governance at UMG and privacy and consumer data at GOOG.

In addition, the Investment Manager's Portfolio Update on pages 15-21 incorporates material ESG-related developments at each portfolio company where appropriate. The Board has been pleased to note that all of the Company's portfolio companies have addressed ESG issues and sustainability as part of their strategic planning, including by adopting ambitious environmental stewardship programs, personnel initiatives, public advocacy and by measuring their progress toward sustainability targets. Links to the ESG practices of each portfolio company are available in the Investment Manager's ESG Statement on the Company's website. The Board will continue to monitor the Investment Manager's integration of ESG issues into investment decisions to ensure its approach promotes the long-term success of the Company and the sustainability of the Company's business model.

The Investment Manager continues to build a diverse team of high-performance professionals and seeks meaningful ways to promote an inclusive work environment, care for its employees and contribute to charitable and community projects. The Investment Manager donated $869,900 to charitable causes in 2023 and employees participated in a community revitalization project near the office and served meals at a community mission. In addition, the CEO of the Investment Manager is co-Trustee of The Pershing Square Foundation, a family foundation, and two affiliated charitable entities, which made $134.5 million in grants in 2023.

MODERN SLAVERY ACT 2015

Although the Company does not fall within the scope of the UK Modern Slavery Act 2015, it has assessed its supply chains for potential sources of modern slavery or human trafficking. The Company has minimal contact with countries and sectors most likely to have a risk of modern slavery or human trafficking. The Company's major suppliers are providers of professional services, including the Investment Manager, Administrator, auditor and other legal and financial advisors. These suppliers operate in the United States, United Kingdom, Western Europe, and other countries that are generally regarded as low risk. Prior to engaging a supplier with higher-risk attributes, the Company will perform additional due diligence on the supplier's employment practices to ensure that it is not engaged in modern slavery or human trafficking.

SECTION 172(1) STATEMENT

The Directors have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to its stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006, in the decisions taken during the year ended December 31, 2023 as described in this Report of the Directors.

The following are some examples of how the Directors have discharged their section 172 duties during the year:

- The Board has identified shareholders as key stakeholders and actively sought to engage with them. As a closed-ended investment company, PSH has no employees or operations, and its shareholders are both customers and investors. The Board's approach to engagement with its stakeholders is discussed further in "Shareholder Engagement."
- The Board has maintained close relationships with its major suppliers of services – the Investment Manager, Administrator, auditor, and its other professional service providers.
- The 2023 Share Buyback Programs authorized by the Board permitted the Company to repurchase 4,347,320 Public Shares at an average discount of 34.6% for the benefit of shareholders.
- The Board continued to responsibly manage the Company's debt obligations to maintain conservative debt levels and investment-grade ratings.
- The Board explored the options for listing the Company in the U.S., ultimately concluding it was not viable due to regulatory restrictions and other issues.
- The Board commenced a search process for Ms Farlow's replacement in 2023. The Board's nomination of Rupert Morley to replace her as Company Chairman and Charlotte Denton as an additional Guernsey-based director ensures a smooth transition of the Chairman role to an experienced member of the Board while reflecting the Board's planning for future succession.

- The engagement of Cadarn Capital and LodeRock in 2023 renewed the Company's global marketing efforts.
- The Board continues to monitor the Investment Manager's approach to ESG issues to ensure that the Company's investment activities are consistent with the long-term success of the Company and for the benefit of the Company's stakeholders. The Board's approach is discussed further in "ESG".

Further details regarding the processes by which the Board has considered the requirements of 172(1) in its decision-making are included in "The Board's Processes" in the Corporate Governance Report.

SHAREHOLDER ENGAGEMENT

As the Company's shareholders are also its customers, the Board recognizes the importance of soliciting shareholder feedback to understand shareholders' issues and to address their concerns regarding the Company. The Company's dual-format (in-person and virtual) 2024 investor event generated record shareholder interest and provided the Chairman and Directors an opportunity to meet shareholders and address their questions. The Chairman also met with shareholders in April, May and November 2023. The Chairman and other Directors intend to continue meeting with shareholders as their schedules permit.

The Board regularly assesses the nature and quality of its and the Investment Manager's engagement with shareholders. To ensure the Board remains apprised of shareholder requests and feedback, the Board and the Investment Manager have adopted procedures governing interactions with shareholders. In addition, Company announcements, other than routine or portfolio-related announcements, are approved by the Chairman and the Senior Independent Director prior to their release. The Board receives quarterly updates from the Investment Manager regarding investor contact during the quarter, which include, among other items, a summary of common discussion topics, selected meeting highlights, and metrics regarding the number, type, location and investment timeframe of shareholders contacted.

To understand the views of the Company's key stakeholders, and to assist the Board's consideration of shareholder interests, the Investment Manager maintains regular contact with shareholders via quarterly communications, including semi-annual investor calls and letters to shareholders, the annual investor presentation, the publication of weekly and monthly NAV estimates, and on an ad-hoc basis when queries from shareholders arise. In addition, a representative of the investor relations team is present for the substantial majority of board discussions regarding key decisions to be made by the Board.

The Investment Manager continues to augment formal shareholder communications with in-person and virtual shareholder calls and meetings. Over the course of 2023, the Investment Manager conducted hundreds of shareholder calls and meetings, thereby efficiently engaging with holders of a majority of the Company's Public Shares, including several of the Company's largest shareholders, representing a variety of regions, types, and investment strategies.

Jefferies continued to act as corporate broker to the Company during 2023 to support communications with shareholders and advise the Company on shareholder sentiment. The Company also engaged Cadarn Capital and LodeRock to complement Jefferies' services. Cadarn Capital and LodeRock provide targeted investor relations advisory services that are focused on raising the Company's international profile and cultivating demand from global wealth managers, retail/adviser platforms and institutional investors. Their activities include advising on the Company's marketing strategy, identifying and liaising with their respective target markets, organizing one-to-one investor meetings and sharing shareholder insights. Jefferies, Cadarn Capital and the Investment Manager met with potential investors in Asia and Europe in October 2023 and the Company has seen increased interest from these regions as well as from the Middle East. Investor feedback from meetings conducted by Jefferies, Cadarn Capital and LodeRock is reported to the Board on a regular basis.

Shareholders receive a live update from the Chairman of the Board and the Investment Manager at the Company's annual investor event. The Company's 2024 annual investor event was held in-person and webcast simultaneously on February 8, 2024, providing greater accessibility to shareholders unable to attend in person and eliminating the cost of travel. The 2024 event was the largest in the Company's history, with shareholders in attendance representing approximately 45% of NAV (excluding affiliate ownership). On a more formal basis, the Directors reported to shareholders throughout the year with the publication of the annual and semi-annual reports.

Shareholders may contact the Directors in writing at the Company's registered office or by email at PSHDirectors@ntrs.com.

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 on pages 23-27 and in Note 13.

The Board has considered the financial prospects of the Company through April 30, 2025 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 December 31, 2023 of $12,062,607,027;
- The liquidity of the Company's assets (at December 31, 2023, 94.5% of its assets comprised of cash and cash equivalents and Level 1 assets);
- The Company's total indebtedness to total capital ratio of 16.5% at December 31, 2023;
- The liquidity of the Company's assets relative to the future interest and redemption obligations of the Outstanding Bonds; and
- The low level of fixed operating expenses relative to net assets, such expenses approximating 2.5% for the year ended December 31, 2023.

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 the Company is well placed to manage its business risks. Furthermore, the Directors confirm 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 Financial Statements.

VIABILITY STATEMENT

In accordance with Principle 33 of the Association of Investment Companies ("AIC") Code, the Board has carefully considered the existing and emerging risks set out in Principal Risks and Uncertainties alongside the measures in place to mitigate those risks — both at the Investment Manager level and the Company level. It has determined that those controls are sufficient such that the risks will not likely impair the long-term viability of the business. The Board has made this assessment with respect to the upcoming three-year period ending December 31, 2026.

The Board has also evaluated the sustainability of the Company's business model, taking into account its investment objectives, sources of capital and strategy. The Board believes the Company's closed-ended structure and Investment Policy position it to invest over the long-term, and provide the Company with the flexibility to meet its investment objective in a variety of market conditions. In particular, the Board notes the strong 2023 performance of the Company's equity portfolio and the launch of SPARC in September 2023.

The Board has also evaluated quantitative data as of December 31, 2023 including net assets attributable to shareholders, the liquidity of the Company's assets, and the Company's total liabilities. It has also considered projections of expected net cash outflows for the next three years. The Board believes a three-year timeframe is appropriate given the general business conditions affecting the Company's portfolio positions, the typical duration of equity positions taken by the Company and the regulatory environment in which the Company operates, which is undergoing constant change. The Board is confident these projections can be relied upon to form a conclusion as to the viability of the Company with a reasonable degree of accuracy over the three-year timeframe.

On the basis of these projections and the considerations described above, the Board has determined that the Company will remain viable for the upcoming three-year period. This assessment is conducted annually by the Board.

KEY INFORMATION DOCUMENT

The Company has prepared a standardized Key Information Document ("KID") conforming to the requirements of the EU Packaged Retail and Insurance-Based Investment Products Regulation. The KID is updated at least annually and is available on the Company's website (www.pershingsquareholdings.com/company-documents).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008 requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss of the Company for that year. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008, Protection of Investors (Bailiwick of Guernsey) Law, 2020, the listing requirements of Euronext Amsterdam and the UK Listing Authority, the Company's governing documents and applicable regulations under English and Dutch law. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms to the best of her or his knowledge and belief that:

- the Financial Statements, prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced.

The Directors further confirm that they have complied with the above requirements, and that this Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each of the Directors is aware, there is no information relevant to the audit of which the Company's auditor is unaware, and each has taken all steps he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board.

/s/ Anne Farlow	/s/ Andrew Henton
Anne Farlow	Andrew Henton
Chairman of the Board	Chairman of the Audit Committee
March 22, 2024	March 22, 2024

Directors’ Remuneration Report

The Board aims to compensate the Directors in a manner that promotes the strategy and long-term success of the Company, and has formed a Remuneration Committee to ensure that the Company maintains fair and appropriate remuneration policies and controls. The Remuneration Committee has been delegated responsibility for determining the remuneration of the Chairman and recommending remuneration for the non-executive Directors of the Company.

The Remuneration Committee consists of Ms Curtis and Mr Morley. Ms Palandjian was a member of the Committee until her retirement from the Board on January 1, 2024. Ms Curtis is the Chairman of the Remuneration Committee. The Board will select a replacement for Ms Palandjian at the May 2024 Board meeting. The Committee is encouraged to exercise independent judgment when considering the remuneration of each Director.

The Directors, other than Mr Botta, are all independent non-executive Directors. The Directors are the only officers of the Company. Each Director has executed an appointment letter setting forth his or her responsibilities. Copies of the Directors’ letters of appointment are available upon request from the Company Secretary, and will be available for inspection at the annual general meeting.

DIRECTOR REMUNERATION POLICY

The Directors shall be paid such remuneration for their services as determined by the Board, save that, unless otherwise approved by ordinary resolution, each Director’s remuneration shall not exceed £150,000 per annum, the limit set in the Company’s Articles of Incorporation. All Directors are entitled to be reimbursed for all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. At the recommendation of the Remuneration Committee, the Board has adopted a travel and expense policy to ensure business expenditures are appropriate and cost-effective.

The Remuneration Committee, in making its recommendations, will take into account the Company’s and each Director’s performance, the time commitments and responsibilities of the Directors, the level of skill and experience of each Director, overall market conditions, remuneration paid by companies of similar size and complexity, and any other factors the Committee determines are relevant. The Remuneration Committee may recommend that additional remuneration be paid, from time to time, on a time spent basis to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company. The Committee’s review may not result in any changes to previous recommendations to the Board.

Only Directors unaffiliated with the Investment Manager will receive fees for their services. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance-related benefits. No Director will be involved in deciding their own remuneration.

The Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities arising out of any claims made against them in connection with the performance of their duties as a Director of the Company.

All Directors are required to submit themselves for re-election by shareholders at each annual general meeting in accordance with the Articles of Incorporation of the Company. On termination of the appointment, Directors are entitled to fees accrued through the date of termination, together with reimbursement of expenses incurred prior to that date. The Company does not pay any remuneration to the Directors for loss of office.

ANNUAL REPORT ON REMUNERATION

Service Contract Obligations and Payment on Loss of Office

No Director has a service contract with the Company and, as such, no Director is entitled to compensation payments upon termination of their appointment or loss of office.

Total Remuneration Paid to Each Director

The total remuneration of the Directors for the years ended December 31, 2023 and December 31, 2022 was as follows:

Director	2023	2022
Anne Farlow	£125,000	£125,000
Nicholas Botta	—	—
Bronwyn Curtis	£75,000	£75,000
Andrew Henton	£75,000	£75,000
Tope Lawani	£65,000	£65,000
Rupert Morley	£70,000	£70,000
Tracy Palandjian	£65,000	£65,000

The Chairman of the Board, the Chairman of the Audit Committee and the Senior Independent Director received higher fees to reflect the additional responsibilities required of these roles. Members of the Audit Committee received an additional £5,000 for their oversight of the audit process. Mr Botta does not receive a fee for his services as a Director.

All of the above remuneration relates to fixed annual fees. There are no pension arrangements in place for the Directors of the Company. Accordingly, there were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during the year.

The Remuneration Committee reviewed the Directors' remuneration in November 2023. The Committee recommended that the Directors' fees be increased to reflect recent peer increases in director remuneration and appropriately compensate the Directors for the complexity of their work.

The Board has accepted the recommendation of the Remuneration Committee and the Directors will receive the following remuneration for 2024:

Directorship	2024
Chairman of the Board	£130,000
Chairman of the Audit Committee	£90,000
Senior Independent Director	£82,500
Non-Executive Directors	£75,000

Members of the Audit Committee (with the exception of the Chairman of that Committee) will receive additional remuneration of £7,500.

The Remuneration Committee intends to next review the Directors' remuneration in November 2024.

Directors' Shareholdings in the Company

Directors are not required under the Company's Articles of Incorporation or letters of appointment to hold shares in the Company. At December 31, 2023, the Directors' interests in the Company were as follows:

Director	Class of Shares Held	Number of Shares
Anne Farlow	Public Shares	20,700
Nicholas Botta	Public Shares	2,065,822
Bronwyn Curtis	Public Shares	7,400
Andrew Henton	Public Shares	4,775
Tope Lawani	N/A	—
Tracy Palandjian	Public Shares	15,500
Rupert Morley	N/A	—

Other than the retirement of Tracy Palandjian on January 1, 2024, there have been no changes in the interests of the Directors between December 31, 2023 and the date of signing of this report.

Corporate Governance Report

The Company is a member of the AIC and reports against the AIC Code of Corporate Governance published in February 2019 (the "AIC Code"). The AIC Code provides a framework of corporate governance best practices for investment companies.

As an entity authorized and regulated by the Guernsey Financial Services Commission (the "GFSC"), the Company is subject to the GFSC's "Finance Sector Code of Corporate Governance" (the "Guernsey Code"). By reason of the premium listing of the Public Shares on the LSE, the Company is also required by the Listing Rules of the Financial Conduct Authority to report on how it has applied the UK Corporate Governance Code (the "UK Code"). The Company is deemed to meet its reporting obligations under the Guernsey Code and the UK Code by reporting against the AIC Code. The AIC Code addresses all of the principles set out in the Guernsey Code and closely reflects the UK Code. In addition, the AIC Code contains additional principles and recommendations on issues that are of specific relevance to investment companies. Accordingly, the Board believes that applying the AIC Code provides the appropriate corporate governance framework for the Company and reporting for its shareholders.

The AIC Code is available on the AIC's website, www.theaic.co.uk. The UK Code is available on the UK Financial Reporting Council's website, www.frc.org.uk.

The Company's compliance with the AIC Code is explained in this Corporate Governance Report, the Report of the Directors, the Directors' Remuneration Report and the Report of the Audit Committee. As set forth in these reports, the Company has complied with the principles and recommendations of the AIC Code and the relevant provisions of the UK Code.

The Board strongly believes that its focus on maintaining high standards of corporate governance contributes to the Company's success, as described throughout this report and the reports of its committees.

THE BOARD COMPOSITION AND DELEGATION OF FUNCTIONS AND ACTIVITIES

The Board consists of six non-executive Directors, five of whom are independent. Mr Botta, as President of the Investment Manager, is deemed not to be an independent Director of the Company. Ms Farlow, Ms Curtis and Mr Henton serve as Chairman of the Board, Senior Independent Director and Chairman of the Audit Committee, respectively. Ms Palandjian, who had served as a non-executive Director since April 2021, retired as of January 1, 2024. Ms Farlow will retire as of the 2024 Annual General Meeting and will be replaced as Chairman of the Board by Mr Morley.

The Company has no executive directors or employees, and has engaged external parties to undertake the daily management, operational and administrative activities of the Company. In particular, the Directors have delegated the function of managing the assets comprising the Company's portfolio to the Investment Manager, which is not required to, and generally will not, submit individual investment decisions for the approval of the Board. In each case where the Board has delegated certain functions to an external party, the delegation has been clearly documented in contractual arrangements between the Company and the external party. The Board retains accountability for the various functions it delegates. Further information is provided in the Report of the Audit Committee.

COMPANY CULTURE

While the Company does not have employees, the Board and the Investment Manager believe that it is important to the Company's success to promote a culture of high ethical and professional values, engage in prudent risk management and utilize effective control processes and systems. The Company has adopted an investment policy, which describes the Company's investment objective, the instruments in which the Company may invest and the types of opportunities the Investment Manager seeks on the Company's behalf. Risk management is integrated into the Investment Manager's investment process and operations. The Investment Manager creates strong operational systems by maintaining a robust compliance function, continually seeking to enhance its infrastructure and controls, and incentivizing personnel to collaborate and act with professional integrity.

The Board periodically receives reports on the Investment Manager's culture and is exposed to that culture through its close contact with the Investment Manager's management team and support personnel. The Board continues to believe that the Investment Manager's experienced, high-performance team and its lean, investment-centric business model have contributed to the success of the Company.

DIVERSITY

The Directors recognize that the diversity of the Board and its committees contribute to the success of the Company by enhancing the Board's effectiveness through good corporate governance. In accordance with the AIC Code, the Board regards its own diversity as an important mechanism by which to balance the necessary mix of skills, experience, independence, opinions and knowledge appropriate for the Company.

The Board is committed to appointing the best possible applicant for any open Board positions, taking into account the composition and needs of the Board at the time of the appointment. Both appointments and succession planning will be based on merit and objective criteria. Within this context, it is the intention of the Board that Board members include Directors representing diversity in all its forms, including diverse genders, abilities, ethnicities and socioeconomic backgrounds, who bring together a mix of cognitive and personal strengths, knowledge and experience. It is the goal of the Board that the composition of Board committees reflects the overall diversity of the Board where consistent with the skills, knowledge and experience required to be an effective member of the committee.

The Nominations Committee will be responsible for recommending the appointment of new Directors to the Board. When evaluating candidates, the Nomination Committee will give full consideration to the aspects that distinguish each Director candidate, including those described above, in the context of the composition and diversity of the current Board and its committees, the challenges and opportunities facing the Company, the need for orderly succession planning and with a view to ensuring that the Board has the combination of skills, knowledge and experience needed to be effective in the future. The Nomination Committee will also give consideration to the length of service of the Board as a whole and the need for membership to be refreshed regularly. Where appropriate, the Nomination Committee may retain external search consultants to assist in securing a diverse pool of candidates for open board positions.

