Pershing Square Holdings, Ltd.
Unaudited Condensed Interim Financial Statements
June 30, 2019

Pershing Square Holdings, Ltd.

2019 Unaudited Condensed Interim Financial Statements

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Company Overview

The Company

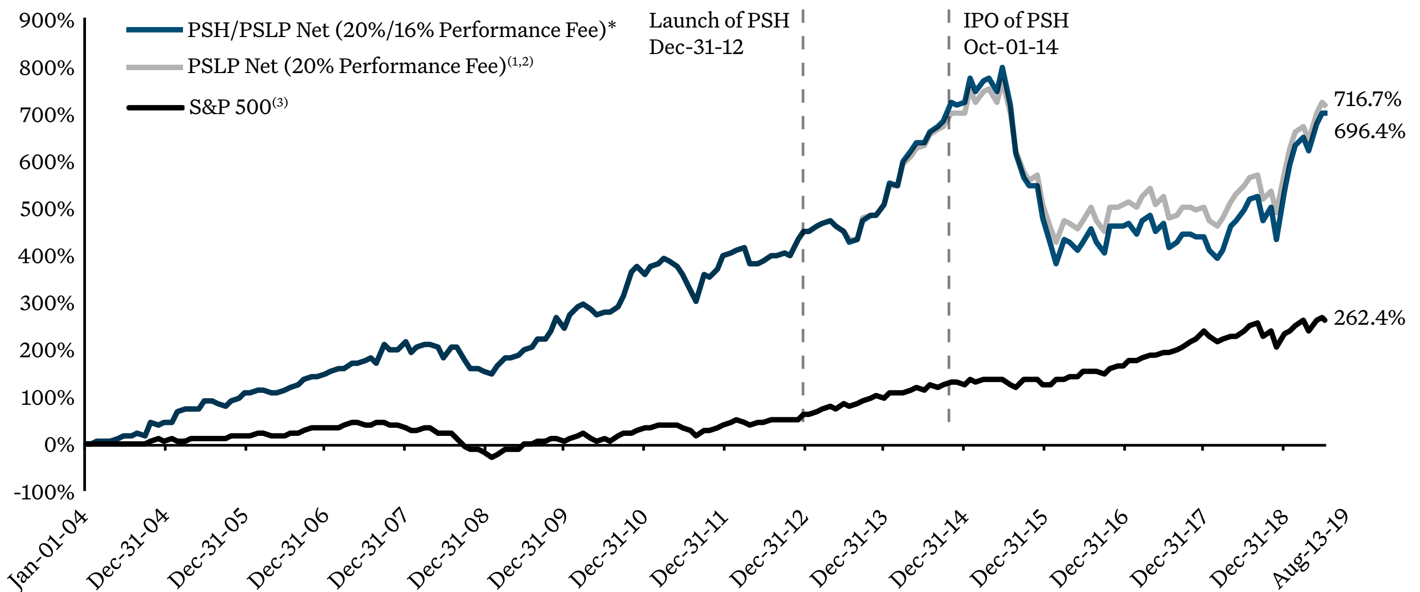
Pershing Square Holdings, Ltd. ("PSH") (LN:PSH) (LN:PSHD) (NA:PSH) is an investment holding company structured as a closed-ended fund that makes concentrated investments in publicly traded, principally North American-domiciled, companies. PSH's objective is to maximize its long-term compound annual rate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

PSH has appointed Pershing Square Capital Management, L.P. ("PSCM," the "Investment Manager" or "Pershing Square"), as its investment manager. The Investment Manager has responsibility, subject to the overall supervision of the Board of Directors, for the investment of PSH's assets and liabilities in accordance with the investment policy of PSH set forth in the 2018 Annual Report (the "Investment Policy").

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

Company Performance

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



	PSLP/PSH Net Return*		PSLP Net Return[1,2]	S&P 500[3]
2004	42.6 %	Pershing Square, L.P.	42.6 %	10.9 %
2005	39.9 %		39.9 %	4.9 %
2006	22.5 %		22.5 %	15.8 %
2007	22.0 %		22.0 %	5.5 %
2008	(13.0)%		(13.0)%	(37.0)%
2009	40.6 %		40.6 %	26.5 %
2010	29.7 %		29.7 %	15.1 %
2011	(1.1)%		(1.1)%	2.1 %
2012	13.3 %		13.3 %	16.0 %
2013	9.6 %	Pershing Square Holdings, Ltd.	9.7 %	32.4 %
2014	40.4 %		36.9 %	13.7 %
2015	(20.5)%		(16.2)%	1.4 %
2016	(13.5)%		(9.6)%	11.9 %
2017	(4.0)%		(1.6)%	21.8 %
2018	(0.7)%		(1.2)%	(4.4)%
Year-to-date through June 30, 2019	45.3 %		36.5 %	18.5 %
Year-to-date through August 13, 2019	48.9 %		39.3 %	18.2 %

2004–August 13, 2019[1,4]

	PSLP/PSH Net Return*	PSLP Net Return[1,2]	S&P 500[3]
Cumulative (Since Inception)	696.4 %	716.7 %	262.4 %
Compound Annual Return	14.2 %	14.4 %	8.6 %

*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 42. 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 42–44.

Chairman's Statement

INTRODUCTION

This interim financial report of Pershing Square Holdings, Ltd. ("PSH" or the "Company") covers the period from January 1, 2019 to June 30, 2019.

INVESTMENT PERFORMANCE

I am pleased to report that for the half year and year-to-date, the Company's NAV per share, including dividends, increased by 45.3% and 48.9%, respectively, outpacing the S&P 500 which returned 18.5% and 18.2% over the same period. [i,ii] This stellar performance demonstrates the significant progress that Pershing Square Capital Management, L.P. (the "Investment Manager", or "PSCM") has made following a period of underperformance.

The steps taken by the Investment Manager since early 2018, have been discussed at length in prior communications. Since then, the Investment Manager has demonstrated a positive trend of performance over 16 months, despite a pullback in Q4 2018 when the fund's performance was negatively impacted by the retreat of the broader market. Year-to-date, all of PSH's portfolio companies are performing well.

The Investment Manager is a fundamental value investor that utilises a spectrum of activist strategies with many of its portfolio companies to generate returns. In some cases, the Investment Manager has gained Board representation in order to put itself in a position of greater influence and to effectuate necessary, significant change. With other investments, the Investment Manager has identified catalysts for further share price appreciation which have not been fully appreciated by the market but can be unlocked by the portfolio company's existing management. In most of those instances, the Investment Manager's communications with the company do not take place in a public forum. The Board is pleased to see that this year's strong performance has been generated from investments with different degrees of activism as it demonstrates the Investment Manager's ability to recognize a fundamental value investment opportunity and involve itself to an appropriate degree as necessary, depending on the specific situation.

PORTFOLIO CHANGES

In 2019, the Company established a new investment in Berkshire Hathaway Inc. The Company exited its investments in Automatic Data Processing, Inc. ("ADP"), United Technologies ("UTX") and Platform Specialty Products Corporation ("PAH"). These portfolio changes are discussed in detail in the Investment Manager's Report.

CORPORATE ACTIONS

The PSH Board has taken a number of corporate actions since the start of 2019.

- In February 2019, PSH announced that it will pay a quarterly dividend of $0.10 per Public Share. The initial dividend was paid in March 2019 and the second dividend was paid in June 2019. We believe that the payment of a quarterly dividend will expand PSH's investor base by attracting shareholders who prefer or require dividend-paying equities.
- In June 2019, the Board announced a share buyback program of $100,000,000 of PSH's outstanding Public Shares on the London Stock Exchange and Euronext Amsterdam. The Board and the Investment Manager decided to use some of the proceeds from the sale of ADP and UTX to repurchase shares after a careful review of available free cash, the trading prices of PSH's existing portfolio companies, PSH's leverage, the discount level and the overall, long-term impact of such

a program for PSH shareholders. To date, 2,014,000 shares have been repurchased with a total cost of $36,159,270 at discounts ranging from 27.5% to 31.8%.

- In July 2019, the PSH Board announced the issuance of $400,000,000 of 4.950% 20-year unsecured Bonds. The issuance represented an attractive first step in beginning the process of refinancing PSH's existing debt which comes due in less than three years. The PSH Board believes that the ability to access low-cost, investment-grade, long-term debt is an important competitive advantage for PSH and is appropriate for PSH's investment holding company structure.

DISCOUNT TO NET ASSET VALUE

Despite the significant year-to-date positive performance of PSH, the discount to NAV at which PSH shares trade has widened and ranged from 22.7% to 31.7% during the first half of 2019. While shareholders have benefited from PSH's share price appreciation of 37.2% year-to-date, the PSH Board is disappointed by the persistent discount to NAV at which PSH shares trade. We recognise that the discount stems from a period of poor performance which has led to a reduced demand for PSH shares. However, the strong growth in NAV year-to-date has also had an impact on the imbalance between supply and demand as some existing investors take profits, and other potential investors wait for a dip in the share price. As a result, the increase in the share price lagged the increase in NAV, and the discount increased.

The compounded annual return of Pershing Square's fund with the longest track record, Pershing Square, L.P., of 14.4% since its inception in January 2004, inclusive of recent years of underperformance, remains impressive and well above the return of the S&P 500 of 8.6% during a comparable period. [iii] Nevertheless, the Board believes that the recent positive performance trends must be sustained in order for potential shareholders to regain confidence in PSH and stimulate demand for the shares.

The Board is satisfied that the interests of PSH shareholders and the Investment Manager are closely aligned. Since 2018, members of the PSCM management team and their affiliates have invested an additional $530 million in shares of PSH, giving the Investment Manager a strong incentive to follow a strategy which will increase the PSH share price over the long term by continuing to generate strong investment performance, and also by taking appropriate action to reduce the discount to NAV.

The Board appreciates the support that it has received from the vast majority of PSH shareholders for the strong investment performance in the first half of 2019 and the corporate actions taken to enhance long-term shareholder returns.

/s/ Anne Farlow
Anne Farlow
Chairman of the Board
August 15, 2019

Investment Manager's Report

LETTER TO SHAREHOLDERS

To the Shareholders of Pershing Square Holdings, Ltd.:

For the first six months of 2019 and year-to-date, the Company's total return was 45.3% and 48.9%, respectively, compared with the S&P 500's performance of 18.5% and 18.2% respectively.[5] PSH's returns have been driven by gains across our portfolio due to fundamental business performance at our portfolio companies being better than the market expected as well as strong stock market performance. We believe our improved absolute and relative performance for the last two years is a direct result of the organizational changes we have implemented at Pershing Square, and our renewed focus on the core strategy that has driven our performance over the last 15 years.