The Board acknowledges the three targets regarding board diversity set by Listing Rule 9.8.6R (9)(a) and met these targets as of December 31, 2023 (the reference date that the Company uses for these purposes). As of December 31, 2023:

- the Board was comprised of 43% women;
- both the Chairman and the Senior Independent Director were women; and
- there were two Directors from an ethnic minority background.

Gender as of December 31, 2023	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID and Chairman)[1,2]
Men	4	57%	0
Women	3	43%	2
Not specified / Prefer not to say	0	0%	0

Ethnicity as of December 31, 2023	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board (CEO, CFO, SID and Chairman)[1,2]
White British or other White (including minority white groups)	5	72%	2
Mixed / Multiple ethnic groups	0	0%	0
Asian / Asian British	1	14%	0
Black / African / Caribbean / Black British	1	14%	0
Other ethnic group, including Arab	0	0%	0
Not specified / Prefer not to say	0	0%	0

(1) As the Company is externally managed by the Investment Manager, it does not have the roles of CEO or CFO and so only two of the four roles specified by the Listing Rules are applicable to it.

(2) As the Company is externally managed by the Investment Manager, it does not have executive management and therefore, as permitted by LR 15.4.29B, the requirement to include data regarding the number and percentage of executive management in each table is inapplicable and is not displayed here.

As announced on December 13, 2023, Ms Palandjian stepped down from the Board with effect from January 1, 2024, and the Board is currently comprised of 33% women. Although Ms Farlow will not stand for re-election at the Company's upcoming Annual General Meeting, the Board is recommending that shareholders elect Charlotte Denton as a non-executive Director, which will maintain the Board's gender composition following Ms Farlow's departure. While the Nomination Committee does not intend to initiate an immediate search process for a seventh director, it remains mindful of board diversity targets and will consider the Board's composition later in 2024.

The Investment Manager's approach to diversity is discussed in its ESG Statement available on the Company's website.

BOARD TENURE AND SUCCESSION PLANNING

All Directors are required to submit themselves to re-election by shareholders at each annual general meeting, and any Director appointed in accordance with the Articles of Incorporation will hold office only until the next following annual general meeting and will then stand for re-election. In accordance with the AIC Code, if and when any Director, including the Chairman, has been in office (or upon re-election would at the end of that term, be in office) for more than nine years, the Board will consider whether there is a risk that such Director might reasonably be deemed to have lost independence through long service. The Board believes that this policy will provide for its regular refreshment while allowing it the flexibility to maintain the proper balance of skills, experience and independence that will contribute to the Company's success.

Ms Farlow joined the Board in October 2014 and will retire at the 2024 Annual General Meeting. Ms Palandjian, who had served as non-executive Director since April 2021, retired from the Board as of January 1, 2024. To ensure a smooth transition of the Chairman role, the Board has nominated Mr Morley to replace Ms Farlow as Chairman of the Company upon his re-election by shareholders. As Ms Farlow is also the chairman of the Nomination Committee, the selection of Mr Morley as Chairman was undertaken by the entire Board.

Following a thorough search process conducted by the Nomination Committee, the Board has submitted Charlotte Denton for shareholder approval at the 2024 Annual General Meeting as an independent non-executive Director of the Company.

Further details regarding the selection of Ms Denton and other succession planning undertaken by the Nomination Committee are provided under "Nomination Committee" on pages 50-51.

THE BOARD'S PROCESSES

The content and culture of board meetings are a critical means by which the Board's governance contributes to the Company's success. The Board meets regularly throughout the year, at least on a quarterly basis. Board meetings prioritize open discussion and debate. The Board's decision-making actively considers the likely consequences of any decision in the long term, reputational risks to the Company and the need to consider the interests of shareholders as a whole.

The Chairman maintains regular contact with the Investment Manager to identify information that should be provided to the Directors, and invites Director comments on meeting agendas. At the beginning of every Board meeting, Directors disclose their potential conflicts, including ownership in the Company, personal interests in the business to be transacted at the meeting, and potential appointments to other public companies. The Chairman is actively involved in all aspects of Board decision making, seeks input from other Directors, and encourages their participation in matters involving their expertise. Minutes of meetings reflect any Director's concerns voiced at Board meetings.

At each quarterly Board meeting, the Board receives updates regarding the Investment Manager's operations and investor relations activities during the quarter. The Board also reviews the Company's investments, share price performance, and the premium/discount to NAV at which the Company's Public Shares are trading, and receives an update on litigation and regulatory matters. The Board conducts a comprehensive review of the Company's expenses semi-annually or more frequently, as needed.

In order to perform these reviews in an informed and effective manner, the Board receives formal reports from the Investment Manager at each quarterly Board meeting. The Board may also request focused reports to review the Investment Manager's controls in certain operational areas such as information security, regulatory compliance or media relations, and may request enhanced operational controls as appropriate. In between meetings, the Board maintains regular contact with the Investment Manager, the Company Secretary and the Administrator, and is informed in a timely manner of investments and other matters relevant to the operation of the Company that would be expected to be brought to the Board's attention.

An induction program, including training and information about the Company and the Investment Manager, is provided to Directors upon their election or appointment to the Board. Each Director is encouraged to consider their own training needs on an ongoing basis, and the Chairman also assesses the individual training requirements for each Director. Directors, where necessary in the furtherance of their duties, also have access to independent professional advice at the Company's expense.

BOARD ATTENDANCE

All Board members are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance may be unavoidable in certain circumstances. The following table details the number of Board meetings attended by each Director in the year ended December 31, 2023:

	Scheduled Quarterly Board Meetings (Attended/Eligible)	Ad-hoc Board and Subcommittee Meetings (Attended/Eligible)
Nicholas Botta[1]	4/4	1/4
Bronwyn Curtis	4/4	4/4
Anne Farlow	4/4	4/4
Andrew Henton	4/4	4/4
Tope Lawani	4/4	2/4
Rupert Morley	4/4	4/4
Tracy Palandjian	4/4	1/4

(1) Mr Botta does not attend meetings as a Director where such attendance may conflict with his interests as President and a partner of the Investment Manager.

The Board meets formally four times a year. Ad-hoc Board meetings may be convened at short notice to discuss time-sensitive matters arising in between scheduled meetings and require a quorum of two Directors.

COMMITTEES OF THE BOARD

The Board has established an Audit Committee, a Remuneration Committee, a Management Engagement Committee, a Nomination Committee and a Risk Committee. Committee membership is further described in the report of each Committee.

Audit Committee

Further details as to the composition and role of the Audit Committee are provided in the Report of the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of Ms Curtis and Mr Morley. Ms Palandjian was a member of the Remuneration Committee until her retirement from the Board on January 1, 2024. The Board will select a replacement for Ms Palandjian at the May 2024 Board meeting. Ms Curtis is the Chairman of the Remuneration Committee. The Remuneration Committee reviews the remuneration of the Company's Chairman and non-executive Directors and seeks to ensure that the Company maintains fair and appropriate remuneration policies and controls. Further details regarding the Directors' remuneration are provided in the Directors' Remuneration Report.

Below is a summary of Director attendance at the Remuneration Committee meetings in the year ended December 31, 2023:

	Remuneration Committee Meetings (Attended/Eligible)
Bronwyn Curtis	1/1
Rupert Morley	1/1
Tracy Palandjian	1/1

The written terms of reference of the Remuneration Committee are available on the Company's website or, on request, from the Company Secretary.

Management Engagement Committee

The Management Engagement Committee consists of the independent Directors of the Company who are not affiliated with the Investment Manager. Ms Farlow is the Chairman of the Management Engagement Committee. The Management Engagement Committee reviews the performance of the Investment Manager in the management of the Company's affairs and the terms of engagement and performance of the Company's other key service providers, and then reports and makes recommendations to the full Board.

Below is a summary of Director attendance at the Management Engagement Committee meetings in the year ended December 31, 2023:

	Management Engagement Committee Meetings (Attended/Eligible)
Bronwyn Curtis	2/2
Anne Farlow	2/2
Andrew Henton	2/2
Rupert Morley	2/2
Tope Lawani	2/2
Tracy Palandjian	2/2

The written terms of reference of the Management Engagement Committee are available on the Company's website or, on request, from the Company Secretary.

The Management Engagement Committee reviewed the performance of and fees paid to the Company's key service providers for 2022 and the first quarter of 2023, including the Investment Manager, in May 2023. The review also included the Investment Manager's risk assessment of each service provider and a summary of the diligence the Investment Manager performs. The Committee made certain recommendations to the Board and the Investment Manager based on its assessment of each service provider's performance.

The Committee's review of the Investment Manager's performance acknowledged that, while returns were negative in 2022, the Company substantially outperformed the S&P 500 and the Investment Manager had delivered consistently strong NAV performance over the prior five years. In addition, the Investment Manager's hedging program was a significant advantage to the Company in challenging markets, successfully offsetting a meaningful percentage of the 2022 stock price declines in the portfolio. For these reasons, the Committee found PSCM's engagement to be in the long-term best interest of the Company and recommended that the Board continue to engage PSCM as the Investment Manager. The Committee was pleased to see the Company's return to strong positive performance since its review and will complete its next formal review of the Investment Manager in May 2024.

The Management Engagement Committee confirmed that the fees earned by the Investment Manager were calculated in accordance with the terms of the IMA. The Committee notes that the significant investment in the Company by the Investment Manager's team has closely aligned its interests with those of the Company. Furthermore, the Committee believes that competitive remuneration is critical to the Investment Manager's ability to recruit and retain the personnel who contribute to the long-term success of the Company. The Committee notes that the Investment Manager has also implemented a long-term equity program, to retain key personnel.

Nomination Committee

The Nomination Committee consists of Mr Botta, Ms Farlow and Mr Lawani. Ms Farlow is the Chairman of the Nomination Committee. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, succession planning for Director departures and identifying and nominating suitable candidates to fill vacancies, taking into account the challenges and opportunities facing the Company and the skills, knowledge and experience needed on the Board. The Committee reports its recommendations to the full Board. It is the policy of the Board that if the Chairman of the Board is a member of the Nomination Committee, the full Board will consider the matter of the succession to the chairmanship of the Board.

The Nomination Committee also reviews the commitments of the Directors to confirm that they continue to have sufficient time to meet their responsibilities to the Company and that their other commitments do not create any conflicts of interest. To ensure that Directors continue to have sufficient time to be effective contributors to the Company, Directors are limited in the number and type of directorship appointments they may hold in accordance with overboarding guidelines, and seek the approval of the Board prior to accepting new appointments. In considering whether to grant approval, the Board will assess any impact the appointment may have on the time the Director is able to devote to the Company, any impact on the Director's independence, and relevant guidelines on overboarding. Various appointments were approved by the Board in 2023 in accordance with these considerations.

Below is a summary of Director attendance at Nomination Committee meetings in the year ended December 31, 2023:

	Nomination Committee Meetings (Attended/Eligible)
Anne Farlow	2/2
Nicholas Botta	2/2
Tope Lawani	2/2

The written terms of reference of the Nomination Committee are available on the Company's website or, on request, from the Company Secretary.

In anticipation of Ms Farlow's retirement at the 2024 Annual General Meeting, the full Board nominated Rupert Morley to replace her as Company Chairman. The Board's decision to nominate Mr Morley ensures a smooth transition of the Chairman role to an experienced member of the Board. The Board also commenced a search process for an additional director. Due to regulatory requirements for the Board's composition, the search was focused on candidates outside of the Unites States. The Board received a diverse range of recommendations from its service providers, Board members and the Investment Manager and therefore did not find it was necessary to engage an external search consultant to identity additional candidates. After consideration of the balance of skills, knowledge and experience needed for the Board to be effective in the future, the Board has nominated Charlotte Denton for shareholder approval at the 2024 Annual General Meeting as an independent non-executive Director of the Company. Ms Denton's lengthy experience serving as a director to regulated asset management businesses in Guernsey and the UK further expands the Board's financial expertise and strategic planning capabilities and her prior service on the board of VoteCo has made her knowledgeable about the Company. Her election will also add another Guernsey-based director for future succession planning.

The Nomination Committee has agreed there is no need to recruit another director immediately to fill the vacancy created by Ms Palandjian's departure and the Nomination Committee will review the Board's composition in July 2024.

Risk Committee

The Risk Committee consists of all Directors of the Company. Mr Henton is the Chairman of the Risk Committee. The Risk Committee is responsible for reviewing the Company's risk profile, as described in the Company's Investment Policy, borrowing policy and other risk disclosures; identifying, evaluating and reporting to the Board any emerging risks to the Company; ensuring that appropriate controls and reporting are in place to allow for the identification, monitoring and management of key risks to the Company's business; conducting and submitting to the Board an annual assessment of the material risks applicable to the Company's business; and making recommendations to the Board regarding risk mitigation.

The written terms of reference of the Risk Committee are available on the Company's website or, on request, from the Company Secretary.

Below is a summary of Director attendance at the Risk Committee meetings in the year ended December 31, 2023:

	Risk Committee Meetings (Attended/Eligible)
Nicholas Botta	2/2
Bronwyn Curtis	2/2
Anne Farlow	2/2
Andrew Henton	2/2
Tope Lawani	2/2
Rupert Morley	2/2
Tracy Palandjian	2/2

The Risk Committee conducted its annual business risk assessment in February 2024 and identified 44 risks relevant to the Company's business. These risks consist of risks arising from the Company's investment activities, structure and operations as well as risks relating to shareholder engagement and regulatory compliance.

The Risk Committee has considered the cause of each risk and has assigned each risk a rating based on the likelihood of the risk occurring and the severity of the impact on the Company if the risk occurs, both before and after considering the controls in place to mitigate them. Risks with the highest residual risk have been included in "Principal Risks and Uncertainties".

The Risk Committee considered the potential impact of developments in artificial intelligence as an emerging risk to the Company's portfolio. The Board, as part of the Investment Manager's quarterly portfolio updates, has reviewed the Investment Manager's approach to integrating this risk into its portfolio management process and the Committee believes that appropriate controls are in place.

COMMITTEES OF THE INVESTMENT MANAGER

The Investment Manager has a Conflicts Committee, which meets no less frequently than annually and on an as-needed basis; a Best Execution Committee, which meet no less frequently than quarterly and on an as-needed basis; and Cybersecurity, Valuation and Disclosure Committees, which meet no less frequently than semi-annually, and on an as-needed basis. The minutes from the Disclosure, Valuation and Conflicts Committee meetings are presented to the Board at the quarterly Board meetings, or sooner if necessary.

BOARD PERFORMANCE

The performance of the Board and that of each individual Director is evaluated annually.

The evaluation of the Board's performance in 2023 was performed internally. Each Director completed a questionnaire assessment of the Board's composition, processes, shareholder engagement, committees and effectiveness. The Chairman discussed matters related to individual performance with each Director. The Senior Independent Director conducted a review of the Chairman's performance with the other non-executive Directors.

The results were collated by the Company Secretary and were presented to the Board by the Chairman. The evaluation highlighted as strengths the Board's robust discussions and shareholder focus and demonstrated that the Board continues to perform highly and is well run. No material weaknesses were identified in the assessment, and the Board has concluded that it operated effectively in 2023. The Board will use the findings of its assessment to build on its existing strengths in the coming year. The 2022 Board evaluation was externally facilitated by SCT Consultants. The next external review will be completed for 2025, or earlier as the Board deems appropriate.

/s/ Anne Farlow

Anne Farlow
Chairman of the Board
March 22, 2024

Report of the Audit Committee

The Audit Committee consists of Ms Curtis, Mr Henton and Mr Morley. Mr Henton is the Chairman of the Audit Committee. In consideration of Mr Henton's professional qualifications and service on the audit committees of other investment companies, and the experience of the other Audit Committee members in the financial sector, the Board has determined that the Audit Committee has the relevant experience to successfully perform its duties.

Below is a summary of Director attendance at Audit Committee meetings in the year ended December 31, 2023:

	Audit Committee Meetings (Attended/Eligible)
Bronwyn Curtis	6/6
Andrew Henton	6/6
Rupert Morley	6/6

The Audit Committee has written terms of reference with formally delegated duties and responsibilities. The terms of reference of the Audit Committee are available on the Company's website or, on request, from the Company Secretary.

The Audit Committee considers the appointment, independence and remuneration of the auditor and reviews the annual accounts and semi-annual reports. Where non-audit services are to be provided by the auditor, the Audit Committee reviews the scope and terms of the engagement and considers the financial and other implications on the independence of the auditor.

The principal duties of the Audit Committee are to monitor the integrity of the Financial Statements of the Company, including its annual and semi-annual reports and formal announcements relating to the Company's financial performance, and reviewing and reporting to the Board on significant financial reporting issues and judgements communicated to the Committee by the auditor. In particular, the Audit Committee reviews and assesses, where necessary:

- The consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the Company;
- The methods used to account for significant or unusual transactions where different approaches are possible;
- Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- The clarity of disclosure in the Company's financial reports and the context in which statements are made;
- All material information presented with the Financial Report such as the Chairman's Statement, Investment Manager's Report, Principal Risks and Uncertainties, Report of the Directors, Directors' Remuneration Report and the Corporate Governance Report; and
- The content of the Annual Report and Financial Statements, and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

PREPARATION OF FINANCIAL STATEMENTS

The Audit Committee takes an active role in the planning and preparation for the audit. The Audit Committee's November 2023 meeting was devoted to discussing the audit plan and timelines, including the extensive coordination undertaken by the Investment Manager and the Administrator to ensure an efficient audit process. In addition to meetings of the Audit Committee during the audit, the Chairman of the Board and the Chairman of the Audit Committee were in regular contact with the Investment Manager, Administrator and auditor throughout the audit process. This contact, which builds on other interactions with the Investment Manager and Administrator throughout the year, enabled the Audit Committee to assess both processes and control environments in relation to the production of the Financial Statements.

The Audit Committee used its own experience with the Company, and the Investment Manager's and Administrator's knowledge to determine the overall fairness, balance and understandability of the Annual Report and Financial Statements, and carefully reviewed their content prior to final approval by the Board. This allowed the Audit Committee and the Board to be satisfied that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable.

SIGNIFICANT REPORTING MATTERS

As part of the year-end audit, the Audit Committee reviewed and discussed the most relevant issues for the Company. In discharging its responsibilities, the Audit Committee made the following assessments during the year:

- The Audit Committee noted the complexity of calculating the Company's performance fee and reviewed the auditors' process for confirming the Investment Manager's calculations and the disclosure regarding the performance fee in Note 15. The performance fee is independently calculated by the Company's Administrator as part of its calculation of the Company's NAV, and 1% of the total performance fee is held back by the Company to allow for adjustments, if any, that arise from the Company's audit. The Audit Committee is satisfied with the controls in place for the calculation of the performance fee and has determined that the disclosure is consistent with the relevant accounting standards.
- The Audit Committee has confirmed that where the Investment Manager has fair valued Level 2 or Level 3 assets, including the Company's investment in SPARC Sponsor and the SPARC Committed FPA, the Investment Manager has obtained pricing from an independent service or valuation agent, or otherwise uses a valuation methodology that has been reviewed by the auditor and found to be appropriate for the investment, free of management bias and consistent with the requirements of IFRS.
- The Audit Committee reviewed the completeness and accuracy of the disclosures in the Annual Report and Financial Statements, and satisfied itself that the disclosures appropriately reflected the risks facing the Company and its financial results.
- The Audit Committee reviewed the report of the Risk Committee and the Board's procedures regarding the identification, management, and monitoring of risks that could affect the Company. The Audit Committee is satisfied that the Risk Committee and the Board are engaged on an ongoing basis in the process of identifying, evaluating and managing (where possible) the principal and emerging risks facing the Company as described in Principal Risks and Uncertainties on pages 23-27. The Audit Committee also has access to personnel of the Investment Manager responsible for implementing and maintaining controls to address these risks.
- The Audit Committee confirms that the Board and Investment Manager have monitored the Company's compliance with applicable regulations, listing requirements and corporate governance standards.