YTD Stock Price Return as of August 13, 2019[6]

Company	Return
Federal National Mortgage Association	118.9%
Federal Home Loan Mortgage Corporation	113.7%
Chipotle Mexican Grill, Inc.	89.2%
Starbucks Corporation	51.7%
Restaurant Brands International Inc.	45.2%
Hilton Worldwide Holdings Inc.	33.3%
The Howard Hughes Corporation	33.3%
Automatic Data Processing, Inc.*	28.2%
United Technologies Corporation*	21.6%
Platform Specialty Products Corporation*	14.3%
Lowe's Companies, Inc.	6.2%
Berkshire Hathaway Inc.**	(2.2)%

* As of disposition date
** Beginning on date of first acquisition

This year's high returns are not unusual in the context of the historical performance of Pershing Square. During the last 15 years of Pershing Square, our fund with the longest track record, Pershing Square, L.P. has had five years – on average, every third year – with net returns of 36% or more.[7] Three of these high return years were achieved before the formation of PSH and therefore did not benefit from PSH's access to low-cost leverage and more stable capital base, which has allowed PSH to be more fully invested than the Pershing Square private funds.

We believe that our investment strategy continues to offer the potential for high, long-term rates of return because of our ability to: (1) identify and purchase large stakes in underperforming great businesses at prices which do not reflect anticipated changes to the status quo, (2) obtain a position of influence as a major shareholder including potential board representation, and (3) catalyze changes to the governance, management, and strategy of a target company. In sum, our ability to effectuate successful corporate change is a huge competitive advantage over more passive investors.

As a reminder, our approach to corporate change varies depending on the situation. In the more active and visible examples, like Chipotle, we seek and obtain board representation, assist the board in recruiting new leadership, and provide ongoing oversight. We may also take a less public approach, working behind the scenes with existing management to increase a

business' probability of success. We believe our reputation as a corporate change agent can help enhance the performance of any company we own even if we do not take a particularly proactive approach, as boards and management teams generally prefer to take credit for accelerating value creation on their own rather than being perceived as having been pushed to do so by a proactive shareholder.

PSH Versus Private Equity

Some have described our strategy as a private equity approach to the public markets, and we think there is merit to this description as our approach to value creation is similar to that of private equity managers. Unlike private equity, however, we do not pay a premium for control in investment banking-led auctions that are designed to maximize value for the seller, nor do we materially leverage the balance sheet of a portfolio company to enhance our returns. Our ability to purchase large influential stakes in portfolio companies at substantial discounts to intrinsic value is an important competitive advantage of our approach when compared to private equity. The universe of businesses in which we can invest is also materially larger and generally of substantially higher business quality as we are not limited to what is offered for sale or the timing a seller would like to achieve.

Our corporate form also provides a number of important competitive advantages and other benefits versus privately placed, private equity funds. These include:

- Investors in PSH do not need to set aside funds that can be drawn on short notice over the usual seven to 10- year commitment period for private equity funds. When you buy a share of PSH, you are immediately invested in our portfolio holdings.
- The overall leverage of PSH – determined by consolidating PSH's leverage with our portfolio companies' leverage – is substantially lower than that of private equity funds, and the debt of PSH and our investee companies is on much more favorable, generally investment grade terms.
- PSH is publicly traded which enables investors to manage the size of their investment on a daily basis.
- PSH's fees are substantially lower than that of private equity.
- The current discount to NAV provides an opportunity for us to enhance returns through the repurchase of our stock at a substantial discount.
- Since there is no limit to the duration of our holdings, we are not forced to sell a business at the end of the life of a fund.
- The returns one generates from an investment in PSH are the actual stock price returns of PSH including dividends from the time of an investor's commitment of capital until the time of exit of one's investment. In private equity, the reported returns are different from an investor's actual returns as they are calculated only from the time that an investor's capital is drawn down until it is returned, and do not include in the calculation the nominal and highly dilutive returns on capital that investors set aside to meet future capital calls during their commitment period to the private equity fund.

The biggest disadvantage of PSH versus private equity is that investors are not guaranteed to exit at the same or lower discount to NAV at which they entered. This is less of an issue when one's purchase price for PSH shares is at a large discount to NAV, but it can still have a significant effect on a shareholder's return when an investor's commitment period is shorter term. As one's investment duration in PSH increases, the entry versus exit discount will have a less material impact on an

investor's total return. That said, we view the current extraordinarily wide discount as an important issue that we and the Board are working to address.

Buyback Programs and Reducing the Discount

PSH's year-to-date stock price return of 37.2% has underperformed its per-share NAV performance by 11.7 percentage points as the discount to which the shares trade to NAV has widened since the beginning of the year.[8] While one would typically expect best-in-class investment performance to increase the demand for PSH shares over the long term, the opposite may be the case in the short term. Based on feedback we have received from existing and potential shareholders, it appears likely that PSH's substantial outperformance this year has led some investors to "take some chips off the table," and caused some investors interested in accumulating a new position or adding to existing holdings to "wait for a more opportunistic entry point," both of which have the effect of decreasing demand for PSH shares.

Since the launch of our most recent buyback program in June, PSH has instructed its buyback agent to purchase the maximum number of PSH shares permitted each day under the regulations for open market share repurchase programs because: (1) we are optimistic about the prospects and current valuation of our existing holdings, (2) we believe that the current discount to NAV is an extraordinary buying opportunity, and (3) we have ample free cash. If the current discount persists, we estimate that PSH is on track to repurchase more than 6% of shares outstanding per annum, assuming the buyback program is renewed when the current authorization is fully utilized. While we do not believe that stock buybacks will necessarily have a material impact on the discount to NAV at which the shares trade, we believe that open-market share repurchases are an attractive use of our recently generated free cash at current discount levels, until we can find a more productive use for the capital.

Does the current portfolio continue to offer attractive returns for PSH?

In light of the strong stock price performance of our portfolio holdings year to date, one might ask whether the existing portfolio continues to offer attractive returns. We believe that the answer to this question is definitively yes as the underlying business progress of our holdings has in most cases kept pace, or nearly so, with their stock prices. While most of our holdings are not as undervalued as they were at year end 2018, we believe our current portfolio continues to offer the potential for high, long-term rates of return.

While our investment holding periods tend to be very long term by most investors' standards, we sell our investments when they approach our estimates of intrinsic value. As a result, PSH's portfolio is always "fresh;" that is, we believe it should always offer the potential for high rates of return over the long term.

Recently, we sold two large holdings, United Technologies and ADP, as their respective gaps to intrinsic values narrowed and we believed we could find a better use for the capital. In the case of ADP, the price rose to a level from which we estimated that prospective returns would be below our long-term goals. For UTX, the announcement of a value-destroying stock merger was the catalyst for our exit.

PSH's Approach to Leverage

As a publicly traded company with holdings in high quality, large cap public companies, we have been able to access low-cost, unsecured, leverage without mark-to-market maintenance covenants, which should enhance our long-term returns. On July 25, 2019, we issued $400 million of unsecured bonds at an interest rate of 4.95%. We did so opportunistically as we expect

the lower interest rate, substantially lower corporate spread, and more favorable key-man provisions of the bonds will help facilitate a lower-cost refinancing of our existing $1 billion of debt which comes due in July 2022, less than three years from now. The issuance of the debt increased our gross leverage to the higher end of our historic debt to total capital ratio, now 20%, compared with a range of 12% to 22% since the bonds were issued. Our net debt to capital ratio is currently 4% as we have a large amount of cash on hand. We expect to reduce our debt-to-total-capital ratio over time through continued positive NAV performance, and/or the refinancing/repayment of the 2022 bonds.

PSH remains conservatively financed as our highly liquid portfolio is principally comprised of publicly traded, large capitalization, investment-grade U.S. equities, and our net debt is currently covered by our investment assets by 22 times. To address a question raised recently by a few shareholders, the issuance of debt does not increase the management or incentive fees paid to the investment manager as the fees to the manager are determined based on NAV, not the total assets of PSH. We believe that the ability to access a modest amount of low-cost, long-term leverage without margin-leverage-like covenants will enhance PSH's long-term rate of return without meaningfully increasing the risk to shareholders.

Shareholder Communications

We are modifying our communication calendar going forward. Our annual and mid-year letters and financial reports will of course continue as usual, but we are eliminating the second quarter conference call beginning this quarter, which normally takes place mid-August as the timing of the call was not ideal for investors, and the information on the call is already covered in detail in our comprehensive mid-year letter and financial report.

We are also eliminating our first and third quarter letters as investors have found them duplicative in light of the contemporaneous first and third quarter investor calls, which we will continue to hold. All other weekly, monthly and other communications and shareholder meetings will also continue as before, including interim press releases and other updates about material events on an as-needed basis.

We are particularly pleased this year to be able reward your long-term support with strong PSH performance. We remain focused on delivering results that continue to meet your and our high expectations.

Sincerely,

William A. Ackman

PORTFOLIO UPDATE

Performance Attribution

Below are the contributors and detractors to gross performance of the portfolio of the Company for year-to-date June 30, 2019 and year-to- date August 13, 2019.[9]

January 1, 2019 – June 30, 2019	
Chipotle Mexican Grill, Inc.	10.9 %
Restaurant Brands International Inc.	6.4 %
Hilton Worldwide Holdings Inc.	5.8 %
Automatic Data Processing, Inc.	5.0 %
Starbucks Corporation	4.7 %
Federal National Mortgage Association	3.7 %
United Technologies Corporation	2.4 %
Federal Home Loan Mortgage Corporation	2.3 %
The Howard Hughes Corporation	2.2 %
Lowe's Companies, Inc.	1.7 %
Platform Specialty Products Corporation	1.0 %
Berkshire Hathaway Inc.	0.7 %
Accretion	0.1 %
All Other Positions and Other Income and Expense	(0.9)%
Net Contributors and Detractors	**46.0 %**

January 1, 2019 – August 13, 2019	
Chipotle Mexican Grill, Inc.	14.0 %
Restaurant Brands International Inc.	8.3 %
Starbucks Corporation	7.6 %
Hilton Worldwide Holdings Inc.	5.3 %
Automatic Data Processing, Inc.	4.4 %
The Howard Hughes Corporation	2.7 %
Federal National Mortgage Association	2.7 %
United Technologies Corporation	2.4 %
Federal Home Loan Mortgage Corporation	1.7 %
Platform Specialty Products Corporation	1.0 %
Lowe's Companies, Inc.	0.9 %
Accretion	0.4 %
Berkshire Hathaway Inc.	(0.6)%
All Other Positions and Other Income and Expense	(0.8)%
Net Contributors and Detractors	**50.0 %**

Positions with contributions or detractions to performance of 50 basis points or more are listed above separately, while positions with contributions or detractions to performance of less than 50 basis points are aggregated, except for accretion.