After considering the audit process and various discussions with the auditor, Investment Manager and Administrator, the Audit Committee is satisfied that the audit was undertaken in an effective manner and addressed the main risks.

INTERNAL CONTROLS

The Audit Committee has examined the effectiveness of the Company's internal control systems at managing the risks to which the Company is exposed and has not identified any material weaknesses.

The Board is ultimately responsible for the Company's system of internal controls, and for assessing its effectiveness at managing the operational risks to which the Company is exposed. The internal control systems are designed to manage, rather than eliminate, the operational risk of failure to achieve business objectives, and by their nature can only provide reasonable and not absolute assurance against misstatement and loss. The Board confirms there is an ongoing process for identifying, evaluating and managing the significant operational risks faced by the Company, and that this process was in place for the year ended December 31, 2023, and has been in place up to the date of the approval of the Annual Report and Financial Statements. This is done in accordance with relevant best practices detailed in the Financial Reporting Council's guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Risk Committee, at the direction of the Board, conducts an annual risk assessment to identify the material risks applicable to the Company's business, the likelihood of a risk occurring, and the severity of the impact on the Company, and reviews the controls and reporting in place to monitor and mitigate these risks. Deficiencies and recommendations are provided to the Board. The assessment of risk exposures on a gross (before taking account of mitigating controls) and net basis serves to highlight those controls on which greatest reliance is placed. The Investment Manager's operational controls are reviewed by the Board as part of an operational update provided by the Investment Manager at each quarterly Board meeting.

Neither the Company nor the Investment Manager have an internal audit department. All of the Company's management functions are delegated to independent third parties, and the Board therefore believes that an internal audit function for the Company is not necessary or required. The Board, and where appropriate the Investment Manager, has familiarized itself with the internal control systems of its material service providers, which report regularly to the Board. The Board is satisfied that the controls employed by these service providers adequately manage the operational risks to which the Company is exposed.

AUDITOR

It is the duty of the Audit Committee, among other things, to:

- Consider and make recommendations to the Board in respect of the Company's external auditor that are to be approved by shareholders at the Annual General Meeting;
- Discuss and agree with the external auditor the nature and scope of the audit;
- Keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor; and
- Review the external auditor's letter of engagement, audit plan and management letter.

Ernst & Young LLP ("EY") has acted as the Company's auditor since it was appointed to audit the Company's first Financial Statements, for the period ended December 31, 2012. The audit partner rotated from Jersey to Guernsey for the 2022 audit year, which was an important consideration when the Audit Committee concluded that the auditor was able to evidence continued independence. Following a formal audit tender process in 2022, the Audit Committee recommended that EY remain the Company's auditor and EY was reappointed as auditor by shareholders at the 2023 Annual General Meeting. A resolution to re-appoint EY as auditor for the 2024 audit will be proposed at the 2024 Annual General Meeting.

The Audit Committee also reviewed the scope of the audit and the fee proposal set out by the auditor in its audit planning report and discussed these with the auditor at the Audit Committee meeting held on November 9, 2023. The Company regularly undertakes market surveys of auditors' fees and has found its auditor's fees to be in line with the market. The Audit Committee recommended to the Board that it accept the auditor's proposed fee of $212,200 (2022 Actual: $207,500) for the audit of the Annual Report and Financial Statements. During the year ended December 31, 2023, the Company also paid $74,200 (2022: $69,500) for fees related to the semi-annual review.

The Audit Committee understands the importance of auditor independence. Each year, the Audit Committee reviews the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the external auditor. As part of this review, the Audit Committee receives a report from the external auditor confirming its independence and the controls it has in place to ensure its independence is not compromised.

The table below summarizes the amounts expensed and/or capitalized for tax services and other services during the years ended December 31, 2023 and December 31, 2022.

	Year Ended 2023		Year Ended 2022	
Tax Services	$	—	$	51,925
Other Services[1]		—		150,948
Total Non-Audit Fees	$	—	$	202,873

(1) In 2022, EY was engaged to provide a comfort letter relating to the financial information of the Company in the offering memorandum for a potential debt offering.

The auditor did not provide any non-audit services to the Company in 2023 other than its review of the interim financial statements. Any engagement of the auditor to provide non-audit services to the Company must also receive the prior approval of the Audit Committee. In considering whether to approve such engagement, the Audit Committee assesses (i) the nature of the non-audit service and whether the auditor is the most appropriate party to provide such service; (ii) the proposed fee for the service and whether it is reasonable; and (iii) whether the engagement will constitute a threat to the objectivity and independence of the conduct of the audit. The Audit Committee may take into account the expertise of the auditor, the potential time and cost savings to the Company, and any other factors it believes relevant to its determination.

To fulfill its responsibility regarding the independence of the external auditor, the Audit Committee considers:

- Discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- The nature of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the Audit Committee reviews:

- The external auditor's fulfillment of the agreed audit plan and variations from it;
- Discussions or reports highlighting the major issues that arose during the course of the audit; and
- Feedback from other service providers evaluating the performance of the audit team.

The Audit Committee meets with the auditor independently of the Investment Manager and is satisfied with EY's effectiveness and independence as external auditor having considered the degree of diligence and professional skepticism demonstrated by them. The Audit Committee has also considered the Financial Reporting Council's Audit Quality Review of EY's previous audit work.

Having carried out the review described above and satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that EY be reappointed as external auditor for the year ending December 31, 2024.

A resolution to re-appoint EY as auditor will be proposed at the 2024 Annual General Meeting.

Shareholders should note that the primary framework for the Company's audit is International Standards on Auditing (UK); the auditor's report thereunder is set out on pages 59-66. The Annual Report also includes on pages 67-68 a report from the auditor to the Directors in accordance with U.S. Generally Accepted Auditing Standards in order to satisfy various U.S. regulatory requirements.

/s/ Andrew Henton

Andrew Henton
Chairman of the Audit
Committee
March 22, 2024

Report of Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERSHING SQUARE HOLDINGS, LTD.

Opinion

We have audited the Financial Statements of Pershing Square Holdings, Ltd. (the "Company") for the year ended December 31, 2023 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes 1 to 20, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions Relating to Going Concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Directors' going concern assessment process for the Company by engaging with the Directors and Investment Manager early in the audit process to ensure all key factors were considered in its assessment;
- Obtaining the Investment Manager's going concern assessment for the Company which comprised a cashflow forecast and bond covenant reverse stress test, acknowledging the liquidity of the investment portfolio, the significant net asset position and cash balances which are significantly in excess of current liabilities, and testing for arithmetical accuracy;

- We challenged the appropriateness of the Investment Manager's forecasts by applying downside sensitivity analysis and applying further sensitivities to understand the impact on the liquidity of the Company;
- Holding discussions with the Investment Manager and the Directors on whether events or conditions exist that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern;
- Assessing the assumptions used in the going concern assessment prepared by the Investment Manager and considering whether the methods utilised were appropriate for the Company; and
- Reading the going concern disclosures included in the Annual Report and Financial Statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to April 30, 2025.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of Our Audit Approach

Key audit matters	Misstatement of the valuation of the Company's level 1 and 2 investments
Materiality	Overall materiality of $120.6m which represents 1% of Total Equity

An Overview of the Scope of our Audit

Tailoring The Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, changes in the business environment and the potential impact of climate change when assessing the level of work to be performed.

Climate Change

The Company has explained climate-related risks in the "ESG" section of the Report of the Directors and forms part of the "Other Information", rather than the audited Financial Statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the Financial Statements as set out in Note 7 and the conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by IFRS.

Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Misstatement of the valuation of the Company's level 1 investments (2023 – assets: $12,364 million and liabilities: nil; 2022 – assets: $10,328 million and liabilities: nil) and level 2 investments (2023 – assets: $577 million and liabilities: $32 million; 2022 – assets: $956 million and liabilities: $10 million) Refer to the Report of the Audit Committee (pages 54-58); Accounting policies (pages 75-81); and Note 7 of the Financial Statements (pages 85-89) The fair value of the investment portfolio may be misstated due to the application of inappropriate methodologies or inputs to the valuations. The valuation of the Company's investments is a key driver of the Company's net asset value and total return. Investment valuation could have a significant impact on the net asset value of the Company and the total return generated for shareholders. There has been no change in this risk from the previous year.	Updated our understanding of the investment valuation process through a review of the SOC 1 report of the Company's Administrator, performed a walkthrough and evaluated the design of controls in this area. For level 1 investments we obtained values for all quoted equities from independent sources and agreed these to management's proposed values. For level 2 derivatives instruments, we instructed our internal valuation specialists to assist the audit team by independently valuing all positions. We compared their values to the Company's valuations, assessing differences with reference to our Reporting Threshold. For the level 2 Investment in Affiliated Entity we have confirmed the Net Asset Value ("NAV") at the reporting date with the independent administrator of PS VII Master and compared the value to the Company's valuation. We confirmed the major components of the NAV by obtaining independent confirmation of title of PS VII Master's quoted equities and obtaining the values of those investments from independent sources. Assessed whether the valuation determined is in accordance with IFRS by comparing the valuation methodology to the requirements of IFRS 13.	We confirmed that there were no material instances of use of inappropriate policies or methodologies and that the valuation of the investments was not materially misstated. We also confirmed that there were no material matters arising from our audit work on the valuation of financial instruments, in accordance with IFRS, that we wanted to bring to the attention of the Audit Committee.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be $120.6 million (2022: $98.8 million), which is 1% (2022: 1%) of Total Equity. We believe that Total Equity provides us with the best measure of materiality as the Company's primary performance measures for internal and external reporting are based on Total Equity.

During the course of our audit, we reassessed initial materiality and updated its calculation to align with the year-end Total Equity figure.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely $90.5 million (2022: $74.1 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the Financial Statements did not exceed our materiality level.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $6.0 million (2022: $4.9 million), which is set at 5% (2022: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The Other Information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the Other Information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Financial Statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Report relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Report is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 39
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 39;
- Directors' statement on fair, balanced and understandable Financial Statements, set out on page 41;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities, set out on page 39;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 51;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, set out on page 55; and
- The section describing the work of the Audit Committee, set out on pages 54-58.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 40, the Directors are responsible for the preparation of the Financial Statements, and for being satisfied that they give a true and fair view, and for such internal controls as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to What Extent the Audit was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies (Guernsey) Law, 2008, the 2018 UK Corporate Governance Code, AIC Code of Corporate Governance published in February 2019, the listing requirements of Euronext Amsterdam and the UK Listing Authority and the Protection of Investors (Bailiwick of Guernsey) Law, 2020.
- We understood how the Company is complying with those frameworks by making enquiries of the Investment Manager and those charged with governance regarding:
    - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the Financial Statements;
    - the Company's methods of enforcing and monitoring non-compliance with such policies;
    - management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the Company, or that otherwise prevent, deter and detect fraud; and
    - how management monitors those programs and controls.
- Administration and maintenance of the Company’s books and records is performed by Northern Trust International Fund Administration Services (Guernsey) Limited whom are a regulated firm, independent of the Investment Manager. We corroborated our enquiries through our review of Board minutes and any correspondence received from regulatory bodies. We also obtained their SOC 1 controls report and reviewed it for findings relevant to the Company and evaluated the design of relevant controls. We noted no contradictory evidence during these procedures.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by:

- obtaining an understanding of entity-level controls and considering the influence of the control environment;
- obtaining management's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Board's risk matrix;
- making inquiries with those charged with governance as to how they exercise oversight of management's processes for identifying and responding to fraud risks and the controls established by management to mitigate specifically those risks the entity has identified, or that otherwise help to prevent, deter and detect fraud; and
- making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence.

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of Board minutes and inquiries of the Investment Manager and those charged with governance including:
    - through discussion, gaining an understanding of how those charged with governance, the Investment Manager and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
    - inspecting the relevant policies, processes and procedures to further our understanding;
    - reviewing Board minutes and internal compliance reporting;
    - inspecting correspondence with regulators; and
    - obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other Matters We Are Required to Address

- Following the recommendation from the Audit Committee, we were appointed by the Company on April 5, 2013 to audit the Financial Statements for the year ended December 31, 2012 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 12 years, covering the years ending December 31, 2012 to December 31, 2023.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of Report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ Richard Geoffrey Le Tissier

Richard Geoffrey Le Tissier
For and on behalf of Ernst & Young LLP Guernsey
March 22, 2024

(1) The maintenance and integrity of the Pershing Square Holdings, Ltd. website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

(2) Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF PERSHING SQUARE HOLDINGS, LTD.

Opinion

We have audited the financial statements of Pershing Square Holdings, Ltd. (the "Company"), which comprise the Statement of Financial Position as of December 31, 2023 and 2022, and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the years then ended, and the related notes (collectively referred to as the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Financial Statements that are free of material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern until April 30, 2025.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Financial Statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Directors, as well as evaluate the overall presentation of the Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Financial Statements as a whole. The accompanying Condensed Schedule of Investments, Financial Highlights and Certain Regulatory Disclosures are presented for purposes of additional analysis and are not a required part of the Financial Statements. Such information is the responsibility of the Directors and was derived from and relates directly to the underlying accounting and other records used to prepare the Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Financial Statements or to the Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Financial Statements as a whole.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report set out on pages 1 to 58 and pages 118 to 125 but does not include the Financial Statements, Supplementary Information and our auditor’s report thereon. Our opinion on the Financial Statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/ Ernst & Young LLP

Ernst & Young LLP
Guernsey, Channel Islands
March 22, 2024

Audited Financial Statements

STATEMENT OF FINANCIAL POSITION

As of December 31, 2023 and December 31, 2022
(Stated in United States Dollars)

	Notes		2023		2022
Assets					
Cash and cash equivalents	10	$	1,928,920,630	$	1,147,443,227
Due from brokers	13		207,119,255		506,639,045
Trade and other receivables	9		16,312,221		13,993,525
Financial assets at fair value through profit or loss					
Investments in securities	6		12,701,403,992		10,578,784,192
Derivative financial instruments	6, 8		274,844,210		704,954,822
Total Assets		**$**	**15,128,600,308**	**$**	**12,951,814,811**
Liabilities					
Due to brokers	13	$	276,260,000	$	670,670,000
Trade and other payables	9		321,015,981		6,179,416
Deferred tax expense payable	19		84,826,934		52,217,931
Financial liabilities at fair value through profit or loss					
Derivative financial instruments	6, 8		31,975,102		10,245,916
Bonds	18		2,351,915,264		2,332,567,827
Total Liabilities		**$**	**3,065,993,281**	**$**	**3,071,881,090**
Equity					
Share capital	11	$	5,722,349,692	$	5,722,349,692
Treasury shares	11		(711,462,770)		(506,863,152)
Retained earnings			7,051,720,105		4,664,447,181
Total Equity			**12,062,607,027**		**9,879,933,721**
Total Liabilities and Equity		**$**	**15,128,600,308**	**$**	**12,951,814,811**
Net assets attributable to Public Shares		$	12,062,193,559	$	9,879,604,584
Public Shares outstanding			185,461,146		190,858,442
Net assets per Public Share		$	65.04	$	51.76
Net assets attributable to Special Voting Share		$	413,468	$	329,137
Special Voting Share outstanding			1		1
Net assets per Special Voting Share		$	413,468.24	$	329,137.40

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

These Financial Statements on pages 69-114 were approved by the Board of Directors on March 22, 2024, and were signed on its behalf by

/s/ Anne Farlow	/s/ Andrew Henton
Anne Farlow	Andrew Henton
Chairman of the Board	Chairman of the Audit Committee
March 22, 2024	March 22, 2024

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and December 31, 2022
(Stated in United States Dollars)

	Notes	2023	2022
Investment gains and losses			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		$ 3,026,677,414	$ (2,636,834,379)
Net realized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of (2023: nil, 2022: nil))		(24,866,851)	1,989,068,723
Net change in unrealized gain/(loss) on commodity interests (net of brokerage commissions and other related fees of (2023: nil, 2022: nil))		(63,136,160)	(490,763,327)
	6	2,938,674,403	(1,138,528,983)
Net gain/(loss) on currency translation of the Bonds	18	(16,482,623)	34,372,153
Income			
Dividend income		183,123,339	159,239,648
Interest income	12	19,710,258	10,281,154
Other income		—	37,159
		202,833,597	169,557,961
Expenses			
Performance fees	15	(312,108,882)	—
Management fees	15	(155,469,061)	(148,482,762)
Interest expense	12	(89,892,677)	(103,420,537)
Professional fees		(13,200,099)	(9,247,770)
Other expenses		(2,455,467)	(2,939,617)
		(573,126,186)	(264,090,686)
Profit/(loss) before tax attributable to equity shareholders		**2,551,899,191**	**(1,198,689,555)**
Taxes			
Withholding tax (dividends)		(33,235,985)	(32,721,100)
Deferred tax expense	19	(32,609,005)	59,327,053
		(65,844,990)	26,605,953
Profit/(loss) attributable to equity shareholders		**$ 2,486,054,201**	**$ (1,172,083,602)**
Earnings per share (basic & diluted)(1)			
Public Shares	17	$ 13.17	$ (5.96)
Special Voting Share	17	$ 84,038.49	$ (36,384.33)

All the items in the above statement are derived from continuing operations. There is no other comprehensive income for the years ended December 31, 2023 and December 31, 2022.

(1) EPS is calculated using the profit/(loss) for the year attributable to equity shareholders divided by the weighted average shares outstanding over the full years of 2023 and 2022 as required under IFRS. See Note 17 for further details.

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

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 2023 and December 31, 2022
(Stated in United States Dollars)

	Share Capital	Treasury Shares	Retained Earnings	Total Equity
As of December 31, 2022	**$ 5,722,349,692**	**$ (506,863,152)**	**$ 4,664,447,181**	**$ 9,879,933,721**
Total profit/(loss) attributable to equity shareholders	—	—	2,486,054,201	2,486,054,201
Share buybacks[(1)]	—	(204,599,618)	—	(204,599,618)
Dividend distribution to equity shareholders	—	—	(98,781,277)	(98,781,277)
As of December 31, 2023	**$ 5,722,349,692**	**$ (711,462,770)**	**$ 7,051,720,105**	**$ 12,062,607,027**
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	—	—	(1,172,083,602)	(1,172,083,602)
Share buybacks[(1)]	—	(263,906,913)	—	(263,906,913)
Dividend distribution to equity shareholders	—	—	(93,271,012)	(93,271,012)
As of December 31, 2022	**$ 5,722,349,692**	**$ (506,863,152)**	**$ 4,664,447,181**	**$ 9,879,933,721**

(1) During the years ended December 31, 2023 and December 31, 2022, the Company repurchased Public Shares. 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 December 31, 2023 and December 31, 2022, 25,495,604 and 20,098,308 Public Shares were held in Treasury, respectively. See Note 11 for further details.