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 42–44.

All year-to-date performance information is as of August 13, 2019.

New Position

Berkshire Hathaway ("BRK.B")

Recently, PSH acquired Berkshire Hathaway common stock representing approximately 11% of NAV. My interest in Berkshire began decades ago when I began following the company in 1988. I have attended the substantial majority of shareholder meetings since the early 1990s and followed the company and Warren Buffett—Berkshire's Chairman, CEO and controlling shareholder—extremely closely since that time. Yet, funds I have managed have owned Berkshire only once for a brief period in late 1999 and 2000.

The catalyst for our current investment in Berkshire is our view that the company is currently trading at one of the widest discounts to its intrinsic value in many years, at a time when we expect the operating performance of its subsidiaries to improve as a result of certain managerial and organizational changes at the company. While Mr. Buffett has long been one of most high-profile and closely followed investors in the world, we believe that Berkshire Hathaway's undervaluation is partially explained by the fact that it is one of the least followed and misunderstood mega-cap companies.

Berkshire is often described in the media as akin to an investment fund, leaving many with the impression that Berkshire's shareholder returns are dependent on Warren Buffett's extraordinary stock-picking ability. While this depiction of Berkshire was a better reflection of its reality in its earlier years, it no longer reflects the company's current reality. Today, Berkshire is a $500 billion market cap holding company with about half of its value residing in its insurance subsidiaries, and the balance in controlling stakes in highly diversified operating companies. Mr. Buffett has clearly designed the company to succeed decades after he is no longer running the company. As a result, we believe that Berkshire should continue to generate high returns for shareholders from the current stock price even if the investment returns from the company's large cash holdings and marketable securities portfolio are similar to that of the broad market indices.

Berkshire's primary asset is the world's largest insurance business, which we estimate represents nearly half of Berkshire's intrinsic value. In its primary insurance segment, Berkshire focuses on the reinsurance and auto insurance segments. In reinsurance, Berkshire's strong competitive advantages are derived from its enormous capital base, efficient underwriting (a quick yes or no), ineffable trustworthiness, and its focus on long-term economics rather than short-term accounting profits, all of which allows the company to often be the only insurer capable of and willing to insure extremely large and/or unusual, bespoke insurance policies.

We believe that Berkshire's reinsurance business, operating primarily through National Indemnity and General Re, is uniquely positioned to serve its clients' needs to protect against the increasing frequency and growing severity of catastrophic losses. In auto insurance, Berkshire subsidiary GEICO operates a low-cost direct sales model which provides car owners with lower prices than competitors that rely on a traditional agent-based sales approach. GEICO's low cost, high quality service model has enabled it to consistently gain market share for decades.

The enduring competitive advantages of Berkshire's insurance businesses have allowed it to consistently grow its float (the net premiums received held on Berkshire's balance sheet that will be used to pay for expected losses in the often distant future) at a higher rate and a lower cost than its peers. While Mr. Buffett is best known as a great investor, he should perhaps also be considered the world's greatest insurance company architect and CEO because the returns Berkshire has achieved on investment would not be nearly as good without the material benefits it has realized by financing these investments with low-cost insurance float.

For more than the last decade, Berkshire has grown its float at an 8% compounded annual growth rate while achieving a negative 2% average cost of float due to its profitable insurance underwriting, while incurring an underwriting loss in only one out of the last 15 years. These are extraordinary results particularly when compared with the substantial majority of insurance companies which lose money in their insurance operations and are only profitable after including investment returns. Furthermore, we believe that Berkshire's cost of float will remain stable or even decline as its fastest growing insurance businesses (GEICO and BH Primary) have a lower cost of float than the company's overall average.

Since the end of 2007, we estimate that Berkshire has averaged a nearly 7% annual rate of return on its insurance investment portfolio while holding an average of 20% of its portfolio in cash. Berkshire has been able to produce investment returns that significantly exceed its insurance company peers as the combination of the company's long-duration float and significant shareholders' equity allow it to invest the substantial majority of its insurance assets in publicly traded equities, while its peers are limited to invest primarily in fixed-income securities. We believe these structural competitive advantages of Berkshire's insurance business are enduring and will likely further expand.

Berkshire also owns a collection of high-quality, non-insurance businesses, which include market-leading industrial businesses, the largest of which are the Burlington Northern Santa Fe railroad and Precision Castparts, an aerospace metal parts manufacturer. While Berkshire's non-insurance portfolio is comprised of highly diversified businesses that have been acquired during the last 50 or so years, we estimate that the portfolio derives more than 50% of its earnings from its largest three businesses: Burlington Northern (>30%), Precision Castparts (~10%), and regulated utilities (~10%).

Burlington Northern is North America's largest railroad which benefits from strong barriers to entry, industry-leading scale, and long-term secular growth due to rail's cost advantages over trucking in moving freight over long distances.

Precision Castparts has a strong competitive position in complex metal parts and components manufacturing due to the stringent regulatory requirements in the aerospace industry, and an excellent future growth outlook due to a nearly decade-long backlog of aircraft deliveries that are required to support the world's growing travel needs.

Berkshire's regulated utilities business primarily consists of a handful of well-managed, highly efficient energy utilities that earn a reasonable return on equity while satisfying their customers' and regulators' desire for low energy prices. Berkshire's regulated utilities business is relatively insulated from economic downturns due to the essential nature of the service it provides, which has allowed it to steadily grow its earnings during all phases of the economic cycle.

While we have utilized a number of different approaches to our valuation of Berkshire, we believe it is perhaps easiest to understand the company's attractive valuation by estimating Berkshire's underlying economic earnings power, and comparing the company's price-earnings multiple to other businesses of similar quality and earnings growth rate. Using this approach, we believe that Berkshire currently trades at only 14 times our estimate of next 12 months' economic earnings per share (excluding the amortization of acquired intangibles), assuming a normalized rate of return of 7% on its insurance investment portfolio. While generating a 7% return on such a large amount of investment assets is not a given—particularly in an extraordinarily low-rate environment—we believe that Berkshire's ability to invest the substantial majority of its insurance assets in equity and equity-like instruments and hold them for the long term makes this a reasonable assumption. Based on these assumptions, we believe that Berkshire's valuation is extremely low compared to businesses of similar quality and growth characteristics.

Berkshire's current earnings are also meaningfully understated in the currently low interest rate environment as the company is earning a minimal return on its approximately $100 billion of excess cash which is invested in short dated, risk free assets.

Net of its excess cash, Berkshire currently trades at less than 12 times our estimate of earnings per share over the next year. Given the company's strong competitive position, solid future growth prospects, large degree of excess cash and superlative track record of value creation, we believe that Berkshire should be valued at a large premium to its current valuation. Moreover, we believe an investor's downside is limited due to the company's fortress balance sheet, highly diversified business portfolio, and significant earnings contribution from recession-resistant businesses such as insurance and regulated utilities.

Furthermore, we expect that certain recent positive developments will highlight and enhance the per-share value of Berkshire's business over the next several years. First, we believe that it is likely that management will intelligently deploy some of its $100 billion of excess cash into value-enhancing large-scale business acquisitions and/or a greater than historical amounts of share repurchases. We believe that this can be achieved because Mr. Buffett has built a deep bench of managerial and investment talent and a durable culture of character and performance.

Second, Berkshire created a new managerial structure in 2018 to elevate two long-time managers, Ajit Jain and Greg Abel who now directly oversee the insurance and non-insurance businesses. Both managers have a track record of improving operations under their purview. We expect this new management structure will empower them to enhance the operational performance of Berkshire's businesses that have underperformed their peers. For example, Burlington Northern's current operating profit margins are nearly 500 basis points below the average of its North American peers, and nearly 800 basis points below that of its best-in-class peer despite BNSF's industry-leading scale. In Berkshire's insurance subsidiaries, GEICO's loss ratio is more than 800 basis points higher, and its underwriting profit margin about 400 basis points lower, than its closest competitor, Progressive Corp., and General Re's expense ratio offers the potential for significant improvement based on our due diligence.

We expect that Berkshire's enviable competitive advantages and the positive underlying growth trends in most of its businesses will allow the company to sustainably grow its earnings at a high-single digit rate without any operational improvement at its larger businesses, and without including the benefit of the productive deployment of excess capital.

If Berkshire can improve its operations and intelligently deploy a substantial portion of its excess capital over time, we estimate that the company's earnings per share should grow at a mid-teens' compounded annual rate over the intermediate term. In light of the company's currently depressed valuation, understated near-term earnings, and the potential for significant future earnings per share growth, we believe that Berkshire's share price is likely to increase substantially over the coming years.

Portfolio Update

Chipotle Mexican Grill ("CMG")

CMG has appreciated 89% this year, making it the top performing stock in the S&P 500 index, more than doubling in value since we made our initial investment three years ago. While year-to-date results have been impressive, management emphasized throughout the second quarter call that the company is in the early stages of many of their key growth initiatives and that this was "just the beginning."

Chipotle reported another outstanding quarter as solid execution on management's strategic growth initiatives continues to drive improved business fundamentals. Same-store sales grew 10% in the second quarter, consistent with first quarter growth despite a more challenging prior year comparison. Transaction growth of nearly 7% was industry-leading by a wide margin, as guests continued to respond to new marketing initiatives and more convenient ways to access the brand, including pickup and delivery of digital orders.