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

STATEMENT OF CASH FLOWS

For the years ended December 31, 2023 and December 31, 2022
(Stated in United States Dollars)

	Notes	2023	2022
Cash flows from operating activities			
Profit/(loss) for the year attributable to equity shareholders		$ 2,486,054,201	$ (1,172,083,602)
Adjustments to reconcile changes in profit/(loss) for the year to net cash flows:			
Bond interest expense	18	74,907,654	91,383,448
Bond interest paid[1]	18	(72,042,840)	(103,219,692)
Net gain/(loss) on currency translation of the Bonds	18	16,482,623	(34,372,153)
(Increase)/decrease in operating assets:			
Due from brokers	13	299,519,790	(348,218,016)
Trade and other receivables	9	(2,318,696)	(3,699,537)
Investments in securities	6	(2,122,619,800)	2,449,329,122
Derivative financial instruments	6	430,110,612	138,810,062
Increase/(decrease) in operating liabilities:			
Due to brokers	13	(394,410,000)	(104,204,594)
Trade and other payables	9	310,193,081	(459,757,633)
Deferred tax expense payable	19	32,609,003	(59,327,052)
Derivative financial instruments	6	21,729,186	(28,600,129)
Net cash provided by/(used in) operating activities		**1,080,214,814**	**366,040,224**
Cash flows from financing activities			
Purchase of Public Shares	11	(199,956,134)	(262,423,586)
Dividend distributions	11	(98,781,277)	(93,271,012)
Bond cancellation/retirement	18	—	(630,623,000)
Expenses relating to issuance of the Bonds	18	—	(55,948)
Net cash provided by/(used in) financing activities		**(298,737,411)**	**(986,373,546)**
Net change in cash and cash equivalents		781,477,403	(620,333,322)
Cash and cash equivalents at beginning of year		1,147,443,227	1,767,776,549
Cash and cash equivalents at end of year	10	**$ 1,928,920,630**	**$ 1,147,443,227**
Supplemental disclosure of cash flow information			
Cash paid during the year for interest		$ 87,694,272	$ 114,287,219
Cash received during the year for interest		$ 19,950,845	$ 9,901,889
Cash received during the year for dividends		$ 180,957,411	$ 156,043,061
Cash deducted during the year for withholding taxes		$ 33,265,763	$ 32,436,970

(1) In accordance with the amendments to IAS 7, the Company's changes in liabilities arising from financing activities related to the Bonds is further detailed in Note 18.

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

Notes to 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 1, 2014, the GFSC 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.

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

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

Investment Policy

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

Bonds

Current Bonds Outstanding

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 at par with a coupon rate of 3.25%, maturing on November 15, 2030 (the "2030 Bonds").

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

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

Redeemed Bonds

On June 26, 2015, the Company closed on the offering for $1 billion Senior Notes that matured on July 15, 2022 (the "2022 Bonds" and together with the Outstanding Bonds, the "Bonds"). The 2022 Bonds were issued at par with a coupon rate of 5.50% per annum, which was paid semi-annually. The 2022 Bonds were retired on June 15, 2022.

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 and Rupert Morley, all of whom are non-executive Directors. All Directors other than Mr Botta are considered independent. Anne Farlow is the Chairman of the Board. Tracy Palandjian retired as a Director of the Company as of January 1, 2024, having served since 2021.

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 of the Company who are not affiliated with the Investment Manager. Further details as to the composition and role of the Audit Committee are provided in the Report of the Audit Committee; further details as to the composition and role of the Management Engagement, Remuneration, Risk and Nomination Committees are provided in the Corporate Governance Report.

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

Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") is the administrator and Company Secretary. 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 MATERIAL ACCOUNTING POLICIES

Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The 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 Company presents its statement of financial position with assets and liabilities listed in order of liquidity. An analysis regarding settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 13.

After making reasonable inquiries and assessing all data relating to the Company's liquidity, particularly its holding of cash and Level 1 assets in relation to its liabilities, the Investment Manager and the Board of Directors believe that the Company is well placed to manage its business risks and has adequate resources to continue in operational existence through April 30, 2025. The Investment Manager and the Board of Directors do not consider there to be any threat to the going concern status of the Company. For these reasons, the Company has adopted the going concern basis in preparing the Financial Statements.

Financial Instruments

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss and Commodity Interests

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities. A financial asset or financial liability is measured at fair value through profit or loss if it meets the definition of held for trading.

In applying that classification, a financial asset or financial liability is considered to be held for trading if: (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or (b) on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial Assets

The Company classifies its financial assets as subsequently measured at fair value through profit or loss or measured at amortized cost based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at fair value through profit or loss if: (a) its contractual terms do not give rise to cash flows on specified dates that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding or (b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or (c) at initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company includes in this category investments in securities and derivative financial instruments as both do not give rise to cash flows that are solely principal or interest.

Financial assets measured at amortized cost

A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts and other receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired.

Financial Liabilities

Financial liabilities measured at fair value through profit or loss

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. This category would include derivative contracts in a liability position and equity instruments sold short since they are classified as held for trading.

Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category its Bonds and other short-term payables.

Derecognition of financial liabilities

The Company will derecognize a financial liability when the obligation under the liability is discharged, canceled or expired.

Bonds at Amortized Cost

(i) Classification

The Company classifies its Bonds, as discussed in Note 1 and Note 18, at amortized cost.

(ii) Recognition

The Company recognizes its Bonds upon the date of issuance of the Bonds.

(iii) Initial Measurement

Bonds are initially measured at their par values minus the original issue discount, if any, and any transaction costs directly attributable to their issuance, which is representative of their fair value at that time.

(iv) Subsequent Measurement

After initial measurement, the Company measures the Bonds at amortized cost using the effective interest method. Interest expense relating to the Bonds is calculated using the effective interest method allocated over the relevant period and is recognized in the statement of comprehensive income accordingly. The interest expense relating to the Bonds includes the amortization of coupon interest, the original issue discount, if any, and the transaction costs attributable to their issuance.

(v) Derecognition

The Company will derecognize its liability associated with each of the Bonds upon maturity, tender, or in the event that the Company exercises its prepayment option for all or some of the Bonds, in which case all or some of the liability would be derecognized at the settlement date.

Fair Value Measurement

The Company measures its investments in financial instruments, such as equities, options and other derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company values equity securities listed on a securities exchange at the official closing price reported by the exchange on which the securities are primarily traded on the date of determination. In the event that the date of determination is not a day on which the relevant exchange is open for business, such securities are valued at the official closing price reported by the exchange on the most recent business day prior to the date of determination. Where the primary exchange does not report an official closing price and the composite price is available, equity securities will be valued at the composite price. Exchange-traded options and securities listed on a securities exchange for which the exchange does not report an official closing price on the date of determination (other than because the relevant exchange was closed on such date) are valued at the average of the most recent “bid” and “ask” prices.

Over the counter (“OTC”) options (including commodity, currency, equity and flex options), OTC currency forwards and OTC interest rate swaptions will generally be valued using a third-party pricing service that obtains quotes from multiple dealers to calculate fair value, or if not readily available, in accordance with procedures adopted by the Investment Manager. OTC equity forwards and swaps will be valued by reference to the price of the underlying security, index or other asset, as applicable, and other relevant factors (e.g., fixed and variable financing rates).

Cleared credit default swaps (including index credit default swaps) will generally be valued using pricing obtained from the clearing house that clears the majority of the volume of such swap and/or as necessary, the value of a third-party pricing service if a single clearing house does not clear the majority of such swap. Uncleared credit default swaps will generally be valued using a third-party pricing service that obtains quotes from multiple dealers to calculate fair value.

Other securities that are not listed on an exchange (including derivatives of both equity and debt) but for which external pricing sources (such as dealer quotes or other independent pricing services) may be available are valued by the Investment Manager after considering, among other factors, such external pricing sources, recent trading activity or other information that, in the opinion of the Investment Manager, may not have been reflected in pricing obtained from external sources. When dealer quotes are being used to assess the value of a holding, an attempt is made to obtain several independent quotes. The practical application of quoted market prices to portfolio positions is a function of the quoted differential in bid/offer spreads. Long and short positions generally are marked to mid-market (subject to the Investment Manager’s discretion to mark such positions differently if and when deemed appropriate).

Investments that have unobservable inputs are fair valued using valuation methodologies determined by the Investment Manager. The Investment Manager may choose to employ an independent third-party valuation firm to conduct valuations.

The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, including information obtained after the close of markets, 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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are reported gross by counterparty in the statement of financial position. It is not the Company's intention to settle financial assets and financial liabilities net of the collateral pledged to or received from counterparties.

Presented in Note 8 are the Company's derivative assets and liabilities reported by counterparty, showing the effect of netting financial assets and financial liabilities against collateral pledged to or received from the same relevant counterparties.

Functional and Presentation Currency

The Company's functional currency is USD, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated, and its liquidity is managed, in USD. Therefore, USD is considered the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The presentation currency of the Company's Financial Statements is USD.

Foreign Currency Translations

Assets and liabilities denominated in non-U.S. currencies are translated into USD at the prevailing exchange rates at the reporting date using the official closing price reported by the exchange on which they are primarily traded. Transactions in non-U.S. currencies are translated into USD at the prevailing exchange rates at the time of the transaction.

The Company includes the portion of gains and losses on investments due to changes in foreign exchange rates with the portion due to changes in market prices of the investments based on the classification of the underlying investment in the statement of comprehensive income.

The portion of gains and losses related to the Bonds' liability (including the interest expense liability) due to changes in foreign exchange rates is included in net gain/(loss) on currency translation of the Bonds in the statement of comprehensive income.

Amounts Due To and Due From Brokers

Due from brokers consists of cash held at the Company's Prime Brokers, cash and securities pledged in connection with derivative contracts and amounts receivable for securities transactions that have not settled at the reporting date, if any. Cash related to securities sold, not yet purchased, is restricted until the securities are purchased. Due to brokers consists of cash received from counterparties to collateralize the Company's derivative contracts and amounts payable for securities transactions that have not settled at the reporting date, if any.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents in the statement of financial position is comprised of U.S. Treasury Bills and money market funds which are invested in U.S. Treasury obligations.

Investment Income/Expense

Dividend income is recognized on the date on which the investments are quoted ex-dividend and presented gross of withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to securities sold, not yet purchased, is recognized when the shareholders' right to receive the payment is established. Interest income and expense related to cash, collateral cash received/posted by the Company, rebate expense and borrowing costs on securities sold, not yet purchased, and securities lending are recognized when earned/incurred.

Net Gain or Loss on Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

The Company records its security transactions and the related revenue and expenses on a trade date basis.

Unrealized gains and losses are comprised of changes in the fair value of financial instruments for the year and from the reversal of prior years' unrealized gains and losses for financial instruments which were realized in the reporting period.

Realized gains and losses on disposals of financial instruments classified at fair value through profit or loss are calculated using the highest cost relief method (specific identification). These gains or losses represent the differences between an instrument's initial carrying amount and disposal amount.

Professional Fees

Professional fees include, but are not limited to, expenses relating to accounting, investment valuation, administrative services, auditing, tax preparation expenses, legal fees and expenses, professional fees and expenses (including fees and expenses of investment bankers, advisers, appraisers, public and government relations firms and other consultants and experts) and investment-related fees and expenses including research, but excluding investment transaction costs.

Other Expenses

Other expenses include, but are not limited to, investment-related expenses associated with activist campaigns including expenses for: (i) proxy contests, solicitations and tender offers; (ii) compensation, indemnification and expenses of nominees proposed by the Investment Manager as directors or executives of portfolio companies; and (iii) printing and postage expenses, bank service fees, insurance expenses, and expenses relating to regulatory filings and registrations made in connection with the Company's business and investment activities.

Taxes

The Company is a tax-exempt Guernsey entity, therefore it is not subject to any income or capital gains taxes in Guernsey. The Company is subject to withholding taxes applicable to certain investment income, such as dividends.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. See Note 19 for further details.

Management Fees and Performance Fees

The Company recognizes management fees and performance fees in the period in which they are incurred in accordance with the terms of the IMA, which is an executory contract under IAS 37 as discussed in Note 3. Refer to Note 15 for detailed information regarding the calculation of both fees.

Net Assets Attributable to Management Shareholders

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 share issuances, share repurchases or conversions, is recognized in the statement of comprehensive income. As of December 31, 2020, all Management Shares were converted to Public Shares.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognized in the Financial Statements and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant effect on the amounts recognized in the Financial Statements:

Assessment of Investment Management Agreement as an executory contract

The Company classifies the IMA as an executory contract. Under paragraph 3 of IAS 37, "executory contracts" are contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent. The objective of IAS 37 is to ensure, inter alia, that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets. The Board has determined that the IMA meets the definition of an executory contract in that: it is a contract for the performance of services, it imposes continuing obligations on each party, and it has been entered into for a renewable term.

Under the IMA, the services that the Company has contracted for consist of investment management services to be delivered by the Investment Manager. The Investment Manager has sole authority to make investments on behalf of the Company throughout the term of the IMA.

In consideration for those services, the Company has continuing obligations to pay management fees and performance fees (if any). See Note 15 - Investment Management Agreement – Management Fees, Performance Fees and Termination. As explained in Note 15, the performance fee is made up of certain components including the Potential Offset Amount (as defined in Note 15). In the Company's judgment, these components constitute a single unit of account because no component is payable without the others being payable, the components are settled as a single amount and it is not possible to segregate the different services provided by the Company and attribute them to the different components of the performance fee.

The IMA is automatically renewable each December 31 for one year. The IMA is terminable (a) at December 31 of any year by each party upon four months' prior notice (subject, in the case of termination by the Company, to shareholder approval requiring a 66 2/3% majority by voting power of the outstanding shares and a 66 2/3% majority of the outstanding Public Shares, as prescribed by the Company's Articles of Incorporation) or (b) at any time if the other party liquidates, a receiver or liquidator or administrator is appointed in respect of the other party's assets or the other party commits a material breach that remains uncured for more than 30 days after notice thereof. The Company considers that its termination rights are substantive. In the event that the IMA is terminated, the Company is only liable for performance fees up to the date of termination, and the Investment Manager cannot recover any Potential Offset Amount (except to the extent that it is part of the performance fee).

In its application of IAS 37, the Board has determined that payment of performance fees is entirely dependent on performance of services under the IMA and on the Company's NAV appreciation generated by those services (subject to standard high water mark arrangements). Accordingly, those fees (including the Potential Offset Amount component of performance fees) arise and are recognized as the services are performed by the Investment Manager, and the Company's NAV appreciates. The Company accrues a provision for performance fees over the applicable period based on its NAV appreciation above the high water mark. The Board has assessed that in this manner, the Company's NAV appreciation appropriately matches the timing of recognizing the Company's obligation to pay fees that may be triggered by such NAV appreciation.

The Company also assessed whether the Potential Offset Amount gave rise to a financial liability under the requirements to record contingent settlement obligations in IAS 32 paragraph 25. The Company concluded that no financial liability arises until December 31 of each year, at which point the performance fee including the offset amount crystallizes, because the arrangements only give rise to a financial asset for the Investment Manager at that date.

Assessment of the Company's investments as structured entities

IFRS 12 defines a structured entity as an entity that has been designed so that voting or other similar rights of the investors are not the dominant factor in deciding who controls the entity.

PS VII Master, L.P. ("PS VII Master") operates as a co-investment vehicle invested primarily in securities of (or otherwise seeking to be exposed to the value of securities issued by) Universal Music Group N.V. ("UMG"), commenced operations on August 9, 2021 and is an affiliated investment fund. As of December 31, 2023 and December 31, 2022, the Company held an investment in PS VII Master. This investment is reflected under financial assets at fair value through profit or loss in the statement of financial position.

The Company has assessed whether PS VII Master should be classified as a structured entity. The Company has considered the terms of the investment management agreement between PS VII Master and the Investment Manager along with the voting and redemption rights of the other PS VII Master investors, including their rights to remove the Investment Manager, and has determined that the dominant factor of control of PS VII Master is PS VII Master's contractual agreement with the Investment Manager. The Company, therefore, has concluded that PS VII Master is a structured entity.

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 own Pershing Square SPARC Sponsor, LLC ("SPARC Sponsor"), a Delaware limited liability company, 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. SPARC Sponsor is the sponsor entity for Pershing Square SPARC Holdings, Ltd. ("SPARC"), a Delaware corporation, which is a 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. SPARC's initial Form S-1 Registration Statement ("SPARC S-1") was filed with the SEC on November 24, 2021 and became effective on September 29, 2023 ("SPARC Prospectus"). As of December 31, 2023 and December 31, 2022, the Company held an investment in SPARC Sponsor. This investment is reflected under financial assets at fair value through profit or loss in the statement of financial position.

Pershing Square SPARC Holdings, Ltd. ("SPARC Cayman"), a Cayman Islands exempted company and its sponsor entity, 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 liquidated SPARC Cayman and SPARC Sponsor Cayman. SPARC Sponsor Cayman was wholly owned by the Pershing Square Funds as non-managing members. The business and affairs of SPARC Sponsor Cayman were managed exclusively by its non-member manager, PSCM. SPARC Cayman and SPARC Sponsor Cayman were dissolved in 2022.

The Company assessed whether SPARC Sponsor and SPARC Sponsor Cayman should be classified as structured entities. The Company considered the terms of the limited liability company agreements of SPARC Sponsor and SPARC Sponsor Cayman and determined that the dominant factor of control was PSCM's role as non-member manager. The Company concluded that SPARC Sponsor and SPARC Sponsor Cayman were structured entities.

The Pershing Square Funds wholly owned Pershing Square TH Sponsor, LLC ("PSTH Sponsor"), a Delaware limited liability company, as non-managing members and were its only source of funding. The business and affairs of PSTH Sponsor were managed exclusively by its non-member manager, PSCM. PSTH Sponsor was the sponsor entity for Pershing Square Tontine Holdings, Ltd. ("PSTH"), a Delaware corporation, which 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 initial Form S-1 Registration Statement (the "PSTH S-1") with the Securities and Exchange Commission ("SEC") on June 22, 2020 and subsequently had its Initial Public Offering ("IPO") on July 22, 2020. On July 11, 2022, PSTH announced that it would not consummate an initial business combination ("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. PSTH liquidated on September 27, 2022.

The Company assessed whether PSTH Sponsor should be classified as a structured entity. The Company considered the terms of the limited liability company agreement of PSTH Sponsor and determined that the dominant factor of control was PSCM's role as non-member manager. The Company, therefore, concluded that PSTH Sponsor was a structured entity.

All realized and unrealized gains and losses from the Company's investments in PSTH Sponsor, PS VII Master, SPARC Sponsor Cayman and SPARC Sponsor (collectively, the "Structured Entities") are reflected in the statement of comprehensive income for the years ended 2023 and 2022, as applicable. The Company has not provided any financial or other support to these unconsolidated Structured Entities. See Note 7 for the discussion on the fair value measurement and Note 16 for related party transactions regarding the Company's investments in the Structured Entities.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined by the Investment Manager using prices obtained from counterparties or independent third-party pricing services/valuation agents. The independent third-party pricing services/valuation agents utilize proprietary models to determine fair value. The valuation agents' modeling may consider, but is not limited to, the following inputs: amount and timing of cash flows, probability assessments, volatility of the underlying securities' stock price, comparable transaction data, dividend yields and/or interest rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are calibrated regularly and tested for validity using prices from observable current market transactions in the same instrument (without modification or repackaging) or based on available observable market data. Refer to Note 7 for the sensitivity analysis performed on significant unobservable inputs used in the valuation of Level 3 investments.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has assessed the impact of amendments made to IFRS 17, IAS 1, IAS 8 and IAS 12, and has determined that they do not affect the Company's Financial Statements. The Company has also assessed the impact of the following amendments, which have been issued but are not yet effective, and has determined that they are unlikely to affect the Company's Financial Statements.

New Pronouncement	Effective Date
Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*	January 1, 2024
Amendments to IAS 1 – *Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants*	January 1, 2024
Amendments to IAS 7 and IFRS 7 – *Disclosures: Supplier Finance Arrangements*	January 1, 2024
Amendments to IAS 21– *Lack of exchangeability*	January 1, 2025

5. SEGMENT INFORMATION

In accordance with IFRS 8: Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board in order to assess each segment's performance.

Management information for the Company as a whole is provided internally to the Directors for decision-making purposes. The Board's decisions are based on a single integrated strategy and the Company's performance is evaluated on an overall basis. The Company has a portfolio of long investments that the Board and Investment Manager believe exhibit significant valuation discrepancies between current trading prices and intrinsic business value, often with a catalyst for value recognition. Therefore, the Directors are of the opinion that the Company is engaged in a single economic segment of business for all decision-making purposes. The financial results of this segment are equivalent to the results of the Company as a whole.

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

The following table is a breakdown of the financial assets and financial liabilities at fair value through profit or loss:

As of December 31	2023	2022
Financial assets		
Investments in securities	$ 12,701,403,992	$ 10,578,784,192
Derivative financial instruments	274,844,210	704,954,822
Financial assets at fair value through profit or loss	**$ 12,976,248,202**	**$ 11,283,739,014**

As of December 31	2023	2022
Financial liabilities		
Derivative financial instruments	$ 31,975,102	$ 10,245,916
Financial liabilities at fair value through profit or loss	**$ 31,975,102**	**$ 10,245,916**

The following table is a breakdown of the net changes in fair value of financial assets and financial liabilities through profit or loss:

	Year Ended 2023			Year Ended 2022		
	Realized	Unrealized	Total Gains/(Losses)	Realized	Unrealized	Total Gains/(Losses)
Investments in securities (assets)	$ 1,542,715,847	$ 1,631,858,420	$ **3,174,574,267**	$ (314,840,442)	$ (2,567,580,096)	$ **(2,882,420,538)**
Derivative financial instruments	(16,002,481)	(219,897,383)	**(235,899,864)**	2,132,750,965	(388,859,410)	**1,743,891,555**
Net changes in fair value	$ 1,526,713,366	$ 1,411,961,037	$ **2,938,674,403**	$ 1,817,910,523	$ (2,956,439,506)	$ **(1,138,528,983)**

7. 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 the following:

Level 1 – Inputs are unadjusted quoted prices in active markets.

Level 2 – Inputs (other than quoted prices included in Level 1) are obtained directly or indirectly from observable market data at the measurement date.

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.

Recurring Fair Value Measurement of Assets and Liabilities

(in thousands)

As of December 31	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets:								
Equity Securities:								
Common Stock:								
Financial Services	$ 180,114	$ —	$ —	$ 180,114	$ 66,031	$ —	$ —	$ 66,031
Hospitality	1,465,027	—	—	1,465,027	1,117,851	—	—	1,117,851
Media	3,001,037	—	—	3,001,037	2,537,908	—	—	2,537,908
Real Estate Development and Operating	1,413,185	—	—	1,413,185	1,060,794	—	—	1,060,794
Restaurant	3,283,352	—	—	3,283,352	2,727,738	—	—	2,727,738
Retail	242,826	—	—	242,826	1,804,494	—	—	1,804,494
Technology	1,695,820	—	—	1,695,820	—	—	—	—
Transportation	1,048,916	—	—	1,048,916	989,536	—	—	989,536
Preferred Stock:								
Financial Services	33,912	—	—	33,912	23,496	—	—	23,496
Investment in Affiliated Entities:								
Media	—	301,842 (1)	—	301,842	—	250,936 (1)	—	250,936
Special Purpose Acquisition Rights Company	—	—	35,373 (2)	35,373	—	—	— (2)	—
Derivative Contracts:								
Currency Call/Put Options	—	—	—	—	—	11,323 (3)	—	11,323
Currency Forwards	—	—	—	—	—	17,650 (3)	—	17,650
Equity Options	—	57,510 (3)	—	57,510	—	174,893 (3)	—	174,893
Forward Purchase Agreement:								
Special Purpose Acquisition Rights Company	—	—	— (4)	—	—	—	—	—
Interest Rate Swaptions	—	217,334 (3)	—	217,334	—	501,089 (3)	—	501,089
Total	**$ 12,364,189**	**$ 576,686**	**$ 35,373**	**$ 12,976,248**	**$ 10,327,848**	**$ 955,891**	**$ –**	**$ 11,283,739**

As of December 31	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities:								
Derivative Contracts:								
Currency Forwards	$ —	$ 31,975 (3)	$ —	$ 31,975	$ —	$ 10,246 (3)	$ —	$ 10,246
Total	**$ –**	**$ 31,975**	**$ –**	**$ 31,975**	**$ –**	**$ 10,246**	**$ –**	**$ 10,246**

(1) These figures relate to the Company's investment in PS VII Master, L.P. as of December 31, 2023 and December 31, 2022. As of December 31, 2023, the instruments underlying the Company's investment in PS VII Master, L.P. included 100.27% of Level 1 financial instruments (December 31, 2022: 99.92%) , (0.30%) of Level 2 financial instruments (December 31, 2022: nil) and 0.03% of other assets and liabilities (December 31, 2022: 0.08%).

(2) Figure relates to the Company's investment in Pershing Square SPARC Sponsor LLC. Refer to Note 16 for further details.

(3) OTC currency call/put options, equity options, interest rate swaptions and currency forwards 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. Refer to Note 8 for a description of derivatives traded by the Company.

(4) This figure relates to the Company's investment in the SPARC Committed Forward Purchase Agreement. Refer to Note 16 for further details.

The Company's cash and cash equivalents and short-term receivables and payables are recorded at carrying value which approximates fair value. The Bonds, which are not included in the table of Recurring Fair Value Measurement of Assets and Liabilities, are classified as Level 1 financial liabilities and the fair values of the Bonds are discussed further in Note 18.

Some of the Company's investments in Level 1 securities represent a significant portion of the Company's portfolio.
If such investments were sold or covered in their entirety, it might not be possible to dispose of them at the quoted market price which IFRS requires to be used in determining fair value.

The Directors have considered the impact of climate change on the valuation of the Company's investments. In line with IFRS the Company's investments are valued at fair value, which for substantially all of the Company's investments are, or incorporate, quoted prices for investments in active markets at December 31, 2023 and December 31, 2022 and therefore reflect market participants' view of climate change risk. Climate change risk does not have a material impact on the value of the Company's other investments.

Level 3 Transfers

Transfers between levels during the year 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 are fair valued using valuation methodologies 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 engaged an independent third-party valuation firm to conduct valuations for the SPARC Sponsor Shares and the SPARC Sponsor Warrants held by SPARC Sponsor and the SPARC Committed FPA (each as disclosed in Note 16). The independent third-party valuation firm provided the Investment Manager with a written report documenting their recommended valuations as of the determination date.

The following table summarizes the change in the carrying amounts associated with Level 3 investments for the years ended 2023 and 2022.

	SPARC Sponsor	SPARC Committed FPA	Total
Balance at December 31, 2022	$ —	$ —	$ —
Funding for SPARC Sponsor Warrants	31,555,612	—	31,555,612
Funding for SPARC Sponsor Shares	189,580	—	189,580
Funding for Sponsor Expenses	5,957	—	5,957
Net gain/(loss)	3,621,579	—	3,621,579
Balance at December 31, 2023	**$ 35,372,728**	**$ —**	**$ 35,372,728**

	PSTH Forward Purchase Agreement	PSTH Sponsor	SPARC Sponsor Cayman	SPARC Sponsor	Total
Balance at December 31, 2021	$ (4,399,803)	$ 170,378,058	$ —	$ —	$ 165,978,255
Funding for SPARC Cayman common shares	—	—	815,200	—	815,200
Funding for SPARC Sponsor Shares	—	—	—	3,297,270	3,297,270
Funding for Sponsor Expenses	—	479	—	5,025	5,504
Distribution from Class B shares	—	(14,175,871)	—	—	(14,175,871)
Net gain/(loss)	4,399,803	(156,202,666)	(815,200)	(3,302,295)	(155,920,358)
Balance at December 31, 2022	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

As a result of changes in the fair values of the SPARC Sponsor Shares and the SPARC Sponsor Warrants, the Company had a net gain of $3,621,579 from Level 3 securities for the year ended December 31, 2023. The change in the fair value of the SPARC Sponsor Shares, which previously had a fair value of nil at December 31, 2022, is attributable to the SEC declaring effective SPARC's Form S-1 on September 29, 2023. The change in the fair value of the SPARC Sponsor Warrants reflects the increase in their valuation between purchase and as of December 31, 2023. When the Investment Manager agrees to a SPARC transaction, the SPARC Sponsor Shares and the SPARC Sponsor Warrants will be valued with reference to the market valuation of the post-combination company. During the period before this, the Investment Manager will value the SPARC Sponsor Warrants and Shares using assumptions determined in accordance with its valuation policy and applicable accounting standards.

The Company had a net loss of $155,920,358 for the year ended December 31, 2022 from Level 3 securities. A majority of the net loss in 2022 was attributable to the Company's investment in PSTH Sponsor due to the liquidation of PSTH as fully described in Note 16.

Quantitative Information of Significant Unobservable Inputs – Level 3

The quantitative information about the significant unobservable inputs used in the fair value measurement by the Company for Level 3 investments as of December 31, 2023 are listed below.

SPARC Sponsor

Description	Inputs
Volatility	25.0%
Probability of Not Completing a Deal	30.0%
Expected Time to Complete a Deal	5 Years
Probability of Warrant Renegotiation	30.0%
Estimated Target Equity Value	$4.5 billion

The SPARC Sponsor Warrants held through the Company's investment in SPARC Sponsor are valued using a Black-Scholes option pricing model, with the following significant unobservable inputs: (i) Volatility, (ii) Probability of Not Completing a Deal, (iii) Expected Time to Complete a Deal, (iv) Probability of Warrant Renegotiation and (v) Estimated Target Equity Value. The Volatility reflects the anticipated implied volatility of the potential target company from SPARC's business combination over the SPARC Sponsor Warrants' 10-year term. The Probability of Not Completing a Deal reflects a discount relating to SPARC's deadline to complete its business combination prior to the expiration of its term. The Expected Time to Complete a Deal considers SPARC's timeframe to consummate a business combination with all necessary shareholder and board approvals to be the midpoint of the 10-year deadline. The Probability of Warrant Renegotiation is a discount based on the probability that the SPARC Sponsor Warrants will be restructured at the time of SPARC's business combination. The discount is representative of the average restructuring of the sponsor incentive and founder stock forfeitures in completed blank check company transactions. The Estimated Target Equity Value is the SPARC's assumption of the total equity capital of the entity following its business combination. This assumption factors in SPARC's available capital at the time of the deal which is the estimated proceeds from the exercise of the subscription warrants and the forward purchase agreements, and applies a multiplier to SPARC's available capital based on its observation of the median multiple between historical blank check companies' available capital and the equity value of their eventual merger targets.

The significant unobservable input for SPARC Sponsor Shares held through the Company's investment in SPARC Sponsor is the Probability of Not Completing a Deal.

SPARC Committed FPA

As described in more detail in Note 16, the Pershing Square Funds entered into the SPARC Committed FPA, obligating them to purchase at least $250 million and up to $1 billion of SPARC Public Shares, determined by the Final Exercise Price (as defined in Note 16). The fair value of the SPARC Committed FPA is mainly driven by SPARC's ability to execute on a business combination that is value-additive, meaning the intrinsic value exceeds the Final Exercise Price. After reviewing independent studies of value creation in business transactions, the valuation agent determined that there was no expected incremental value creation in a SPARC transaction. Based on this determination, the Final Exercise Price and the intrinsic value of the business combination would be equal, leaving all other unobservable inputs irrelevant to the fair value. This analysis will likely remain unchanged until SPARC's subscription warrants are quoted on the OTCQX marketplace of the OTC Markets Group, which will not occur until after a business combination is announced.

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

The sensitivity analysis calculates the effect of a reasonably possible change of each significant unobservable input and its effect on the fair value with all other variables held constant as of December 31, 2023.

SPARC Sponsor Warrants	Inputs	Sensitivity Used (+)	Effect on Fair Value	Sensitivity Used (-)	Effect on Fair Value
Volatility	25.0%	5%	$ 4,155,023	5%	$ (4,211,795)
Probability of Not Completing a Deal	30.0%	5%	$ (2,341,987)	5%	$ 2,341,987
Expected Time to Complete a Deal	5 Years	1 Year	$ (1,238,120)	1 Year	$ 1,286,708
Probability of Warrant Renegotiation	30.0%	5%	$ (2,341,987)	5%	$ 2,341,987
Estimated Target Equity Value	$4.5 billion	5%	$ 1,639,391	5%	$ (1,639,391)

SPARC Sponsor Shares	Inputs	Sensitivity Used (+)	Effect on Fair Value	Sensitivity Used (-)	Effect on Fair Value
Probability of Not Completing a Deal	30.0%	5%	$ (184,637)	5%	$ 184,637

8. DERIVATIVE CONTRACTS

In the normal course of business, the Company enters into derivative contracts for investment and hedging purposes. These instruments are subject to various risks, similar to non-derivative instruments, including market, credit and liquidity risk (see Note 13). The Company manages these risks on an aggregate basis along with other risks associated with its investing activities as part of its overall risk management strategy. All derivatives are reported at fair value (as described in Note 2) in the statement of financial position. Changes in fair value are reflected in the statement of comprehensive income. A description of the derivatives traded by the Company is below.

Credit Default Swaps

Credit default swap contracts involve an arrangement between two parties, which allows one party to protect against losses incurred as a result of a specified credit event relating to an underlying reference obligation or, in the case of index credit default swaps, a basket of reference obligations. The protection buyer will pay a fixed coupon in return for a payment by the other party, the protection seller, contingent upon a specified credit event occurring. The protection buyer pays the protection seller a quarterly fixed coupon. If a specified credit event occurs, there is an exchange of cash flows and/or securities designed so that the net payment to the protection buyer reflects the loss incurred by holders of the referenced obligation in the event of its default.

In the case of OTC credit default swaps, which are usually on single reference entities, the ISDA agreement establishes the nature of the credit event, and such events may include bankruptcy and failure to meet payment obligations when due. For cleared credit default swaps, the terms incorporate a uniform set of definitions published by ISDA. At the point in time when a credit default swap contract is entered into, the parties thereto agree that the contract will be governed by these definitions and that the determinations of the Credit Derivatives Determinations Committees will be binding on the contract.

Currency Forwards

A currency forward contract is a commitment to purchase or sell a currency on a future date at a negotiated forward exchange rate. Currency forward contracts are used for trading purposes and may hedge the Company's exposure to changes in currency exchange rates on its portfolio investments.

Equity Forwards

An equity forward contract involves a commitment by the Company to purchase or sell equity securities for a predetermined price, with payment and delivery of the equity securities at a predetermined future date. An equity forward embeds a cost of carry (interest) charge payable by the Company (when the Company commits to purchase) or receivable by the Company (when the Company commits to sell) the underlying securities.

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument, commodity or currency at a contracted price, either at a fixed future date or at any time within a specified period.

The Company purchases and sells call and put options through regulated exchanges and OTC markets. Options purchased by the Company provide the Company with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option, depending on the option's style of exercise.

The Company is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Company provide the purchaser (the party facing the Company) the opportunity to purchase from or sell to the Company the underlying asset at an agreed-upon value. In writing an option, the Company bears the market risk of an unfavorable change in the asset underlying the written option. The exercise by the purchaser of an option written by the Company could result in the Company buying or selling a financial instrument at a price higher or lower than the current market value, respectively. The maximum loss for written put options is limited to the number of contracts written and the related strike prices, and the maximum loss for written call options (which could be unlimited) is contingent upon the market price of the underlying asset at the exercise date.

Swaptions

A swaption is an option contract that provides its owner the right, but not the obligation, to enter into a previously agreed-upon swap on a future date or to cancel an existing swap in the future. A payer swaption is an option to enter into a swap as a fixed-rate payer and receive the floating rate. A receiver swaption is an option to enter into a swap as a fixed-rate receiver and pay the floating rate.

The following table shows the fair values of derivative financial instruments recorded as assets or liabilities as of December 31, 2023 and December 31, 2022, together with their notional amounts which is indicative of the trading activity throughout the year. The notional amount, which is recorded on a gross basis, is the amount of a derivative's underlying asset, reference rate or index value, and is the basis upon which changes in the value of derivatives are measured.

Fair Value of Derivative Financial Instruments

As of December 31	2023		2022	
	Fair Value	Notional[(1)]	Fair Value	Notional[(2)]
Derivatives primarily held for trading purposes				
Assets				
Currency Call/Put Options	$ —	$ —	$ 11,323,089	$ 1,240,304,309
Forward Purchase Agreement	—	—	—	—
Total Assets	**$ –**	**$ –**	**$ 11,323,089**	**$ 1,240,304,309**
Derivatives primarily held for risk management purposes				
Assets				
Currency Forwards	$ —	$ —	$ 17,649,711	$ 856,491,354
Equity Options	57,510,370	419,925,279	174,892,671	559,615,519
Interest Rate Swaptions	217,333,840	12,746,618,000	501,089,351	6,826,965,494
Total Assets	**$ 274,844,210**	**$ 13,166,543,279**	**$ 693,631,733**	**$ 8,243,072,367**
Liabilities				
Currency Forwards	$ 31,975,102	$ 1,246,552,601	$ 10,245,916	$ 228,135,733
Total Liabilities	**$ 31,975,102**	**$ 1,246,552,601**	**$ 10,245,916**	**$ 228,135,733**

(1) The Company also traded Commodity Options, Equity Forwards and Currency Call/Put Options during 2023 but did not hold these instruments as of December 31, 2023. The average notional amounts traded were $42.4 million, $105.4 million and $256.4 million, respectively.

(2) The Company also traded Commodity Options, Equity Forwards and the Forward Purchase Agreement during 2022 but did not hold these instruments as of December 31, 2022. The average notional amounts traded were $21.3 million, $411.4 million and $508.6 million, respectively.

The table below summarizes gains or losses from the Company's derivative trading for the years ended December 31, 2023 and December 31, 2022 that are included in investment gains and losses in the statement of comprehensive income.

Derivatives Trading	Year Ended 2023	Year Ended 2022
Commodity Options	$ (18,617,762)	$ (21,770,349)
Currency Call/Put Options	(10,655,624)	(89,346,695)
Currency Forwards	(24,569,588)	177,311,023
Equity Forwards	(5,944,939)	4,557,736
Equity Options	(117,382,326)	59,317,597
Forward Purchase Agreement	—	4,399,803
Interest Rate Swaptions	(58,729,625)	1,609,422,440
Total Net Gain/(Loss)	**$ (235,899,864)**	**$ 1,743,891,555**

Offsetting of Derivative Assets and Liabilities

IFRS 7 requires an entity to disclose information about offsetting rights and related arrangements. The disclosures provide users with information to evaluate the effect of netting arrangements on an entity's financial position. The disclosures are required for all recognized financial instruments that could be offset in accordance with IAS 32 Financial Instruments Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with IAS 32.

The table below displays the amounts by which the fair values of derivative assets and liabilities could be offset in the statement of financial position as a result of counterparty netting. Collateral pledged/received represents amounts by which derivative assets and liabilities could have been further offset for financial statement presentation purposes if the Company did not include collateral amounts in due from/to brokers in the statement of financial position.