Digital sales doubled once again and now account for 18.2% of sales, up from 15.7% of sales in the first quarter. Management raised full year 2019 same-store sales guidance for the second time this year to high-single-digit growth from mid-to-high single-digit growth. Robust sales growth is translating into improved profitability, with restaurant margins up 120 basis points year-over-year in the second quarter to just under 21%, roughly in-line with the first quarter's levels despite a 150-basis point sequential headwind from higher avocado prices which are expected to abate.

While management's growth strategy is already having an impact, most key initiatives are in their early stages. Digital sales mix exceeds 30% at top performing stores, more than 12 percentage points higher than the system average. Catering remains a relatively small piece of the business and therefore a tremendous growth opportunity as it accounts for a double-digit percentage of sales at other restaurant brands. The Chipotle Rewards loyalty program is only five months old and already has over five million enrolled members. Efforts to use the program's data to incentivize higher guest frequency are still in their infancy.

Menu innovation should ramp up in the coming quarters, as management is preparing for a potential national launch of carne asada, and has received favorable customer feedback from its quesadilla pilot. While operations have improved significantly, including a notable reduction in employee turnover, there is still a significant opportunity to increase speed of service, which remains nearly 30% below historic best-in-class levels. Management's extensive pipeline of growth initiatives combined with Chipotle's highly attractive customer value proposition gives us confidence that the company should continue to generate superior levels of sales and profit growth.

Restaurant Brands International ("QSR")

Restaurant Brands' second quarter results continue to highlight our thesis that its royalty-based franchise model is a uniquely valuable business with significant long-term, global unit-growth opportunities. QSR reported strong overall same-store sales growth led by nearly 4% at Burger King, 3% at Popeyes and almost 1% at Tim Hortons. The strength in same-store sales at Burger King was driven by impressive results in the international business, which will be enhanced by accelerated growth in the U.S. business due to the recent launch of the plant-based Impossible Whopper, and its new partnership with UberEats.

Results at Tim Hortons improved from last quarter, but remain below our long-term expectations. We anticipate that momentum generated by the recently launched loyalty program has provided Tim Hortons with valuable customer insights that will help deliver improved results over time.

QSR grew net units by 5% this quarter, with 6% growth at Burger King and Popeyes, and 2% at Tim Hortons. The company announced a master franchise agreement to open 1,500 new Popeyes restaurants in China over the next decade, new units that would represent 50% of the brand's current store base. As a result of solid same-store sales and continued unit growth, QSR's pre-tax operating income before currency effects grew 6%, led by 10% growth at Burger King and mid-single-digit growth at Tim Hortons and Popeyes.

QSR's shares have appreciated 45% this year, but currently trade at less than 24 times next year's free cash flow, which represents a discount to both intrinsic value and slower-growth franchised peers. As same-store sales momentum continues to improve, we believe that investors are likely to give credit to QSR's long-term international growth opportunities and assign a higher valuation to its shares.

Starbucks ("SBUX")

Starbucks reported a superlative fiscal third quarter driven by a meaningful acceleration in same-store sales and a return to transaction growth in its two key markets, the U.S. and China. Global same-store sales grew 6%, with equal contributions from transactions and ticket. This was the first quarter since early 2016 in which same-store sales grew in excess of 4%, as well as the first quarter since then with positive transaction growth both globally and in the U.S. The store base continued to grow at a 7% rate, generating 11% organic revenue growth.

U.S. same-store sales grew 7%, including transaction growth of 3%, which management called an "inflection point" and a "step change" from the 4% same-store sales growth achieved in the prior three quarters, and the 1% to 2% growth achieved in the previous year. Same-store sales grew across all dayparts, including in the afternoon for the first time in three years. The key drivers of U.S. sales were in-store operational enhancements, cold beverage innovation – including Nitro Cold Brew which is now in two-thirds of stores and will be in all stores by September 30 – and continued digital strength, with the company's seamless rollout of recent loyalty program changes.

China same-store sales grew 6%, including transaction growth of 2%, which is impressive considering the 16% growth in the Starbucks China store base, and in light of rapid expansion by competitors. Mobile order and pay, a capability that we believe is even more critical in China than it is in the U.S., was launched in one-third of stores this quarter and should be an important catalyst for growth going forward.

The market has recognized that Starbucks, in the words of CEO Kevin Johnson, is "firing on all cylinders," with the stock up 52% this year, bringing the total stock price return since we invested last summer to 96% [10]. The stock now trades at just over 30 times consensus fiscal 2020 EPS, a premium to its historical average valuation, which we believe appropriately reflects a clear outlook for mid-teens underlying EPS growth over the next several years, near-term momentum in the business which could prove current earnings estimates to be conservative, and a superb management team that is focused on creating value for shareholders.

Hilton Worldwide Holdings ("HLT")

Hilton's most recent quarterly results continue to reinforce our view that the company's robust value proposition and asset-light, fee-based business model should allow the company to compound earnings per share at a mid-to-high teens' growth rate for years to come. This past quarter, Hilton grew units more than 7%, contributing to 8% franchised and management revenue growth, 11% EBITDA growth and 21% earnings per share growth (helped by a lower effective tax rate and fewer shares outstanding). Revenue per available room ("RevPAR") grew 1.4% this quarter, which outperformed the industry, as Hilton continues to gain share in a subdued market environment. Reflecting the asset-light nature of its business model, Hilton modestly increased its 2019 guidance for EBITDA and EPS growth despite lowering the high-end of its RevPAR growth (from +1-3% to +1-2%) due to modestly weakening conditions in the US and China.

We believe that the combination of Hilton's fee-based business model, large unit development pipeline, substantial share buyback program, and superb management team continue to be under-appreciated by the market as Hilton can achieve strong earnings per share growth even in a weaker environment for revenue per available room. While Hilton's shares have appreciated 33% this year, the shares currently trade at 23 times consensus analyst estimates for 2019 earnings, a discount to the historical average, and below our estimate of the company's intrinsic value based upon its high-quality, predictable cash-flow stream and strong future growth potential.

Lowe's Companies ("LOW")

Lowe's first quarter earnings in May demonstrated that the company continues to make meaningful progress on its business transformation. Lowe's reported U.S. same-store sales growth of 4.2% despite the negative impact from adverse weather. Lowe's results exceeded those of Home Depot for only the third time in nine years. We attribute Lowe's strong same-store sales results to a handful of recent initiatives that have improved product selection, customer service and convenience, particularly for the Pro customer, the professional tradesmen that perform repair and maintenance, remodeling and construction services for others, and are Lowe's most frequent and highest value customers.

While Lowe's reported same-store sales growth, this progress was offset by a 165 basis point decline in gross margins, the majority of which was due to the complexity of the company's legacy pricing systems coupled with employee turnover in the merchandising organization, which resulted in a failure to sufficiently raise retail prices to offset the impact of product cost inflation. Since the end of the quarter, the company has begun to remediate the pricing issues, and expects to launch a new price management system later this year. Lowe's anticipates gross margin pressure to abate over the course of the year, ultimately being restored to prior levels.

Lowe's stock has increased 6% year-to-date and currently trades at 17 times analyst estimates of Lowe's next-twelve-month earnings, which do not incorporate the potential for significant future profit improvement. Lowe's EBIT margin guidance for 2019 is for an approximate 9% operating profit margin (inclusive of the recent pricing issues), compared to its medium-term margin target of 12% and Home Depot's current margin of 14.5%. If Lowe's achieves its medium-term margin target, it will generate significant increases in profit, which, when coupled with the company's large share repurchase program, should lead to accelerated future earnings-per-share growth. We believe that Lowe's stock has the potential to appreciate substantially as the company continues to make progress on its business transformation.

The Howard Hughes Corporation ("HHC")

HHC's first half results continue to highlight the strength of its core master planned communities (MPCs) and stabilized income-producing commercial properties. Summerlin and Bridgeland, HHC's two MPCs with the largest value of unsold residential land, continue to perform extremely well. Bridgeland has seen rapid acceleration of land sales, which reflects the steady maturation of the community and its desirability to new homeowners.

In addition to residential land sales, HHC has a significant, under-appreciated profit opportunity in the commercial development of its MPCs. As MPCs reach a tipping point of residential density, demand arises for retail, office, multi-family and hospitality development in HHC-owned MPC town centers. Over time, the stable and recurring real estate cash flows (net operating income or NOI) from these properties will represent a growing percentage of HHC's value. We believe that HHC's current NOI represents only a fraction of the long-term opportunity, and expect the company to continue to capitalize on its decades-long commercial development pipeline.

HHC is also demonstrating significant progress in its Ward Village and Seaport assets. Ward Village's two most recent condo towers developments are experiencing strong pre-sales momentum. The robust pace of sales across the six Ward Village condo towers that are either delivered or under construction reaffirms the strong appetite for HHC's planned future condo projects in the area, which should accelerate over the coming years.

The Seaport is closer to achieving a critical mass of offerings that will enable it to generate sustained NOI performance. Traffic in the Seaport increased about 50% year over year driven by new restaurant and store openings. HHC completed a $250

million five-year term loan secured by a portion of the property. This highly strategic financing provides non-recourse capital to fund remaining development while reducing HHC's equity commitment to the Seaport.

HHC's stock has increased 33% year-to-date. On June 27th, the company announced that the Board of Directors is conducting a broad review of strategic alternatives. A wide range of options is being considered including a sale of the company; a sale, joint venture or spin-off of a portion of the company's assets; a recapitalization of the company; or changes in the corporate structure of the company. The Board has retained Centerview Partners to assist in its strategic review. We continue to believe that HHC trades at a significant discount to its intrinsic value, and look forward to the results of the strategic review.

Federal National Mortgage Association ("FNMA", or "Fannie") and Federal Home Loan Mortgage Corporation ("FMCC", or "Freddie")

In July, FHFA Director Mark Calabria said in a press interview that the Trump administration's housing finance reform plan was "essentially done," and that he expected it to be published by August or September. This represents a delay from prior comments by Dr. Calabria and other officials who indicated that the report would be released as early as June. Press reports have suggested that the delay is at least in part due to other initiatives at Treasury given the number of urgent matters that have been occupying Treasury Secretary Mnuchin's time, most notably, the trade negotiations with China.

While the delay is disappointing, nothing has transpired to indicate that the administration's priorities to end the conservatorships and recapitalize the GSEs have changed. In addition to the report, key milestones that we expect in the coming months include the release of FHFA's final capital rule for Fannie and Freddie, negotiations between Treasury and FHFA to modify the Preferred Stock Purchase Agreements and potentially suspend the net worth sweep, and preparations for a private capital raise.