As of December 31, 2023	Gross Amounts(1)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position(1)	Amounts Not Offset in the Statement of Financial Position: Financial Instruments(2)	Amounts Not Offset in the Statement of Financial Position: Collateral Pledged / (Received)(3,4)	Net Amount
Derivative Assets						
Counterparty A	$ 184,281,999	$ —	$ 184,281,999	$ —	$ (184,281,999)	$ —
Counterparty I	90,562,211	—	90,562,211	—	(90,562,211)	—
Total	**$ 274,844,210**	**$ –**	**$ 274,844,210**	**$ –**	**$ (274,844,210)**	**$ –**
Derivative Liabilities						
Counterparty H	$ —	$ —	$ —	$ —	$ 189,967,112	$ 189,967,112
Total	**$ –**	**$ –**	**$ –**	**$ –**	**$ 189,967,112**	**$ 189,967,112**

As of December 31, 2022	Gross Amounts(1)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position(1)	Amounts Not Offset in the Statement of Financial Position: Financial Instruments(2)	Amounts Not Offset in the Statement of Financial Position: Collateral Pledged / (Received)(3,4)	Net Amount
Derivative Assets						
Counterparty A	$ 251,620,138	$ —	$ 251,620,138	$ —	$ (244,010,000)	$ 7,610,138
Counterparty D	276,196,921	—	276,196,921	—	(269,480,000)	6,716,921
Counterparty E	155,174,348	—	155,174,348	—	(152,820,000)	2,354,348
Counterparty F	4,034,895	—	4,034,895	—	(3,980,000)	54,895
Counterparty G	278,809	—	278,809	—	(278,809)	—
Total	**$ 687,305,111**	**$ –**	**$ 687,305,111**	**$ –**	**$ (670,568,809)**	**$ 16,736,302**
Derivative Liabilities						
Counterparty H	$ —	$ —	$ —	$ —	$ 505,308,351	$ 505,308,351
Total	**$ –**	**$ –**	**$ –**	**$ –**	**$ 505,308,351**	**$ 505,308,351**

(1) As of December 31, 2023, the amounts of derivative contracts presented in the preceding tables differ from the amounts reported in the statement of financial position as a result of derivative assets and liability contracts in the amounts of nil and $31,975,102 (2022: $17,649,711 and $10,245,916), respectively, which are not subject to enforceable ISDA master netting arrangements.

(2) Amount of financial instruments subject to ISDA master netting agreements, determined by the Company to be legally enforceable in the event of default and if certain other criteria are met in accordance with applicable offsetting accounting guidance, but were not offset as it is not the Company's intention to settle on a net basis with its ISDA counterparties.

(3) Amounts of collateral subject to collateral agreements determined by the Company to be legally enforceable in the event of default, but were not offset as it is not the Company's intention to settle on a net basis with its ISDA counterparties. The collateral amounts may exceed the net amounts presented in the statement of financial position. Where this is the case, collateral pledged/received is limited to the net amounts of financial assets and liabilities with that counterparty. As of December 31, 2023, the Company received additional collateral of $1,415,790 (2022: $101,191) related to independent amounts and/or valuation differences with the counterparty, not presented in the tables above.

(4) The Company is subject to Uncleared Margin Rules, requiring the Company to post initial margin to individual third-party accounts custodied at a bank separate from the counterparty with which the instruments are traded. The Company is subject to insolvency risk at the bank where these third-party accounts are custodied. The collateral posted to the Company's third-party accounts is represented by "Counterparty H". The Company also received collateral from its counterparties into tri-party accounts at the same bank. The securities posted to these accounts are only accessible in the event of counterparty default. As of December 31, 2023, the value of securities posted to the tri-party accounts was $381.1 million (2022: $1.13 billion), which exceeded the Company's net exposure to its counterparties.

9. TRADE AND OTHER RECEIVABLES/PAYABLES

The following is a breakdown of the Company's trade and other receivables/payables as reflected in the statement of financial position.

As of December 31		2023		2022
Trade and other receivables				
Dividends receivable	$	14,893,638	$	12,697,932
Prepayments and other receivables		1,243,199		879,622
Interest receivable		175,384		415,971
	$	**16,312,221**	**$**	**13,993,525**

As of December 31		2023		2022
Trade and other payables				
Performance fees payable	$	311,358,114	$	—
Settlement of share buybacks		6,126,811		1,483,327
Other payables		2,339,262		2,937,719
Interest payable		1,191,794		1,758,370
	$	**321,015,981**	**$**	**6,179,416**

10. CASH AND CASH EQUIVALENTS

The following is a breakdown of the Company's cash and cash equivalents as reflected in the statement of financial position.

As of December 31		2023		2022
Cash and cash equivalents				
U.S. Treasury money market funds	$	1,919,676,742	$	1,134,157,944
U.S. Treasury Bills		9,243,888		13,284,548
Cash		—		735
	$	**1,928,920,630**	**$**	**1,147,443,227**

As of December 31, 2023, money market fund investments in Goldman Sachs Financial Square Treasury Instruments Fund and BlackRock Liquidity Funds Treasury Trust Fund had fair values of $756,784,660 (2022: $1,083,858,632) and $1,162,892,082 (2022: $50,299,312), respectively.

11. 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 NAV of the share class (before any accrued performance fees) at the time of such allocation. The NAV of each share class is the proportion of the Company's NAV attributable to such share class at the relevant valuation date, taking into account the assets and liabilities of the Company specifically attributable to such class of shares.

The Company had 185,461,146 Public Shares (2022: 190,858,442) and the Special Voting Share outstanding as of December 31, 2023. The Company also held 25,495,604 Public Shares in Treasury (2022: 20,098,308) for a total of 210,956,750 Public Shares in issue (2022: 210,956,750) as of December 31, 2023.

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 2023 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 18,992,894 Public Shares (equal to 10% of Public Shares outstanding as at the latest practicable date prior to the date of publication of the 2023 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 the 2024 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 December 31, 2023 and December 31, 2022.

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 years ended December 31, 2023 and December 31, 2022, 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 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 2022 calendar year.

Beginning in 2023, the Company's quarterly dividend is determined by multiplying the average NAV per Public Share of all trading days in December of the prior year by 0.25%, subject to a cap on the total dividends paid for the year of 125% of the average of the 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 the dividend in future years, even if the NAV per Public Share were to decline. On January 31, 2023, the Company announced a quarterly dividend of $0.1307 per Public Share for 2023. On January 11, 2024, the Company announced a quarterly dividend of $0.1456 per Public Share for 2024.

A proportionate quarterly dividend will be paid per Management Share and the Special Voting Share, based on their respective net asset values per share on the ex-dividend date. Dividends will be paid in USD unless a shareholder elects to be paid in GBP. Shareholders may also elect to reinvest cash dividends into Public Shares through a DRIP 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 continue to 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 year ended December 31, 2023, the Company paid dividends of $98,781,277, a higher amount than it paid in the year ended December 31, 2022 of $93,271,012 due to an increase in the quarterly dividend for 2023.

Winding-Up

The assets available for distribution upon the winding up of the Company, after payment of all creditors of the Company, shall be allocated among each class of shares then in issue in proportion to the NAV of such class of shares at the relevant winding-up date. Within each share class, the assets will be distributed among the shareholders of that class in proportion to the number of shares held at the winding-up date.

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 2023 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 then outstanding.

The Company announced share buyback programs in May and July of 2022 on the LSE and Euronext Amsterdam (the "2022 Share Buyback Programs") of $100 million or for up to 10 million of the Company's outstanding Public Shares and $200 million or for up to 20 million of the Company's outstanding Public Shares, respectively. The Company completed the 2022 Share Buyback Programs on March 31, 2023, repurchasing a total of 9,312,416 shares for $300 million at an average discount of 33.0% over the course of the programs.

The Company announced a share buyback program in June of 2023 on the LSE and Euronext Amsterdam (the "June 2023 Share Buyback Program") of $100 million or for up to 5 million of the Company's outstanding Public Shares. The Company completed the June 2023 Share Buyback Program on October 6, 2023, repurchasing a total of 2,706,555 shares for $100 million at an average discount of 35.8% over the course of the program.

The Company announced a share buyback program in November of 2023 on the LSE and Euronext Amsterdam (the "November 2023 Share Buyback Program") of $250 million or for up to 10 million of the Company's outstanding Public Shares. As of December 31, 2023, 1,640,765 shares had been repurchased for $68.5 million at an average discount of 32.8%, representing 27.4% of the November 2023 Share Buyback Program.

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 64,493,975 Public Shares for $1.3 billion at an average discount of 29.2% through December 31, 2023.

The Company intends to propose that shareholders renew its general share buyback authority at the 2024 Annual General Meeting to allow the Company to engage in share buybacks for up to a maximum of 14.99% of the Public Shares then outstanding. If approved by shareholders and depending on market conditions, the Company's available capital and the considerations described in "Discount to NAV" on pages 33-34, the Company may decide to utilize the share buyback authority to make further acquisitions of Public Shares in the market.

Jefferies International Limited is the Company's buyback agent for its share buyback programs. Beginning on October 24, 2019, all Public Shares repurchased in the share buyback programs are held in Treasury.

The Public Shares, Special Voting Share and Treasury Shares transactions for the years ended December 31, 2023 and December 31, 2022 were as follows:

	Public Shares	Special Voting Share	Treasury Shares
As of December 31, 2021	**199,120,882**	**1**	**11,835,868**
Share Buybacks	(8,262,440)	—	8,262,440
As of December 31, 2022	**190,858,442**	**1**	**20,098,308**
Share Buybacks	(5,397,296)	—	5,397,296
As of December 31, 2023	**185,461,146**	**1**	**25,495,604**

12. INTEREST INCOME AND EXPENSE

The following is a breakdown of the Company's interest income and expense as reflected in the statement of comprehensive income.

Interest Income	Year Ended 2023	Year Ended 2022
U.S. Treasury Bills	$ 19,328,465	$ 9,471,750
Collateral balances	331,795	766,030
Cash at prime brokers	49,998	43,374
	$ 19,710,258	**$ 10,281,154**

Interest Expense	Year Ended 2023	Year Ended 2022
Bonds coupon expense	$ 71,935,256	$ 87,734,757
Collateral balances	14,926,735	12,020,882
Amortization of Bonds issue costs incurred as finance costs	2,625,012	3,304,217
Amortization of Bonds original issue discount incurred as finance costs	347,386	344,474
Cash or debit balance at prime brokers	58,288	16,207
	$ 89,892,677	**$ 103,420,537**

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk Mitigation

The Investment Manager does not use formulaic approaches to risk management. Instead, risk management is integrated into the portfolio management process. The primary risk management tool is extensive research completed by the Investment Manager prior to an initial investment. The Investment Manager defines investment risk as the probability of a permanent loss of capital rather than price volatility. Factors considered by the Investment Manager in assessing long investment opportunities include, but are not limited to:

- The volatility/predictability of the business;
- Its correlation with macroeconomic factors;
- The company's financial leverage;
- The defensibility of the company's market position; and
- Its discount to intrinsic value.

The Investment Manager believes that the acquisition of a portfolio of investments, when acquired at a large discount to intrinsic value, provides a margin of safety that can mitigate the likelihood of an overall permanent loss of the Company's capital. The primary risks in the Company's portfolio are company-specific risks which are managed through investment selection and due diligence.

The Investment Manager does not have a formulaic approach in evaluating correlations between investments, but is mindful of sector and industry exposures and other fundamental correlations between the businesses in which the Company invests. The Investment Manager believes that an important distinguishing factor about the Company's portfolio is that it does not generally use margin leverage.

At times, the Investment Manager has made investments that, due to the circumstances of the investment (e.g., the highly leveraged nature of the businesses or assets, the relative illiquidity of the investment, and/or the structure of the Company's investment), have a materially greater likelihood of a potential permanent loss of capital for the Company. In light of this greater risk, the Investment Manager generally requires the potential for a materially greater reward if successful, and sizes the investments appropriately.

Refer to Principal Risks and Uncertainties (which are explicitly incorporated by reference into these Notes to Financial Statements) for further information regarding principal risks faced by the Company.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Company's derivatives and investments held as of December 31, 2023 are presented in the Condensed Schedule of Investments on pages 115-116 (which is explicitly incorporated by reference into these Notes to Financial Statements). Derivative trading activities are discussed in detail in Note 8.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Generally, most financial assets decline in value when interest rates rise and increase in value when interest rates decline. While nearly every one of the Company's investments is exposed to the economy to some degree, the Investment Manager attempts to identify companies for which increases or decreases in interest rates are not particularly material to the investment thesis. The Company does not generally hedge its interest rate exposure as the Investment Manager does not believe that, absent the potential for asymmetric profits, hedging interest rate risk is a prudent use of capital. The Company purchased interest rate swaptions throughout 2022 and 2023 as the Investment Manager continued to identify opportunities for asymmetric profit in the event of significant changes to interest rates.

The following table illustrates the Company's exposure to U.S. and Japanese interest rates from its investment in interest rate swaptions as of December 31, 2023 and December 31, 2022. The analysis calculates the effect of a reasonably possible percentage change to the underlying interest rates and its effect on the Company's profit or loss with all other variables held constant.

Interest Rate (2023)	Exposure	Change in Interest Rate (+)	Effect on Profit/(Loss)	Change in Interest Rate (-)	Effect on Profit/(Loss)
U.S. 1 Year Treasury	$ 31,685,649	90 bps	$ (31,685,649)	90 bps	$ 46,470,305
U.S. 5 Year Treasury	$ 185,648,191	71 bps	$ (182,712,002)	71 bps	$ 185,369,759

Interest Rate (2022)	Exposure	Change in Interest Rate (+)	Effect on Profit/(Loss)	Change in Interest Rate (-)	Effect on Profit/(Loss)
U.S. 30 Year Treasury	$ 330,721,975	67 bps	$ 529,913,058	67 bps	$ (257,467,646)
JPY 10 Year Treasury	$ 170,367,376	12 bps	$ 56,824,350	12 bps	$ (30,310,687)

As of December 31, 2023 and December 31, 2022 cash and cash equivalents equaled $1,928,920,630 and $1,147,443,227, respectively. The Company did not perform a sensitivity analysis on cash and cash equivalents as it would have no significant impact on its net assets.

The Bonds have no interest rate risk as the interest rates are fixed and they are carried at amortized cost.

Currency Risk

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than USD. Consequently, the Company's financial assets or liabilities denominated in currencies other than USD are exposed to the risk that the exchange rate of USD relative to other currencies may change in a manner that has an adverse effect on their fair value. In addition, portfolio companies with foreign operations are also exposed to currency risk, which may adversely affect their valuation.

The Company primarily utilizes forward exchange contracts and currency options to hedge currency risk, and it may also invest in such instruments if the Investment Manager identifies an investment opportunity with the potential for asymmetric profits. Also refer to the Condensed Schedule of Investments on pages 115-116 (which is explicitly incorporated by reference into these Notes to Financial Statements) for additional details of the Company's financial assets and liabilities.

The following tables show the currencies to which the Company had significant exposure at December 31, 2023 and December 31, 2022 on its financial assets and financial liabilities. The analysis calculates the effect on the Company's profit and loss due to a reasonably possible movement of the currency rate against USD with all other variables held constant.

Currency (2023)	Net Foreign Currency Exposure	Change in Currency Rate (+)	Effect on Profit/(Loss)	Change in Currency Rate (-)	Effect on Profit/(Loss)
CAD	$ 88,098,861	6%	$ (3,851,482)	6%	$ 3,851,482
EUR	$ 193,331,563	7%	$ 13,830,758	7%	$ (13,830,758)

Currency (2022)	Net Foreign Currency Exposure	Change in Currency Rate (+)	Effect on Profit/(Loss)	Change in Currency Rate (-)	Effect on Profit/(Loss)
CAD	$ 26,643,987	6%	$ 929,470	6%	$ (4,153,406)
EUR	$ 336,354,321	7%	$ 26,749,357	7%	$ (8,610,863)
JPY	$ 103,602,449	7%	$ 6,860,861	7%	$ (6,610,539)

Equity Price Risk

The Company's portfolio is highly concentrated, with a significant proportion of its capital in one or a limited set of investments. A substantial majority of the Company's portfolio is typically allocated to 8 to 12 core holdings usually comprised of highly liquid, listed large cap North American companies. Because the portfolio is highly concentrated and primarily invested in public equities (or derivative instruments which reference public equities), fluctuations in equity prices are a significant risk to the portfolio. Refer to the Company Performance on page 2, Investment Manager's Portfolio Update on pages 15-21 and the Condensed Schedule of Investments on pages 115-116 (each of which is explicitly incorporated by reference into these Notes to Financial Statements) for quantitative and qualitative discussion of the Company's portfolio and additional details regarding the Company's financial assets and financial liabilities.

The following table estimates the effect on the Company's net assets due to a possible change in equity prices with all other variables held constant.

Equity Prices	% Change in Equity Price (+)	Change in Net Assets	% Change in Equity Price (-)	Change in Net Assets
2023	10%	$ 1,314,132,110	10%	$ (1,300,901,855)
2022	9%	$ 1,006,765,700	9%	$ (998,843,961)

The following table analyzes the Company's concentration of equity price risk in the Company's equity portfolio by geographical distribution (based on issuer's place of primary listing or, if not listed, place of domicile).

As of December 31	2023	2022
North America	74%	74%
Europe	26%	26%
Total	**100%**	**100%**

The following table analyzes the Company's concentration of equity price risk in the Company's equity portfolio by industry sectors.

As of December 31	2023	2022
Media	26%	26%
Restaurant	26%	26%
Technology	13%	—
Hospitality	12%	11%
Real Estate Development and Operating	11%	10%
Transportation	8%	9%
Retail	2%	17%
Financial Services	2%	1%
Special Purpose Acquisition Rights Company	—	—
Total	**100%**	**100%**

If the Company holds a short position, it represents obligations of the Company to deliver the specified securities and, thereby, create a liability to purchase the security in the open market at prevailing prices. Accordingly, such transactions may result in additional risk as the amount needed to satisfy the Company's obligations may exceed the amount recognized in the statement of financial position.

Liquidity Risk

The Company's policy and the Investment Manager's approach to managing liquidity are to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressful market conditions. The Company invests primarily in liquid, large-capitalization securities which, under normal market conditions, are readily convertible to cash. Less liquidity is tolerated in situations where the risk/reward trade-off is sufficiently attractive to justify a greater degree of illiquidity.

The Company's portfolio investments may be subject to contractual or regulatory restrictions on trading, or "trading windows" imposed with respect to certain issuers for which the Investment Manager has board representation or is otherwise restricted.

However, these restrictions were not taken into consideration in the liquidity calculation below as the Investment Manager has been able to liquidate such securities successfully through block trades or automatic purchase/sale plans. The Investment Manager believes that the appropriate metric for assessing portfolio liquidity is to calculate how many days it would require to liquidate a position assuming the Investment Manager were able to capture 20% of the trailing 90-day average trading volume (the "Liquidation Period"). On a monthly basis, the Liquidation Period is applied to the existing portfolio to assess how long it will take to divest the Company (and the other PSCM-managed funds) of its portfolio positions.

The following tables summarize the liquidity profile of the Company's assets and liabilities based on the following assumptions:

- Financial assets and financial liabilities at fair value through profit or loss are disposed over their Liquidation Period;
- The deferred tax expense liability associated with the Company's investment in Howard Hughes Holdings Inc. ("HHH") matches its Liquidation Period, as fully described in Note 19; and
- The receipt/disposition of all other assets and liabilities, including cash and cash equivalents, due to/from brokers, trade receivables and payables and Bonds is based on their contractual maturities and undiscounted cash flows.