FNMA and FMCC common shares have increased 119% and 114% respectively, year-to-date. Fannie and Freddie preferred shares have increased 57% and 60% respectively, year-to-date.

Exited Positions

Automatic Data Processing ("ADP")

During the last several weeks, we sold our stake in ADP. Although we expect ADP to continue to do well over time as the company executes on its business transformation, we view the prospective returns from today as more modest because the market is now more accurately pricing in ADP's prospects for success.

We achieved many of the objectives we established when we initiated our position in ADP. This led to a highly successful investment outcome particularly considering the low-risk and unleveraged nature of ADP's business. At the time of our exit, approximately two years from the establishment of our position, ADP's stock price had increased to $167 per share, generating a total shareholder return including dividends of 64%, more than double the S&P's total return of 30% over the same period.[11] Including the benefit of leverage in the form of long-dated, very-deep-in-the-money call options that were used to finance a portion of this investment, PSH realized returns in excess of the stock return, culminating in an attractive 40% annualized rate of return.

Prior to our investment, ADP was not well understood by the investment community, and garnered little critical attention. While the company participates in an excellent industry and had produced good shareholder returns over time, its performance was well below its structural potential.

While our original approach was to work quietly behind the scenes to achieve our investment objectives, we were quickly forced into a proxy contest which led us to publicly air our concerns and the opportunities we had identified. During the contest, we were able to successfully make the case to shareholders that ADP had the potential to materially improve its competitive position, generate higher revenue growth, and achieve substantially greater efficiency and margins while enhancing the customer experience.

Our activism bore significant fruit. ADP's investor base emerged from our engagement better educated about the company's enormous potential. With the support for change from other major shareholders, we were able to catalyze the company to embrace a business transformation. As a direct result of our activism, ADP made commitments to accelerate revenue growth, bolster its competitive position in the Enterprise market, and improve efficiency and margins.

During the past year, management started to execute on these new commitments by accelerating existing efficiency initiatives and embracing new projects to streamline ADP's business. These initiatives have included: (1) accelerating the development of ADP's next-generation platforms, (2) broadening and accelerating the company's Service Alignment Initiative, (3) launching an early retirement program, (4) executing a broad-based workforce optimization effort focused on spans of control and management layers, and (5) launching an accelerated procurement transformation effort aimed at third-party vendors and internal expense management. These projects, along with other smaller initiatives underway, allowed ADP to realize significant margin expansion and earnings growth in the fiscal-year ended June 30, 2019. These initiatives should provide a tailwind for continued operating progress over the coming years. ADP's business transformation has been accomplished as the company continues to post near-record client retention and accelerated bookings and revenue growth, demonstrating that customers are supportive of the changes.

At the time we invested in ADP, the company was forecasting approximately $3.80 of earnings per share in fiscal-year 2018. Recently, ADP has provided earnings guidance of $6.10 to $6.20 for fiscal-year 2020 (ADP's fiscal year ends June 30th), and ~$7 per share of earnings in fiscal year 2021, an ~85% increase in earnings per share in three years if ADP meets its projections which historically have been conservative.

Furthermore, we believe that there continues to be a significant opportunity for ADP to execute its ongoing business transformation in the years ahead, and to expand margins and earnings beyond current targets, but best-in-class execution will be required. If ADP meets its 2021 earnings targets, we estimate the stock will generate a low double-digit return from our exit price. While we believe now was the appropriate time to sell our investment in ADP, we wish the company well as it continues its business transformation.

United Technologies Corporation ("UTX")

We invested in UTX because it owns market-leading businesses with favorable long-term growth trends in an unwieldy conglomerate format which traded at a large discount to the sum of its parts. We believed that a tax-free separation of these three businesses would eliminate the company's significant sum-of-the-parts discount and highlight the value of its crown jewel asset, its aerospace business. We exited our position in UTX this quarter with a modest gain of 3% after the company announced a value-destructive stock merger of its high-quality, high-growth aerospace business with a lower-quality, lower-growth defense contractor, Raytheon, at a valuation that represented a significant discount to the intrinsic value of UTX's aerospace business. [12]

After acquiring a stake in the company last year, we met with management to express our view that a separation would create

substantial shareholder value. We were therefore pleased when the company announced a breakup late last year. We were, however, surprised and disappointed to read rumors of an imminent transaction with Raytheon in early June, which was antithetical to the company's articulated rationale for the previously announced breakup. In response, we immediately wrote a letter to the board to express our strong concern and opposition to the potential transaction. After the company proceeded with the transaction over our objections, we decided to sell our position.

Although we could have run a campaign to block the transaction over the next six or more months, our loss of confidence in management would have also required us to engage in a more comprehensive battle to replace the company's leadership, and perhaps a portion of the board, in order to be comfortable with the company's future capital allocation decisions, strategic direction, and oversight. After carefully considering the significant organizational time and effort that would be required to merely restore the value that will be destroyed by the transaction, we decided that it was more productive to sell our stock at a small profit and focus our efforts on finding new opportunities.

Platform Specialty Products

As previously disclosed in the PSH 2018 Annual Report, we exited our investment in Platform Specialty Products Corporation in early 2019.

Directors' Report

INTERIM REPORT

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

GOING CONCERN

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

RELATED-PARTY TRANSACTIONS

There were no material related-party transactions that took place in the first six months of the financial year and there were no changes to the related-party transactions described in the 2018 Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year, other than those disclosed in Note 9.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Further details of each of these risks and how they are mitigated are discussed in the Report of the Directors within the Company's Annual Report for the year ended December 31, 2018. The Board believes these risks are applicable to the six-month period ended June 30, 2019 and the remaining six months of the current financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- Prepare the unaudited condensed interim financial statements in accordance with Disclosure and Transparency Rules ("DTR") 4.2.4R and International Accounting Standard 34: Interim Financial Reporting;

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

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

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

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

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

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

- The Company's unaudited condensed interim financial statements for the period ended June 30, 2019 give a true and fair view of the assets, liabilities, financial position and profit of the Company for the period; and
- The interim report for the period ended June 30, 2019 includes a true and fair review of the information for the Company required pursuant to article 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

By order of the Board.

/s/ Anne Farlow	/s/ Richard Battey
Anne Farlow Chairman of the Board	Richard Battey Chairman of the Audit Committee
August 15, 2019	August 15, 2019

Independent Review Report to Pershing Square Holdings, Ltd.

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended June 30, 2019 which comprises the Condensed Interim Statement of Financial Position, Condensed Interim Statement of Comprehensive Income, Condensed Interim Statement of Changes in Net Assets Attributable to Management Shareholders, Condensed Interim Statement of Changes in Equity, Condensed Interim Statement of Cash Flows and the related Notes 1 to 12. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

DIRECTORS' RESPONSIBILITY

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

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

OUR RESPONSIBILITY

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended June 30, 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

/s/ Ernst & Young LLP

Ernst & Young LLP
Guernsey
August 15, 2019

Condensed Interim Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As of June 30, 2019 and December 31, 2018
(Stated in United States Dollars)

	Notes		2019 Unaudited		2018 Audited
Assets					
Cash and cash equivalents		$	619,598,064	$	201,246,176
Due from brokers			138,983,896		361,646,991
Trade and other receivables			6,413,571		6,770,263
Financial assets at fair value through profit or loss					
Investments in securities	4		5,767,407,179		4,475,040,071
Derivative financial instruments	4		132,508,982		61,913,945
Total Assets		**$**	**6,664,911,692**	**$**	**5,106,617,446**
Liabilities					
Due to brokers		$	121,095,405	$	67,510,000
Due to Pershing Square, L.P.			-		24,783,576
Due to Pershing Square International, Ltd.			-		18,145,672
Trade and other payables			3,491,296		1,107,053
Financial liabilities at fair value through profit or loss					
Derivative financial instruments	4		5,124,287		144,701,338
Bonds	11		1,018,411,121		1,017,411,979
Liabilities excluding net assets attributable to management shareholders			1,148,122,109		1,273,659,618
Net assets attributable to management shareholders[1]	6		128,099,016		86,046,388
Total Liabilities		**$**	**1,276,221,125**	**$**	**1,359,706,006**
Equity					
Share capital	6	$	5,670,513,933	$	5,678,775,664
Accumulated deficit			(281,823,366)		(1,931,864,224)
Total Equity[2]			**5,388,690,567**		**3,746,911,440**
Total Liabilities and Equity		**$**	**6,664,911,692**	**$**	**5,106,617,446**
Net assets attributable to Public Shares		$	5,388,531,881	$	3,746,801,313
Public Shares in issue			216,197,854		216,616,094
Net assets per Public Share		$	24.92	$	17.30
Net assets attributable to Management Shares		$	128,099,016	$	86,046,388
Management Shares in issue			4,754,338		4,626,817
Net assets per Management Share		$	26.94	$	18.60
Net assets attributable to Special Voting Share		$	158,686	$	110,127
Special Voting Share in issue			1		1
Net assets per Special Voting Share		$	158,685.79	$	110,126.76

[1] Net assets attributable to management shareholders are comprised of the aggregate net asset values of all Management Shares as of June 30, 2019 and December 31, 2018, respectively.
[2] Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share. Under IFRS, Management Shares are classified as financial liabilities rather than equity. See Note 2 on page 28 for further details.
The accompanying notes form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019 and June 30, 2018
(Stated in United States Dollars)

	Notes		2019 Unaudited		2018 Unaudited
Investment gains and losses					
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		$	1,760,281,806	$	195,147,441
Net realized gain/(loss) on commodity interests			-		(877,163)
Net change in unrealized gain/(loss) on commodity interests (net of brokerage commissions of 2019: $417,188, 2018: $44,690)			(1,012,310)		1,007,068
	4		1,759,269,496		195,277,346
Income					
Dividend income			41,669,235		43,287,822
Interest income			2,220,515		2,245,271
Other income			-		21,036
			43,889,750		45,554,129
Expenses					
Interest expense			(29,014,658)		(30,185,704)
Management fees	8		(27,123,295)		(26,790,210)
Professional fees			(3,465,840)		(3,396,214)
Other expenses			(678,065)		(807,187)
			(60,281,858)		(61,179,315)
Profit/(loss) before tax attributable to equity and management shareholders			**1,742,877,388**		**179,652,160**
Withholding tax (dividends)			(9,824,753)		(6,833,852)
Profit/(loss) attributable to equity and management shareholders			**1,733,052,635**		**172,818,308**
Amounts attributable to management shareholders			39,701,073		8,357,292
Profit/(loss) attributable to equity shareholders(1)		$	**1,693,351,562**	$	**164,461,016**
Earnings per share (basic & diluted)(2)					
Public Shares	10	$	7.82	$	0.72
Special Voting Share	10	$	49,776.37	$	7,955.32

All the items in the above statement are derived from continuing operations. There is no other comprehensive income for the periods ended June 30, 2019 and June 30, 2018.