As of December 31, 2023	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
Assets						
Cash and cash equivalents	$ 1,928,920,630	$ —	$ —	$ —	$ —	$ 1,928,920,630
Due from brokers	207,119,255	—	—	—	—	207,119,255
Trade and other receivables	16,312,221	—	—	—	—	16,312,221
Financial assets at fair value through profit or loss:						
Investments in securities	6,956,926,488	1,898,488,337	1,092,513,965	2,161,669,703	591,805,499	12,701,403,992
Derivative financial instruments*	274,844,210	—	—	—	—	274,844,210
Total Assets	**$ 9,384,122,804**	**$ 1,898,488,337**	**$ 1,092,513,965**	**$ 2,161,669,703**	**$ 591,805,499**	**$ 15,128,600,308**
Liabilities						
Due to brokers	$ 276,260,000	$ —	$ —	$ —	$ —	$ 276,260,000
Trade and other payables	321,015,981	—	—	—	—	321,015,981
Deferred tax expense payable	1,410,511	3,176,319	8,333,242	40,748,470	31,158,392	84,826,934
Bonds	12,900,000	—	19,500,000	39,989,656	2,976,493,969	3,048,883,625
Financial liabilities at fair value through profit or loss:						
Derivative financial instruments*	31,975,102	—	—	—	—	31,975,102
Total Liabilities	**$ 643,561,594**	**$ 3,176,319**	**$ 27,833,242**	**$ 80,738,126**	**$ 3,007,652,361**	**$ 3,762,961,642**

As of December 31, 2022	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
Assets						
Cash and cash equivalents	$ 1,147,443,227	$ —	$ —	$ —	$ —	$ 1,147,443,227
Due from brokers	506,639,045	—	—	—	—	506,639,045
Trade and other receivables	13,993,525	—	—	—	—	13,993,525
Financial assets at fair value through profit or loss:						
Investments in securities	6,144,029,760	1,713,011,460	1,206,478,218	1,493,768,307	21,496,447	10,578,784,192
Derivative financial instruments*	704,954,822	—	—	—	—	704,954,822
Total Assets	**$ 8,517,060,379**	**$ 1,713,011,460**	**$ 1,206,478,218**	**$ 1,493,768,307**	**$ 21,496,447**	**$ 12,951,814,811**
Liabilities						
Due to brokers	$ 670,670,000	$ —	$ —	$ —	$ —	$ 670,670,000
Trade and other payables	6,179,416	—	—	—	—	6,179,416
Deferred tax expense payable	—	602,452	14,331,952	37,283,527	—	52,217,931
Bonds	12,900,000	—	19,500,000	39,759,344	3,031,212,375	3,103,371,719
Financial liabilities at fair value through profit or loss:						
Derivative financial instruments*	10,245,916	—	—	—	—	10,245,916
Total Liabilities	**$ 699,995,332**	**$ 602,452**	**$ 33,831,952**	**$ 77,042,871**	**$ 3,031,212,375**	**$ 3,842,684,982**

* In the case of derivatives that reference equity securities, the derivative terms provide that the counterparty, if directed, may terminate the derivative directly in the marketplace without requiring any upfront cash payment and such termination would follow the above liquidation time horizons.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with the Company, resulting in a financial loss to the Company. It arises principally from derivative financial assets, cash and cash equivalents, and balances due from brokers.

In order to mitigate credit risk, the Company seeks to trade only with reputable counterparties that the Investment Manager believes to be creditworthy. The Investment Manager reviews credit rating reports on its counterparties on a weekly basis and monitors its net counterparty exposure. The Company exchanges variation margin with its counterparties on a daily basis.

Certain of the Company's positions are subject to the Uncleared Margin Rules, which further mitigate the Company's counterparty risk by requiring both the Company and the counterparty to post initial margin to individual custody accounts. In the event of a counterparty default, the initial margin posted by the counterparty will become accessible to the Company. The initial margin posted by the Company and its counterparties is custodied at Bank of New York Mellon in non-cash collateral and is not considered part of the custodian's balance sheet.

Please refer to the Condensed Schedule of Investments on pages 115-116 (which is explicitly incorporated by reference into these Notes to Financial Statements) for additional details regarding the Company's financial assets and financial liabilities.

The Company maintains its cash and cash equivalents position at major financial institutions. At times, cash balances may exceed federally insured limits and, as such, the Company has credit risk associated with such financial institutions. The cash and cash equivalents balances are reflected in the statement of financial position. At December 31, 2023 and December 31, 2022, cash was primarily invested in U.S. Treasury money market funds and/or U.S. Treasury Bills with daily liquidity as disclosed in Note 10.

The Company's prime brokers are required to provide custody services for the Company's securities. The prime brokers are not permitted under U.S. law to lend out (or "re-hypothecate") the Company's securities if these securities are fully paid for unless the Company enters into a securities lending agreement. If the Company uses margin leverage, the prime brokers may lend out the Company's securities to fund the prime brokers' business, but are restricted under U.S. law; that is, the prime brokers may only lend out an amount of the Company's securities that is less than or equal to 140% of the debit balance that the prime broker extends to the Company as credit. The Company monitors its accounts to avoid running a debit balance. Additionally, the Company has processes in place that allow it to quickly move securities from its prime brokers into a regulated bank entity which is not legally permitted to re-hypothecate client securities.

The Company's gross maximum exposure to credit risk, which includes the Company's cash and cash equivalents, due from brokers and derivative financial assets, was $2,410,884,095 and $2,359,037,094 as of December 31, 2023 and December 31, 2022, respectively. Gross maximum exposure excludes the effect of collateral received and offsetting permitted under the Company's ISDA master netting agreements. The following table breaks down the components of the Company's gross maximum exposure to credit risk by analyzing the credit ratings of the underlying custodians and counterparties.

As of December 31	2023	2022
AAA	80%	48%
A	20%	52%
Total	**100%**	**100%**

The following is a breakdown of the Company's due from and due to brokers as stated in the statement of financial position.

As of December 31		2023		2022
Due from brokers				
Collateral pledged to third party accounts for derivative contracts	$	189,967,112	$	505,308,351
Cash held at prime brokers		17,152,143		1,330,694
	$	**207,119,255**	**$**	**506,639,045**

As of December 31		2023		2022
Due to brokers				
Collateral received from counterparties for derivative contracts	$	276,260,000	$	670,670,000
	$	**276,260,000**	**$**	**670,670,000**

14. COMMITMENTS AND CONTINGENCIES

As of December 31, 2023, the Company had a commitment relating to the SPARC Committed FPA as described on page 107 of Note 16. No other commitments or contingencies existed as of December 31, 2023. As of December 31, 2022, no commitments or contingencies existed.

15. 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 certain of their affiliated entities are refunded to such shareholders by the Investment Manager.

For the years ended December 31, 2023 and 2022, the Investment Manager earned management fees from the Company of $155,469,061 and $148,482,762, 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 Company's IPO. The Potential Offset Amount was reduced from $41.6 million at December 31, 2022 to $35.6 million during the year ended December 31, 2023.

For the year ended December 31, 2023, the Investment Manager earned performance fees of $758,352 in connection with the payment of the quarterly dividend and an annual performance fee of $311,350,530. Performance fees paid by Public Shares held by employees, partners and certain of their affiliated entities are refunded to such shareholders by the Investment Manager. For the year ended December 31, 2022, the Investment Manager did not earn any performance fees.

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.

16. RELATED PARTY DISCLOSURES

PSH Ownership

During the year ended December 31, 2023, William Ackman and entities that he, or a person closely associated with him, controls transferred a total of 1.7 million Public Shares to other entities that he, or such person closely associated with him, also controls, and Nicholas Botta and an entity that he controls transferred 0.2 million Public Shares to other entities that he also controls. The transfers did not result in a change of beneficial ownership or voting control of Public Shares.

During the year ended December 31, 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.

As of December 31, 2023 and December 31, 2022, William Ackman, Nicholas Botta, other PSCM affiliates and their respective affiliated entities had total net economic share ownership of approximately 27% and 26%, respectively, of the Company.

Director's Fees

For the year ended December 31, 2023, the Company's independent Directors' fees in relation to their services for the Company were $592,753 of which none were payable as of December 31, 2023. For the year ended December 31, 2022, the Company's independent Directors' fees in relation to their services for the Company were $581,628 of which none were payable as of December 31, 2022. The difference is solely due to foreign exchange movements.

Management and Performance Fees

The relationship between the Company and the Investment Manager and the fees earned are disclosed in Note 15.

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 December 31, 2023 and December 31, 2022, the Company and its affiliates beneficially owned in excess of 10% of the outstanding common equity securities of HHH and Universal Music Group N.V. ("UMG"). William A. Ackman is the chairman of the board of HHH and was appointed as non-executive director of UMG on May 12, 2022.

As of December 31, 2023 and December 31, 2022, the Company and the other Pershing Square Funds, through their ownership of SPARC Sponsor, were the sole shareholders of SPARC.

HHH Tender Offer

On October 14, 2022, PSCM announced that the Pershing Square Funds had commenced a cash tender offer to purchase up to an aggregate of 6,340,000 shares of common stock of HHH, at a price not greater than $60.00 nor less than $52.25 per share, net to the seller in cash, less any applicable withholding taxes and without interest. The exact price would be determined through a modified Dutch auction described in the Offer to Purchase and the Letter of Transmittal, each dated as of October 14, 2022 and filed with the SEC (the "Offer"). If the Pershing Square Funds accepted any of the common stock for purchase pursuant to the Offer, PSLP, PSINTL and the Company would have purchased approximately 7.47%, 2.27% and 90.26%, respectively, of those shares. The Offer was scheduled to expire on November 10, 2022 unless the Offer was extended or earlier terminated.

On November 11, 2022, PSCM announced that the Pershing Square Funds had increased the price range of the Offer to not greater than $70.00 nor less than $61.00 per share, net to the seller in cash, less any applicable withholding taxes and without interest. The Pershing Square Funds also extended the Offer to expire on November 28, 2022 unless the Offer was further extended or earlier terminated.

On November 30, 2022, PSCM announced that the Pershing Square Funds had accepted for payment 1,559,205 shares of HHH, at $70.00 per share, for a total purchase price of $109,144,350. The Company purchased 1,407,338 of the shares tendered.

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's S-1 was filed with the SEC on November 24, 2021 and was declared effective on September 29, 2023.

SPARC distributed, at no cost, subscription warrants ("SPARs") to purchase SPARC Public Shares (defined below) at a future date to holders of PSTH 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): one SPAR for every four shares of PSTH common stock and one SPAR for every two PSTH warrants. 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 (the "SPARC Public Shares") will be issued concurrently with the closing of SPARC's business combination. The SPARC Prospectus is available on the SEC's website.

SPARC Sponsor

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.

From November 9, 2021 through December 31, 2023, the Pershing Square Funds made capital contributions of $4,225,330 to SPARC Sponsor to fund its acquisition of 422,533 shares of SPARC common stock ("SPARC Sponsor Shares") to pay various organizational and legal costs of SPARC, of which the Company paid $3,692,730. Additionally, the Pershing Square Funds made capital contributions of $12,563 to SPARC Sponsor to pay for its expenses, of which the Company paid $10,983.

The SPARC Sponsor Shares, following the consummation of SPARC's business combination, will become SPARC Public Shares. If necessary, SPARC will carry out a reverse stock split of the SPARC Sponsor Shares at a ratio such that the effective purchase price per SPARC Sponsor Share equals the exercise price at which SPAR holders will purchase SPARC Public Shares (the "Final Exercise Price").

On July 28, 2023, the Pershing Square Funds made capital contributions of $35,892,480 to SPARC Sponsor to fund its acquisition of warrants from SPARC (the "SPARC Sponsor Warrants") in a private placement, of which the Company paid $31,555,612.

Pursuant to the SPARC Sponsor Warrants agreement filed as an exhibit to the SPARC Prospectus, the SPARC Sponsor Warrants will be exercisable, in the aggregate, for up to 4.95% of the SPARC Public Shares that are outstanding as of the time immediately following the consummation of the business combination, on a fully diluted basis, and at an exercise price equal to 120% of the Final Exercise Price. The Sponsor Warrants will have a term of 10 years from SPARC's business combination and will generally not be salable, transferable or exercisable until three years into their term.

The Pershing Square Funds' capital contributions to SPARC Sponsor since their initial investment totaled $40,130,373, of which the Company paid $35,259,325.

As of December 31, 2023 and December 31, 2022, the Company had an economic ownership of 88% and 87%, respectively, of SPARC Sponsor. Refer to Note 7 for the fair market value associated with SPARC Sponsor as of December 31, 2023 and December 31, 2022, as applicable.

SPARC Forward Purchase Agreement

The Pershing Square Funds entered into a forward purchase agreement (the "SPARC Committed FPA") with SPARC on September 29, 2023. Pursuant to the SPARC Committed FPA filed as an exhibit to the SPARC Prospectus, the Pershing Square Funds agreed to purchase at least $250 million of SPARC Public Shares if the Final Exercise Price is $10.00 per share, and a proportionally higher amount at a higher Final Exercise Price, up to a maximum of $1 billion at a Final Exercise Price of $40.00 or more (the "SPARC Forward Purchase Shares"). The SPARC Committed FPA may not be transferred to any other parties.

Each Pershing Square Fund's obligation to purchase SPARC Forward Purchase Shares will be determined by multiplying the aggregate amount of SPARC Forward Purchase Shares by a fraction, (x) the numerator of which is the gross assets under management of such Pershing Square Fund as of the last day of the month prior to such date of determination, and (y) the denominator of which is the gross assets under management of the Pershing Square Funds in the aggregate as of the last day of the month prior to such date of determination, adjusted in each case for future capital activity, including but not limited to anticipated redemptions, as deemed necessary.

The purchase of the SPARC Forward Purchase Shares will take place in one or more private placements. The closing of any such private placement will occur simultaneously with the closing of SPARC's business combination. The SPARC Public Shares purchased pursuant to the SPARC Committed FPA will be subject to certain transfer restrictions and will have registration rights.

Refer to Note 7 for the fair market value associated with SPARC Committed FPA as of December 31, 2023.

SPARC Cayman Liquidation

SPARC Cayman, a Cayman Islands exempted company and 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 liquidated SPARC Cayman and SPARC Sponsor Cayman.

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 common shares to pay various organizational and legal costs of SPARC Cayman. The proceeds of SPARC Sponsor Cayman's 2022 share purchases were specifically used by SPARC Cayman to wind down its operations and liquidate. The Company's capital contributions totaled $2,308,940.

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 other Pershing Square Funds 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 amount of any outstanding long-term debt, including the current portion thereof (which in the case of the Company, includes the gross proceeds from the Outstanding Bonds as further discussed in Note 18). Rebalancing transactions involve either the Company purchasing or selling securities or other financial instruments held by/to one or more Pershing Square Funds.

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 the Pershing Square Funds 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 interests in the Pershing Square Funds 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.

There were no rebalancing transactions for the year ended December 31, 2023 and December 31, 2022.

PS VII Master, L.P.

On August 9, 2021, the Company, PSLP and PSINTL made capital contributions of $2.5 billion, $202.5 million and $87.2 million respectively, to PS VII Master, for a total of $2.8 billion. 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 S.E.

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 $12.5 million, 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 $2.8 billion with a gain of $510.5 million. 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.

As of December 31, 2023 and December 31, 2022, the Company had a capital balance of $301,841,912 and $250,935,505 in PS VII Master, respectively, representing an economic ownership of 28%.

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 SEC on June 22, 2020 and subsequently consummated its IPO on July 24, 2020.

PSTH Sponsor, a Delaware limited liability company, was the sponsor entity of PSTH. The Pershing Square Funds wholly owned PSTH Sponsor as non-managing members and were its only source of funding. The business and affairs of PSTH Sponsor were managed exclusively by its non-member manager, PSCM.

The Company's former investments in PSTH and PSTH Sponsor, both affiliates of PSCM, are described below. PSTH announced on July 11, 2022 that it would redeem all of its outstanding shares of Class A common stock effective as of the close of business on July 26, 2022, and would 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.

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 Form S-1 Registration Statement, 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.

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 could 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 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.

PSTH's Proposed IBC and Cancellation

On June 20, 2021, PSTH announced that it had entered into a definitive agreement with Vivendi S.E. to acquire approximately 10% of the outstanding ordinary shares of UMG for approximately $4 billion.

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 in "PS VII Master, L.P." 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 was terminated and the Sponsor Warrants expired.

After the liquidation of PSTH was completed and all liabilities were settled, PSTH had $16.8 million of net assets. During the year ended December 31, 2022, PSTH distributed available cash of $16.7 million to PSTH Sponsor which held PSTH's Class B common stock and the Sponsor Warrants. The remaining $0.1 million was distributed during the year ended December 31, 2023. PSTH Sponsor further distributed such cash to the Pershing Square Funds, the non-managing members of PSTH Sponsor. The Company's portion of the cash distributed totaled $14.2 million. PSTH Sponsor initially paid a total cost of $65,025,000 for the Class B common stock and the Sponsor Warrants.

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 PSTH, the independent directors of PSTH, PSTH Sponsor, PSLP, PSINTL and the Company alleging, among other things, that PSTH was 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.

17. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit/(loss) for the year attributable to the Public Shares and the Special Voting Share over the weighted average number of Public Shares and the Special Voting Share outstanding, respectively. In accordance with IFRS, the weighted average shares outstanding for the Public Shares and the Special Voting Share were 188,818,790 and 1, respectively for the year ended December 31, 2023, and 196,513,766 and 1, respectively for the year ended December 31, 2022. Accretion from share buybacks is not included in the calculation of EPS. The Company's share buybacks provided accretion to the Public Shares of $0.57 and $0.67 per share during the year ended December 31, 2023 and December 31, 2022, respectively.

18. 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 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 of the 2022 Bonds described below.

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. Bond holders participating in the tender received consideration from the Company of $1,032.82 per $1,000 of principal plus accrued and unpaid interest through October 3, 2021, equating to a total payment of $385,958,128. The consideration paid in excess of principal resulted in a one-time extinguishment expense of $12,122,953 to the Company. Following the cancellation, the aggregate principal amount of the 2022 Bonds outstanding was $630,623,000.

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 Outstanding 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 Outstanding 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 (Mr Ackman's death, permanent disability or withdrawal as managing member of the general partner to the Investment Manager) 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 December 31, 2023 and December 31, 2022 is summarized in the table below:

As of December 31	2023	2022
2027 Bonds	$ 490,393,909	$ 442,818,404
2030 Bonds	409,310,000	388,425,000
2031 Bonds	555,128,000	526,904,000
2032 Bonds	146,832,000	149,822,000
2039 Bonds	322,436,000	348,844,000
Total Fair Value	**$ 1,924,099,909**	**$ 1,856,813,404**

In accordance with IFRS 9, the Bonds' carrying value on the statement of financial position as of December 31, 2023 and December 31, 2022, is $2,351,915,264 and $2,332,567,827, respectively. As of December 31, 2023 and December 31, 2022, the carrying value includes $3,033,087 and $3,011,145 of original issue discount and $25,728,275 and $25,558,581 of capitalized transaction costs, respectively, which are amortized over the life of the Bonds using the effective interest method.