(1) Profit/(loss) attributable to equity shareholders is comprised of the net profits earned and losses incurred by holders of Public Shares and the Special Voting Share.
(2) EPS is calculated using the profit/(loss) for the period attributable to equity shareholders divided by the weighted average shares outstanding over the period as required under IFRS. See Note 10 for further details.

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

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

For the six months ended June 30, 2019 and June 30, 2018
(Stated in United States Dollars)

	Notes		Net Assets Attributable to Management Shareholders
As of December 31, 2018		$	**86,046,388**
Amounts attributable to management shareholders			39,701,073
Dividends paid			(1,011,509)
Conversion from Management Shares to Public Shares	6		(4,725,042)
Conversion from Public Shares to Management Shares	6		8,042,045
Accretion from share buybacks[(1)]			46,061
As of June 30, 2019 (Unaudited)		$	**128,099,016**
As of December 31, 2017		$	**156,268,350**
Amounts attributable to management shareholders			8,357,292
Conversion from Management Shares to Public Shares	6		(5,561,191)
Conversion from Public Shares to Management Shares	6		220,491,008
Accretion from share buybacks[(2)]			3,922,712
As of June 30, 2018 (Unaudited)		$	**383,478,171**

(1) On June 20, 2019, the Company began a share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. All repurchased Public Shares were subsequently cancelled. This amount includes the accretion relating to the share buyback program allocated to the Management Shares.
(2) The Company also engaged in a buyback program from May 2, 2017 to January 2, 2018. All repurchased Public Shares were subsequently cancelled. In May 2018, the Company purchased and cancelled 22,271,714 Public Shares pursuant to the Company Tender. See Note 6 for further details. This amount includes the accretion relating to both the share buyback program and the Company Tender that was allocated to the Management Shares.

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2019 and June 30, 2018
(Stated in United States Dollars)

	Notes		Share Capital		Accumulated Deficit		Total Equity
As of December 31, 2018[1]		$	**5,678,775,664**	$	**(1,931,864,224)**	$	**3,746,911,440**
Total profit/(loss) attributable to equity shareholders			–		1,693,351,562		1,693,351,562
Share buybacks[2]			(4,944,623)		–		(4,944,623)
Dividends paid			–		(43,310,704)		(43,310,704)
Conversion from Management Shares to Public Shares	6		4,724,997		–		4,724,997
Conversion from Public Shares to Management Shares	6		(8,042,105)		–		(8,042,105)
As of June 30, 2019[1] (Unaudited)		$	**5,670,513,933**	$	**(281,823,366)**	$	**5,388,690,567**
As of December 31, 2017[1]		$	**5,927,042,332**	$	**(1,840,356,157)**	$	**4,086,686,175**
Total profit/(loss) attributable to equity shareholders			–		164,461,016		164,461,016
Share buybacks[3]			(304,782,267)		–		(304,782,267)
Conversion from Management Shares to Public Shares	6		5,561,181		–		5,561,181
Conversion from Public Shares to Management Shares	6		(220,491,026)		–		(220,491,026)
As of June 30, 2018[1] (Unaudited)		$	**5,407,330,220**	$	**(1,675,895,141)**	$	**3,731,435,079**

(1) Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share. Under IFRS, Management Shares are classified as financial liabilities rather than equity. See Note 2 on page 28 for further details.
(2) On June 20, 2019, the Company began a share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. All repurchased Public Shares were subsequently cancelled. This amount includes the accretion relating to the share buyback program allocated to the Public Shares and the Special Voting Share.
(3) The Company also engaged in a buyback program from May 2, 2017 to January 2, 2018. All repurchased Public Shares were subsequently cancelled. In May 2018, the Company purchased and cancelled 22,271,714 Public Shares pursuant to the Company Tender. See Note 6 for further details. These amounts include the accretion relating to the share buyback program and the Company Tender that was allocated to the Public Shares and the Special Voting Share.

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2019 and June 30, 2018
(Stated in United States Dollars)

	Notes		2019 Unaudited		2018 Unaudited
Cash flows from operating activities					
Profit/(loss) for the period attributable to equity and management shareholders		$	1,733,052,635	$	172,818,308
Adjustments to reconcile changes in profit/(loss) for the period to net cash flows:					
Bond interest expense	11		28,499,142		28,442,137
Bond interest paid[1]	11		(27,500,000)		(27,500,000)
(Increase)/decrease in operating assets:					
Due from brokers			222,663,095		551,470,167
Trade and other receivables			356,692		1,907,148
Investments in securities	4		(1,292,367,108)		(579,265,291)
Derivative financial instruments	4		(70,595,037)		307,468,642
Increase/(decrease) in operating liabilities:					
Due to brokers			53,585,405		(50,075,000)
Due to Pershing Square, L.P.			(24,783,576)		–
Due to Pershing Square International, Ltd.			(18,145,672)		–
Trade and other payables			2,384,243		(89,470,865)
Derivative financial instruments	4		(139,577,051)		25,138,921
Net cash (used in)/from operating activities			**467,572,768**		**340,934,167**
Cash flows from financing activities					
Purchase of Public Shares[2]	6		(4,898,667)		(300,859,583)
Dividends paid[2]	6		(44,322,213)		–
Net cash (used in)/from financing activities			**(49,220,880)**		**(300,859,583)**
Net change in cash and cash equivalents			418,351,888		40,074,584
Cash and cash equivalents at beginning of period			201,246,176		1,082,102,874
Cash and cash equivalents at end of period		**$**	**619,598,064**	**$**	**1,122,177,458**
Supplemental disclosure of cash flow information					
Cash paid during the period for interest		$	28,098,409	$	28,984,806
Cash received during the period for interest		$	2,493,987	$	2,047,395
Cash received during the period for dividends		$	42,480,090	$	44,406,907
Cash deducted during the period for withholding taxes		$	9,870,455	$	7,521,369

(1) In accordance with the amendments to IAS 7, the Company's net debt reconciliation related to the Company's Bonds is further detailed in Note 11.
(2) Includes cash paid for fractional shares related to conversions.

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

Notes to Condensed Interim Financial Statements

1. CORPORATE INFORMATION

Organization

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

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

The Company's registered office is at 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, Channel Islands.

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

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

Investment Policy

Please refer to "Investment Policy" in the Report of the Directors in the 2018 Annual Report for the Investment Policy of the Company.

Bonds in Issue

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

Investment Manager

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

Board of Directors

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

Committees of the Board

The Board has established an Audit Committee, a Management Engagement Committee, a Remuneration Committee and a Nomination Committee. All Committee members are independent Directors of the Company who are not affiliated with the Investment Manager. Further information regarding each committee and each committee's written terms of reference are available on the Company's website or, on request, from the Company's Administrator.

Prime Brokers

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

Administrator and Sub-Administrator

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

The Administrator provides certain administrative and accounting services including the maintenance of the Company's accounting and statutory records. The Administrator delegates certain of these services to the Sub-Administrator. The Administrator and Sub-Administrator receive customary fees, plus out of pocket expenses, based on the nature and extent of services provided.

Stock Exchange Listings

Public Shares of PSH commenced trading on Euronext Amsterdam N.V. on October 13, 2014. On May 2, 2017, the Company'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 LSE. The Company also added a U.S. dollar-denominated quotation on the LSE on May 29, 2018. As a result, shareholders are able to trade Public Shares on both Euronext Amsterdam and the LSE with shares quoted and traded in USD in Amsterdam and London and Sterling in London.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The condensed interim financial statements of the Company for the six months ended June 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting principles used to prepare these unaudited condensed interim financial statements comply with IFRS as issued by the IASB and are consistent with those set out in the notes to the annual financial statements for the year ended December 31, 2018. The condensed interim financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities at fair value through profit or loss that have been measured at fair value. The unaudited condensed interim financial statements do not include all of the information and disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

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

Net Assets Attributable to Management Shareholders

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

Management Shares can be converted into a variable number of Public Shares based upon their net asset 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 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, conversions, accretion from buybacks or dividends paid, is recognized in the condensed interim statement of comprehensive income.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The amendments and interpretations which apply for the first time in 2019 have been assessed and do not have an impact on the interim condensed financial statements of the Company.

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

Financial assets at fair value through profit or loss:

As of	June 30, 2019	December 31, 2018
Investments in securities	$ 5,767,407,179	$ 4,475,040,071
Derivative financial instruments	132,508,982	61,913,945
Financial assets at fair value through profit or loss	**$ 5,899,916,161**	**$ 4,536,954,016**

Financial liabilities at fair value through profit or loss:

As of	June 30, 2019	December 31, 2018
Derivative financial instruments	$ 5,124,287	$ 144,701,338
Financial liabilities at fair value through profit or loss	**$ 5,124,287**	**$ 144,701,338**

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

For the six-month period ended June 30	2019			2018		
	Realized	Unrealized	Total Gains/(Losses)	Realized	Unrealized	Total Gains/(Losses)
Financial assets at fair value through profit or loss	$ (51,433,548)	$ 1,649,396,115	**$ 1,597,962,567**	$ 171,906,086	$ 109,371,081	**$ 281,277,167**
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–
Derivative financial instruments	(68,064,431)	229,371,360	**161,306,929**	(88,904,439)	2,904,618	**(85,999,821)**
Net changes in fair value	$ (119,497,979)	$ 1,878,767,475	**$ 1,759,269,496**	$ 83,001,647	$ 112,275,699	**$ 195,277,346**

5. FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Hierarchy

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

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

Level 2 – Inputs (other than quoted prices included in Level 1) are obtained directly or indirectly from observable market data at the measurement date. The assets and liabilities in this category will generally include fixed income securities, OTC options, total return swaps, credit default swaps, foreign currency forward contracts and certain other derivatives. Also, included in this category are the Company's investments in affiliated entities valued at net asset value, which can be redeemed by the Company as of the measurement date, or within 90 days of 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. The assets and liabilities in this category will generally include private investments and certain other derivatives.

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

As of	June 30, 2019				December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets:								
Equity Securities (Designated at Fair Value):								
Common Stock	$ 5,040,877	$ –	$ –	$ 5,040,877	$ 4,000,373	$ –	$ –	$ 4,000,373
Preferred Stock	94,165	–	–	94,165	52,895	123	–	53,018
Investment in Affiliated Entities	–	632,365[3]	–	632,365	–	421,649[3]	–	421,649
Derivative Contracts (Held for Trading):								
Currency Call/Put Options Purchased	–	363[1]	–	363	–	–	–	–
Equity Options Purchased	–	43,381[1]	–	43,381	–	57,510[1]	–	57,510
Foreign Currency Forward Contracts	–	–	–	–	–	4,404[1]	–	4,404
Total Return Swaps	–	88,765[2]	–	88,765	–	–	–	–
Total	$ **5,135,042**	$ **764,874**	$ –	$ **5,899,916**	$ **4,053,268**	$ **483,686**	$ –	$ **4,536,954**

Recurring Fair Value Measurement of Assets and Liabilities (continued)

(in thousands)

As of	June 30, 2019				December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities:								
Derivative Contracts (Held for Trading):								
Foreign Currency Forward Contracts	$ –	$ 5,124[1]	–	$ 5,124	$ –	$ –	$ –	$ –
Total Return Swaps	–	–	–	–	–	144,701[2]	–	144,701
Net assets attributable to management shareholders	–	–	128,099[4]	128,099	–	–	86,046[4]	86,046
Total	$ –	$ **5,124**	$ **128,099**	$ **133,223**	$ –	$ **144,701**	$ **86,046**	$ **230,747**

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

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

(3) This figure relates to the Company's investments in Pershing Square VI International, L.P. and Pershing Square VI, L.P (together, "PS VI") as of June 30, 2019 and December 31, 2018, as discussed in Note 9. The instruments underlying the Company's investments in PS VI included 34.11% of Level 1 financial instruments, 60.78% of Level 2 financial instruments and 5.11% of other assets and liabilities that are outside the scope of IFRS 13 as of the period ended June 30, 2019 and 43.27% of Level 1 financial instruments, 56.68% of Level 2 financial instruments and 0.05% of other assets and liabilities that are outside the scope of IFRS 13 as of the year ended December 31, 2018. The level of the underlying instruments had no impact in the level used for the investment held by the Company. See the fair value measurement discussion in Note 2 of the Company's 2018 audited financial statements for the Company's valuation policy related to investments in affiliated entities.

(4) Net assets attributable to management shareholders are classified as Level 3 and are valued based on their net asset value which approximates carrying value. In assessing the appropriateness of net asset value as a basis for fair value, consideration is given to the need for adjustments to the net asset value based on a variety of factors including liquidity and the timeliness and availability of accurate financial information. No such adjustments were deemed necessary. The movements for the period are disclosed in the statement of changes in net assets attributable to management shareholders for the period.

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

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

Transfers Between Levels

Transfers between levels during the period are determined and deemed to have occurred at each financial statement reporting date. There were no transfers of material significance between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements since the last financial statement reporting date.

The Company did not hold Level 3 investments as of the period ended June 30, 2019 and the year ended December 31, 2018 and had no gains and losses from Level 3 investments during the period ended June 30, 2019 and the year ended December 31, 2018.

6. SHARE CAPITAL

Authorized and Issued Capital

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

The Company currently has outstanding the Public Shares, the Special Voting Share and the Management Shares.

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 2019 Annual General Meeting ("AGM"), the Company proposed and shareholders passed a special resolution to approve the disapplication of the pre-emption rights contained in the Articles of Incorporation so that the Board has the authority to allot and issue (or sell from treasury) 21,661,609 Public Shares (being equivalent to 10% of the Public Shares in issue as at the latest practicable date prior to the date of publication of the 2019 Notice of Annual General Meeting) and 462,681 Management Shares (being equivalent to 10% of the Management Shares in issue as at the latest practicable date prior to the date of publication of the 2019 Notice of Annual General Meeting). Such disapplication for issuances of 10% or less of outstanding equity is commonly requested by issuers listed on the LSE. The Company intends to propose the same special resolution at next year's Annual General Meeting.

The Special Voting Share is held by PS Holdings Independent Voting Company Limited ("VoteCo"), a limited liability company with the sole objective to vote in the best interest of the Company's shareholders as a whole. 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). The Investment Manager has no affiliation with VoteCo. VoteCo is wholly owned by a trust established for the benefit of one or more charitable organizations.

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

Lock-up

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

As of June 30, 2019, the total Management Shares outstanding were 4,754,338 (December 31, 2018: 4,626,817) with a value of $128,099,016 (December 31, 2018: $86,046,388).

Share Conversion

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

As a result of amendments to the Articles approved by shareholders at the 2018 Annual General Meeting, Public Shares acquired by persons who are otherwise eligible to hold Management Shares can be converted into Management Shares, on a net asset value for net asset value basis as at each month end. The Management Shares resulting from these conversions are not subject to the lock-up described above.

During the six month period ended June 30, 2019, holders of Management Shares converted 338,238 Public Shares into 313,470 Management Shares and converted 185,949 Management Shares into 200,343 Public Shares. During the six month period ended June 30, 2018, holders of Management Shares converted 11,867,000 Public Shares into 11,111,095 Management Shares and converted 287,464 Management Shares into 306,738 Public Shares.

Voting Rights

The holders of Public Shares have the right to receive notice of, attend and vote at general meetings of the Company.

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

Specified Matters

The Listing Rules permit only holders of the Public Shares to vote on certain matters (the "Specified Matters").

As a result of such rules, while the Special Voting Share carries, in the aggregate, such number of votes as is equal to 50.1% of the total voting power of the Company (subject to some limited exceptions regarding matters for which a different rule is stated in the Articles of Incorporation or pursuant to applicable law), the Special Voting Share may not vote on Specified Matters. In addition, while the Public

Shares and Management Shares carry voting rights such that the aggregate number of issued Public Shares and Management Shares together carry 49.9% of the total voting power of the Company (subject to some limited exceptions regarding matters for which a different rule is stated in the Articles of Incorporation or pursuant to applicable law) the Management Shares may not vote on Specified Matters.

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

Distributions

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

On February 13, 2019, the Company initiated a quarterly interim dividend of $0.10 per Public Share. A proportionate quarterly dividend will be paid per Management Share and the Special Voting Share, based on their respective net asset values per share. Dividends will be paid in US Dollars unless a shareholder elects to be paid in GBP. Shareholders may also elect to reinvest cash dividends into Public Shares through a dividend reinvestment program administered by an affiliate of the Company's registrar. Further information regarding the dividend, including the anticipated payment schedule and how to make these elections, is available at https://pershingsquareholdings.com/psh-dividend-information.

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

The IMA was amended to account for the effect of a dividend on fees paid to the Investment Manager. Further details regarding this amendment are included in Note 8. In the period ended June 30, 2019, the Company paid dividends of $44,322,213 (June 30, 2018: $ nil).

Capital Management

The Company's capital currently consists of Public Shares which are listed on Euronext Amsterdam and the LSE, Management Shares which can be converted into Public Shares, and the Special Voting Share. The proceeds from the Bonds are being used to make investments in accordance with the Company's Investment Policy.

The Company's general objectives for managing capital are:

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

To the extent the Board and the Investment Manager deem 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 AGM, shareholders renewed the Company's authority to engage in share buybacks up to a maximum of 14.99% of the Public Shares in issue. On June 19, 2019, the Company announced a share buyback program of $100,000,000 and for up to 6,000,000 of the Company's outstanding Public Shares on the London Stock Exchange and Euronext Amsterdam. The Company has appointed Jefferies International Limited as the buyback agent for the program. As of June 30, 2019, a total of 280,345 shares (representing 4.9% of the total buyback program) had been repurchased.

On May 10, 2018 the Company completed a company tender for 22,271,714 Public Shares at a price of $13.47 per Public Share for a total of $299,999,988 (the "Company Tender"), all of which were subsequently cancelled.

The Public Shares, Management Shares and Special Voting Share transactions for the six-month period ended June 30, 2019 and year ended December 31, 2018 were as follows:

	Management Shares	Public Shares	Special Voting Share
Shares as of December 31, 2018	**4,626,817**	**216,616,094**	**1**
Share Buybacks	–	(280,345)	–
Conversion Out	(185,949)	(338,238)	–
Conversion In	313,470	200,343	–
Shares as of June 30, 2019	**4,754,338**	**216,197,854**	**1**

	Management Shares	Public Shares	Special Voting Share
Shares as of December 31, 2017	**8,500,796**	**234,716,810**	1
Share Buybacks*	–	(22,334,151)	–
Conversion Out	(28,152,249)	(25,960,460)	–
Conversion In	24,278,270	30,193,895	–
Shares as of December 31, 2018	**4,626,817**	**216,616,094**	**1**

*Share Buybacks include 62,437 shares purchased in January 2018 as part of the share buyback program that commenced in May 2017 and terminated January 2, 2018 and 22,271,714 shares purchased in the Company Tender in May 2018.

7. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as of June 30, 2019 and December 31, 2018.

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

The Investment Manager receives management fees and performance fees, if any, from the Company pursuant to the IMA.

Management Fee

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

For the period ended June 30, 2019 and the period ended June 30, 2018, the Investment Manager earned management fees from the Company of $27,123,295 and $26,790,210, respectively.

The Investment Manager has chosen to reduce the management fees paid by the Company and three affiliated entities managed by the Investment Manager for eight consecutive quarters beginning with the management fee payable on April 1, 2018 by a total of $32.2 million. This amount is equal to the amount by which performance fees would have been reduced had Allergan-related settlement expenses been incurred in 2014 contemporaneously with gains from the Allergan investment. The reduced fees were allocated among the funds based upon the amount of settlement reserves each entity previously recognized at the year ended 2016 and the year ended 2017. As a result, the Company's management fees will be reduced by a total of $14.4 million, $9.0 million of which has already been allocated.