		2023
At December 31, 2022	**$**	**2,332,567,827**
Unrealized currency (gain)/loss on translation		16,482,623
Finance costs		74,907,654
Bonds coupon payments		(72,042,840)
At December 31, 2023	**$**	**2,351,915,264**
Finance costs for the year:		
Bonds coupon expense	$	71,935,256
Amortization of Bonds issue costs incurred as finance costs		2,625,012
Amortization of Bonds original issue discount incurred as finance costs		347,386
	$	**74,907,654**

		2022
At December 31, 2021	**$**	**3,009,416,881**
True-up of 2027 & 2031 Bonds issue costs		(17,657)
2022 Bonds redeemed		(630,623,000)
Unrealized currency (gain)/loss on translation		(34,372,153)
Finance costs		91,383,448
Bonds coupon payments		(103,219,692)
At December 31, 2022	**$**	**2,332,567,827**
Finance costs for the year:		
Bonds coupon expense	$	87,734,757
Amortization of Bonds issue costs incurred as finance costs		3,304,217
Amortization of Bonds original issue discount incurred as finance costs		344,474
	$	**91,383,448**

19. DEFERRED TAX EXPENSE

As a foreign corporation holding a beneficial ownership in a U.S. real property interest (HHH), the Company will be subject to the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") income tax withholding upon disposition of such investment. Foreign corporations purchasing U.S. real property interests are required to pay the U.S. corporate tax rate (currently 21%) on the gains realized upon disposition. To accrue for this potential withholding, the Company assesses an expense equal to 21% of the unrealized gains on the stock purchased. The stock price of HHH increased for the year ended December 31, 2023, which resulted in a deferred tax expense of 32,609,005 on the statement of comprehensive income. As the stock price of HHH declined for the year ended December 31, 2022, deferred tax expense had a positive impact on the statement of comprehensive income of $59,327,053. As of December 31, 2023 and December 31, 2022, the deferred tax expense payable on the statement of financial position was $84,826,934 and $52,217,931, respectively.

20. 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 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

On January 11, 2024, the Company announced a quarterly dividend of $0.1456 per Public Share for 2024.

On February 7, 2024, the Investment Manager and the Board announced an amendment to the IMA's performance fee provisions. The amendment eliminated the balance of the Potential Offset Amount and expanded the Additional Reduction of the Company's Variable Performance Fee to also include 20% of any management fees earned from any non-PSH Pershing Square funds that invest in public securities and do not have performance fees. The Company will continue to receive a fee reduction of 20% of performance fees earned by the Investment Manager on current and certain future non-PSH funds. As the Company's Variable Performance Fee has not yet received any reduction from the original offset arrangement in the IMA, these changes are intended to more immediately reduce the Variable Performance Fee.

Adjusting Subsequent Events

The Company did not have any subsequent events after the reporting period requiring adjustments to the Financial Statements.

Supplemental U.S. GAAP Disclosures

(Stated in United States Dollars)

CONDENSED SCHEDULE OF INVESTMENTS

Shares	Description/Name	Fair Value	Percentage of Net Assets
	Investments in Securities		
	Equity Securities		
	Common Stock		
	Canada:		
	Restaurant:		
20,710,238	Restaurant Brands International Inc.	$ 1,618,090,895	13.41 %
140,873	Restaurant Brands International Limited Partnership	10,982,364	0.09
	Transportation:		
13,267,340	Canadian Pacific Kansas City Limited	1,048,915,900	8.70
	Total Canada (cost $1,755,876,270)	2,677,989,159	22.20
	Europe:		
	Media:		
105,325,592	Universal Music Group N.V.	3,001,036,774	24.88
	Total Europe (cost $2,309,571,504)	3,001,036,774	24.88
	United States:		
	Financial Services	180,113,835	1.49
	Hospitality:		
8,045,618	Hilton Worldwide Holdings Inc.	1,465,026,582	12.15
	Real Estate Development and Operating:		
16,518,818	Howard Hughes Holdings Inc.	1,413,184,880	11.72
	Restaurant:		
723,353	Chipotle Mexican Grill, Inc.	1,654,279,377	13.71
	Retail	242,826,085	2.01
	Technology:		
2,842,193	Alphabet Inc. - Class A	397,025,940	3.29
9,215,887	Alphabet Inc. - Class C	1,298,794,955	10.77
	Total United States (cost $3,251,192,162)	6,651,251,654	55.14
	Total Common Stock (cost $7,316,639,936)	12,330,277,587	102.22
	Preferred Stock		
	United States:		
	Financial Services (cost $40,813,065)	33,911,765	0.28
	Total Equity Securities (cost $7,357,453,001)	$ 12,364,189,352	102.50 %

CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

Shares	Description/Name	Fair Value	Percentage of Net Assets
	Investment in Affiliated Entities		
	Europe:		
	Media:		
	PS VII Master, L.P.		
10,621,861	Universal Music Group N.V., Common Stock	$ 302,648,149	2.51 %
	Currency Forwards	(904,038)	(0.01)
	Other Assets and Liabilities	97,801	0.00
	Total Europe (cost $208,714,974)	301,841,912	2.50
	United States:		
	Special Purpose Acquisition Rights Company:		
	Pershing Square SPARC Sponsor, LLC	35,372,728	0.29
	Total United States (cost $35,259,325)	35,372,728	0.29
	Total Investment in Affiliated Entities (cost $243,974,299)	337,214,640	2.79
	Total Investments in Securities (cost $7,601,427,300)	**12,701,403,992**	**105.29**
	Derivative Contracts		
	Currency Forwards		
	Currencies	(31,975,102)	(0.27)
	Equity Options Purchased		
	United States:		
	Energy (cost $115,575,098)	57,510,370	0.48
	Forward Purchase Agreement		
	SPARC Committed FPA	—	—
	Interest Rate Swaptions Purchased		
	U.S. Swaptions (cost $87,781,387)	217,333,840	1.80
	Total Derivative Contracts (cost $203,356,485)	**$ 242,869,108**	**2.01 %**

FINANCIAL HIGHLIGHTS

For the year ended 2023	Public Shares
Per share operating performance	
Beginning net asset value at January 1, 2023	$ 51.76
Net gain/(loss) on currency translation of the Bonds	(0.09)
Change in net assets resulting from financing:	
Share buyback accretion	0.57
Dividends paid	(0.52)
Change in net assets resulting from operations:	
Net investment loss	(0.48)
Net gain/(loss) from investments and derivatives[1]	15.47
Performance fees	(1.67)
Net change in net assets resulting from operations	13.32
Ending net asset value at December 31, 2023	$ 65.04
Total return prior to performance fees	29.90%
Performance fees	(3.25)
Total return after performance fees	26.65%
Ratios to average net assets	
Expenses before performance fees	(2.45)%
Performance fees	(2.93)
Expenses after performance fees	(5.38)%
Net investment income/(loss)[2]	(3.79)%

(1) Net gain from investments and derivatives includes deferred tax expense. See Note 19 for further details.

(2) Net investment income/(loss) ratio includes dividend income, interest income, performance fees (if any), management fees, interest expense, professional fees, other expenses and withholding tax (dividends) as shown on the statement of comprehensive income.

Certain Regulatory Disclosures

1. None of the Company's assets are subject to special arrangements arising from an illiquid nature.

2. There have been no material changes to the Company's risk profile and risk management system as disclosed in the Prospectus of the Company dated October 2, 2014.

3. a) There have been no changes to the maximum amount of leverage which the Investment Manager may employ on behalf of the Company since the Company's inception. The terms of the Company's Bonds restrict the Company from incurring indebtedness beyond a total debt-to-capital ratio of 33.3%. If a key man event occurs, the terms of the Bonds reduce the Company's permitted total debt-to-capital ratio to 25%.

   Articles 7 and 8 of the Level 2 Regulations of the Alternative Investment Fund Managers Directive (the "Directive") set forth the methodology of calculating the leverage of the Company in accordance with the gross method and the commitment method. Leverage is expressed as the exposure of the Company. Exposures are calculated using the sum of the absolute values of all positions valued in accordance with Article 19 of the Directive and all delegated acts adopted pursuant to Article 19. For derivatives, exposures are calculated using the conversion methodology set forth in Annex II to the Level 2 Regulations. For all other securities, exposures are calculated using market values. The gross method excludes cash and cash equivalents held in the Company's base currency as per Article 7. The commitment method includes cash and cash equivalents and employs netting and hedging arrangements as per Article 8. As of December 31, 2023, the total amount of leverage employed by the Company as per the gross method and the commitment method was $27,313,897,716 and $29,233,574,460, respectively.

   The Company generally does not expect to use margin financing. In the past, securities purchased by the Company pursuant to prime brokerage services agreements typically, but not always, have been fully paid for. Although it is anticipated that securities purchased in the future typically will be fully paid for, this may not be the case in all circumstances.

   In addition, the Company, from time to time, enters into total return swaps, options, forward contracts and other derivatives, some of which have inherent recourse leverage. The Company generally uses such derivatives to take advantage of investment opportunities or manage regulatory, tax, legal or other issues and not in order to obtain leverage. However, depending on the investment strategies employed by the Company and specific market opportunities, the Company may use such derivatives for leverage.

   (b) There have been no material changes to the right of the re-use of collateral or any guarantee granted under any leveraging arrangement.

   From time to time, the Company may permit third-party banks, broker-dealers, financial institutions and/or derivatives counterparties ("Third Parties"), to whom assets have been pledged (in order to secure such Third Party's credit exposure to the Company), to use, reuse, lend, borrow, hypothecate or re-hypothecate such assets. Typically, with respect to derivatives, the Company pledges to Third Parties cash, U.S. Treasury securities and/or other liquid securities ("Collateral") as initial margin and as variation margin. Collateral may be transferred to the Third Party and/or to an unaffiliated custodian for the benefit of the Third Party. In the case where Collateral is transferred to the Third Party, the Third Party pursuant to these derivatives arrangements will be permitted to use, reuse, lend, borrow, hypothecate or re-hypothecate such Collateral. The Third Parties will have no obligation to retain an equivalent amount of similar property in their possession and control, until such time as the Company's obligations to the Third Party are satisfied.

   The Company has no right to this Collateral, but has the right to receive fungible, equivalent Collateral upon the Company's satisfaction of the Company's obligation under the derivatives. Collateral held as securities by an unaffiliated custodian may not be used, reused, lent, borrowed, hypothecated or re-hypothecated. From time to time, the Company may offer guarantees to Third Parties with respect to derivatives, prime brokerage and other arrangements. These guarantees are not provided by the Company as a guarantee of the payment and performance by other funds managed by the Investment Manager to such Third Parties. Rather, the guarantees are typically to guarantee the payment and performance by entities that are direct or indirect subsidiaries of the Company. Such entities are typically set up to manage regulatory, tax, legal or other issues. To the extent that a subsidiary is not 100% owned by the Company, the Company will typically only guarantee such subsidiary for the benefit of Third Parties to the extent of the Company's ownership interest in the subsidiary.

4. With respect to the liquidity management procedures of the Company, the Company is a closed-ended investment fund, the Public Shares of which are admitted to trading on Euronext Amsterdam and the LSE. As such, Public Shares have no redemption rights and shareholders' only source of liquidity is their ability to trade Public Shares on Euronext Amsterdam and the LSE.

5. The Bonds are subject to the following transfer restrictions:

(a) Each holder of the Bonds is required to be either (a) a qualified institutional buyer ("QIB") as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") who is also a qualified purchaser ("QP") as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940 or (b) a non-U.S. person, provided that, in each case, such holder can make the representations set forth in the Listing Particulars, dated June 24, 2015,

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

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

6. Remuneration

For the Year Ended 2023	Fixed Remuneration(1)	Variable Remuneration(1)	Total	Number of Beneficiaries
Total remuneration of entire PSCM staff(2)	$ 13,329,114	$ 315,609,608	$ 328,938,722	42
Remuneration of PSCM staff who are fully or partly involved in the activities of the Company(3)	$ 10,739,182	$ 313,751,033	$ 324,490,215	28
Proportion of remuneration of PSCM staff who are involved in the activities of the Company as a percentage of the total PSCM staff remuneration	80.57%	99.41%	98.65%	28 out of 42
Remuneration of senior management and PSCM staff whose actions have a material impact on the risk profile of the Company	$ 6,878,700	$ 299,531,161	$ 306,409,861	13

(1) Fixed remuneration reflects salaries and guaranteed remuneration earned in 2023 by PSCM staff. All other remuneration earned in 2023 is considered to be variable remuneration.
(2) Total remuneration reflects salaries, bonuses and performance fees/allocations earned by PSCM staff in 2023 for services provided to PSCM, the Company and/or other funds managed by PSCM.
(3) Remuneration earned in 2023 by any staff member involved in the activities of the Company for services provided by such staff member to PSCM, the Company and/or other funds managed by PSCM.

Affirmation of the Commodity Pool Operator

To the best of the knowledge and belief of the undersigned, the information contained in the audited Financial Statements of Pershing Square Holdings, Ltd. for the year ended December 31, 2023 is accurate and complete.

/s/ Michael Gonnella
Michael Gonnella

By: Michael Gonnella
Chief Financial Officer

Pershing Square Capital Management, L.P.
Commodity Pool Operator

Pershing Square Holdings, Ltd.
Commodity Pool

Endnotes and Disclaimers

ENDNOTES TO CHAIRMAN'S STATEMENT

i. The Company's NAV appreciation is calculated with respect to the Public Shares only and is as of December 31, 2023. 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). The Company has periodically engaged in share repurchases whereby its buyback agent has repurchased Public Shares subject to certain limitations. Any positive impact on the Company's performance due to these share buybacks 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. The market indices have been selected for purposes of comparing the performance of an investment in the Company with certain broad-based benchmarks. The statistical data regarding these indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are 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 any of these indices, their performance may or may not correlate to any of these indices and the portfolio of the funds should not be considered a proxy for any of these indices. 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 & Poors. 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. © 2024 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved. PSH gained entry to the FTSE 100 Index ("FTSE 100") in December 2020. The FTSE 100 is a capitalization-weighted index of the 100 most highly capitalized companies traded on the LSE. The equities use an investability weighting in the index calculation. The MSCI World Index is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country.

iii. The Company's share price performance is calculated based on the Company's Public Shares traded on Euronext Amsterdam and includes dividend reinvestment. Over the same periods, the share price performance, including dividend reinvestment, of Public Shares listed on the LSE in Sterling increased by 30.9%, 13.3% and 24.7%, respectively, and the share price performance, including dividend reinvestment, of Public Shares listed in USD increased by 31.1%, 10.8% and 32.2%, respectively.

iv. Discount to NAV is calculated based on the Company's Public Shares traded on Euronext Amsterdam. Over the same period, the discount to NAV of Public Shares listed on the LSE in Sterling narrowed from 31.9% to 29.8% and the discount for Public Shares listed in USD narrowed from 32.1% to 29.6%.

v. 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. Assumes a 1.09x EUR/USD exchange rate for the EUR-denominated 2027 Bonds.

vi. Total returns for Lowe's are calculated using the Pershing Square Funds' average acquisition cost up to the date of the position's announcement and the Pershing Square Funds' weighted average sale price from trades made in the fourth quarter of 2023 and include dividends.

vii. Refers to Pershing Square's maximum aggregate investment in SPARC under the forward purchase agreements entered into by SPARC with the Pershing Square Funds and PS SPARC I Master, L.P.

viii. Shareholders of Public Shares listed in Sterling and USD have captured 99.0% and 99.7% of the increase in NAV year to date, respectively.

ix. Over the same period, the discount to NAV of Public Shares listed on the LSE in Sterling narrowed from 29.8% to 26.4% and the discount for Public Shares listed in USD narrowed from 29.6% to 26.1%.

ENDNOTES TO COMPANY OVERVIEW, COMPANY PERFORMANCE AND INVESTMENT MANAGER'S REPORT

1. Performance results are presented on a net-of-fees basis. Net returns include the reinvestment of all dividends, interest, and capital gains from underlying portfolio companies and reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses and accrued and/or crystallized performance allocation/fees (if any). The Company has periodically engaged in share repurchases whereby its buyback agent has repurchased Public Shares subject to certain limitations. Any positive impact on the Company's performance due to these share buybacks is reflected in the returns herein. The Company's performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. 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 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. Such performance information does not reflect either the performance of PSLP since its inception or PSH since its inception and no individual fund has actually achieved these results. The information is presented to illustrate how Pershing Square's core strategy has performed over a longer time horizon prior to the inception of the Company and is not necessarily, and does not purport to be, indicative, or a guarantee, of future results. This performance provided is calculated based on certain inputs and underlying assumptions, but not all considerations may be reflected therein and such performance is subject to various risks and inherent limitations that are not applicable to the presentation of the performance of either PSH or PSLP alone. Although Pershing Square believes the performance calculations described herein are based on reasonable assumptions, the use of different assumptions would produce different results. For example, depending on the timing of an individual investor's specific investment in

the Company and/or PSLP, net performance for an individual investor may vary from the net performance as stated herein. The performance is also provided to you on the understanding that you will understand and accept the inherent limitations of such results, and will not rely on them in making any investment decision with respect to an investment with Pershing Square.

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. 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.

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. The Investment Manager's Report contains Pershing Square's own views and opinions, based on publicly available information, to illustrate Pershing Square's thinking on the matters therein. An investment in the Company will entail substantial risks, and a prospective investor should carefully consider the risks described in "Principal Risks and Uncertainties" and the disclosures contained in Pershing Square's Form ADV Part 2A and the Company's Prospectus.

6. NAV performance is presented as net returns. Please also refer to Endnote 3 and Endnote i of the Chairman's Statement.

7. Please refer to Endnotes iii and iv of the Chairman's Statement.

8. Please refer to Endnotes 1 and 3.

9. Stock price performance reflects the Company's NAV performance prior to its IPO and the NAV performance of PSLP prior to the inception of the Company. Please refer to Endnote1. The Company's share return is calculated based on PSH's Public Shares traded on Euronext Amsterdam and includes dividend reinvestment.

10. Reflects the discount to NAV of the Company's Public Shares traded on Euronext Amsterdam as of March 19, 2024. The discount to NAV for Public Shares listed on the LSE in Sterling and USD was 26.4% and 26.1% on that date, respectively.

11. Pershing Square's asymmetric hedging strategy refers to hedges that at initiation cost represent a low percentage of the capital of the Pershing Square Funds and which Pershing Square views as an opportunity to generate large multiples of capital.

12. The contributions and detractions to performance presented herein are based on gross returns which do not reflect the deduction of management fees and accrued/crystallized performance 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. 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.

13. Pershing Square's 2020 CDS investment was selected to demonstrate how Pershing Square aims to invest during periods of market dislocation and not on the basis of performance. Periods of market dislocation are infrequent and present unique investment risks and opportunities, and it should not be assumed that Pershing Square or the Company will achieve comparable results to those of the 2020 CDS investment in the future.

14. Twelve-year performance data is calculated from January 1, 2004 to July 31, 2015. PSLP performance data is used prior to the inception of the Company. Also refer to Endnote 1.

15. Please refer to Endnote vii of the Chairman's Statement.

16. The Portfolio Update reflects Pershing Square's own views and opinions as a shareholder of the portfolio companies discussed therein and should not be taken to reflect the view or opinions of the board of directors of any portfolio company or that of any individual director.

17. Please refer to Endnote 12. This report reflects the contributors and detractors to the performance of the portfolio of the Company. Other than bond interest expense and share buyback accretion, positions with contributions or detractions to performance of 50 basis points or more are listed separately, while positions with contributions or detractions to performance of less than 50 basis points are aggregated.

18. While the Pershing Square Funds often take an engaged posture with respect to certain investments, they will own, and in the past have owned, other investments, including passive investments and hedging-related positions. "Short Positions" includes options, credit default swaps and other instruments that provide short economic exposure. All trademarks are the property of their respective owners. It should not be assumed that any of the securities transactions or holdings discussed herein were or will prove to be profitable, or that the investment recommendations or decisions Pershing Square makes in the future will be profitable or will equal the investment performance of the securities discussed herein. Companies shown in this figure are meant to demonstrate Pershing Square's experience engaging with public companies and the types of industries in which the Pershing Square Funds invest, and were not selected based on past performance.

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 during 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.

Pershing Square Holdings, Ltd.
pershingsquareholdings.com