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

Performance Fee

Generally, the Investment Manager receives performance fees, annually and upon share repurchases or payment of dividends, in an amount equal to 16% of the net profits attributable to the fee-paying shares of the Company above a high water mark (the "16% performance fee") minus the Additional Reduction (defined below). The 16% performance fees paid in connection with share repurchases are pro-rated to reflect the ratio of the net asset value of the shares repurchased to the Company's net asset value. The 16% performance fees paid in connection with dividends are pro-rated to reflect the ratio of the dividend to the Company's net asset value at the time the dividend is recognized as a liability by the Company. 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 was not fully utilized in reducing the Variable Performance Fee for that period, the amount not utilized (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 equaled $120 million in the aggregate at the time of the IPO. As of June 30, 2019 and December 31, 2018, after giving effect to the offset of the Potential Reduction Amount in the year ended December 31, 2014, the Potential Offset Amount was approximately $100.8 million.

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.

For the period ended June 30, 2019 and the year ended December 31, 2018, the Investment Manager did not earn any performance fee from the Company.

Since the Company’s net profits did not exceed the high water mark and thus no 16% performance fee accrued for the period ended June 30, 2019 and the year ended December 31, 2018, but the Potential Reduction Amount for those periods was $3.1 million and $2.9 million, respectively, those amounts will be carried forward to calculate the Additional Reduction and reduce any Variable Performance Fee in future years, subject to any offset by the Potential Offset Amount.

Termination

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

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

9. RELATED PARTY DISCLOSURES

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

The IMA has been amended to account for the effect of a dividend on fees paid to the Investment Manager. This amendment constitutes a small transaction for the purposes of Chapter 11 of the Listing Rules and is therefore exempt from the requirements thereof.

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

one or more affiliated entities or selling securities or other financial instruments to one or more affiliated entities. These 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.

For the period from July 24, 2017 to August 27, 2018, the Company held an investment in Pershing Square VI International, L.P. ("PS VI Intl") and for the period from August 28, 2018 to June 30, 2019, the Company held investments in each of PS VI Intl and Pershing Square VI, L.P. ("PS VI LP"). PS VI Intl and PS VI LP, each feeder funds to Pershing Square VI Master, L.P., all of which operate collectively as a co-investment vehicle investing primarily in securities of (or otherwise seeking to be exposed to the value of securities issued by) Automatic Data Processing, Inc. ("ADP"), commenced operations on July 24, 2017 and are affiliated investment funds (collectively, "PS VI"). As of June 30, 2019, the Company's capital balance in PS VI Intl and PS VI LP was $547,436,019 and $84,928,804, respectively. This represents an ownership in PS VI Intl and PS VI LP of 48.14% and 16.45%, respectively. As of December 31, 2018, the Company's capital balance in PS VI Intl and PS VI LP was $377,929,842 and $43,719,111, respectively. This represented an ownership in PS VI Intl and PS VI LP of 45.25% and 11.54%, respectively. The Company's investments in PS VI are included in investments in securities in the condensed interim statement of financial position.

The Investment Manager effected rebalancing transactions on August 28, 2018, December 31, 2018 and April 1, 2019 among the Company, PSLP and Pershing Square International, Ltd. ("PSINTL"). On August 28, 2018, December 31, 2018 and April 1, 2019, the Company purchased portions of PSINTL's interests in PS VI Intl for $58,112,212, $18,145,672 and $21,532,957, respectively. On August 28, 2018, December 31, 2018 and April 1, 2019, the Company purchased portions of PSLP's interests in PS VI LP for $21,581,406, $24,783,576 and $23,146,526, respectively. The Company's purchases were completed at the fair market values of PS VI LP and PS VI Intl based on the closing prices of their underlying securities on the date on or prior to the transactions. In connection with each rebalancing transaction, the Company made adjustments to direct interests it owned in ADP so that after the rebalancing transactions the Company's delta-adjusted exposure to ADP reached the intended percentage of its adjusted net assets. As a result of the rebalancing transactions, as of December 31, 2018, the Company had payables to PSLP and PSINTL of $24,783,576 and $18,145,672, respectively. The Company had no payables to PSLP or PSINTL for the period ended June 30, 2019. Subsequent to the reporting period, on July 1, 2019, the Investment Manager effected a similar rebalancing transaction between the Company, PSLP and PSINTL.

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

All realized and unrealized gains and losses from the investments in PS VI were reflected in the condensed interim statement of comprehensive income for the periods ended June 30, 2019 and June 30, 2018, respectively. See Note 5 for the discussion on the fair value measurement.

For the six-month period ended June 30, 2019 and June 30, 2018, the Company's independent Directors' fees in relation to their services for the Company were $180,085 and $154,893, respectively, of which none were payable as of June 30, 2019 and June 30, 2018.

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

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

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

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

At June 30, 2019, the Company and its affiliates did not hold beneficial ownership in excess of 10% of any portfolio company other than those presented as investment in affiliated entities as disclosed in Note 5. At December 31, 2018, the Company and its affiliates had beneficial ownership in excess of 10% of the outstanding common equity securities of Platform Specialty Products Corporation.

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

As a result of purchases of Public Shares in 2018 and 2019 amounting to more than $530 million, including previously acquired shares, William Ackman, Nicholas Botta and other affiliates of PSCM owned 20.5% and 20.1% of the Company on a fully diluted basis as of June 30, 2019 and December 31, 2018, respectively.

10. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit/(loss) for the period attributable to the Public Shares and the Special Voting Share over the weighted average number of Public Shares and the Special Voting Share outstanding, respectively. In accordance with IFRS, the weighted average shares outstanding calculated for the Public Shares and the Special Voting Share were 216,612,759 and 1, respectively for the period ended June 30, 2019, and 228,307,055 and 1, respectively for the period ended June 30, 2018.

The share buyback program commencing on June 20, 2019 provided accretion to the Public Shares of $0.01 per share during the period ended June 30, 2019. The share buyback on January 2, 2018 and the Company Tender provided accretion to the Public Shares of $0.35 per share during the year ended December 31, 2018.

11. BONDS

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

The Company has the option to redeem all or some of the Bonds prior to June 15, 2022, at a redemption price equal to the greater of (1) 100% of the principal amount of the Bonds to be redeemed or (2) the sum of the present values

of the remaining scheduled principal and interest payments (exclusive of accrued and unpaid interest to the date of redemption) on the Bonds to be redeemed, discounted to the redemption date on a semi-annual basis using the applicable U.S. treasury rate plus 50 basis points, plus accrued and unpaid interest. If the Company redeems all or some of the Bonds on or after June 15, 2022, the redemption price will equal 100% of the principal amount of the Bonds to be redeemed plus accrued and unpaid interest.

The fair value of the Bonds as of June 30, 2019 and December 31, 2018, based upon market value at that time, was $1,042,925,000 and $991,340,000, respectively. In accordance with IFRS 9, the Bonds' carrying value as of June 30, 2019 and December 31, 2018, in the amount of $1,018,411,121 and $1,017,411,979, respectively, on the statement of financial position is representative of amortized cost and transaction costs of the Bonds in the amount of $14,502,332 that were capitalized and are to be amortized over the life of the Bonds using the effective interest method.

		2019
At December 31, 2018	**$**	**1,017,411,979**
Finance costs for the period		28,499,142
Bond coupon payment during the period		(27,500,000)
At June 30, 2019	**$**	**1,018,411,121**
Finance costs for the period:		
Bond interest expense	$	27,471,395
Amortization of Bond issue costs incurred as finance costs		1,027,747
Interest expense	**$**	**28,499,142**

		2018
At December 31, 2017	**$**	**1,015,427,736**
Finance costs for the year		56,984,243
Bond coupon payment during the year		(55,000,000)
At December 31, 2018	**$**	**1,017,411,979**
Finance costs for the year:		
Bond interest expense	$	54,929,255
Amortization of bond issue costs incurred as finance costs		2,054,988
Interest expense	**$**	**56,984,243**

The Bonds are subject to the following transfer restrictions: (i) 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, as amended 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, (ii) 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 (iii) 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.

12. EVENTS AFTER THE REPORTING PERIOD

On July 25, 2019, the Company closed a fully committed private placement of $400,000,000 of unsecured bonds with a coupon of 4.950%, maturing on July 15, 2039 (the "2039 Bonds"). The 2039 Bonds rank equally in right of payment with the existing Bonds and contain substantially the same covenants as those governing the existing Bonds.

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

is required, a portion of the 2039 Bonds become callable at 101% of par in the amount necessary to achieve the required debt repayment.

PS VI ceased operations on July 31, 2019. On August 8, 2019, PS VI distributed $639 million in cash to the Company (representing $411 million from the direct liquidation of certain common stock and derivatives held by PS VI and $228 million generated by the sale of common stock after an in-kind distribution of common stock by PS VI to the Company). The $639 million represents 99% of the Company's capital balance in PS VI as of July 31, 2019 and the Company will receive the outstanding 1% following the completion of PS VI's final audit.

Pursuant to the IMA, 20% of the performance fee earned by PSCM from PS VI will be included in the Potential Reduction Amount. The Potential Reduction Amount will be carried forward until the Company earns a performance fee at which time it will be used to calculate the Additional Reduction. As of July 31, 2019 the Potential Reduction Amount was $13.9 million.

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

Endnotes and Disclaimers

ENDNOTES TO CHAIRMAN'S STATEMENT

[i] Calculated with respect to Public Shares only and as of August 13, 2019. 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 allocation/fees (if any). Performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. Past performance is not a guarantee of future results.

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

[iii] Please see Endnote 2 in "Endnotes to Company Performance and Investment Manager's Report".

ENDNOTES TO COMPANY PERFORMANCE AND INVESTMENT MANAGER'S REPORT

1. Performance results are presented on a net-of-fees basis. Net returns include the reinvestment of all dividends, interest, and capital gains from underlying portfolio companies and reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses and accrued and/or crystallized performance allocation/fees (if any). Performance results assume an investor has been invested in PSLP since inception, has not invested in Tranche G, and has participated in any "new issues," as such term is defined under Rules 5130 and 5131 of FINRA. Where the Company's performance is presented with that of PSLP, results also assume that an investor invested in PSLP at its inception on January 1, 2004 and converted to PSH at its inception on December 31, 2012. Depending on the timing of an individual investor's specific investment in the Company and/or PSLP, net performance for an individual investor may vary from the net performance as stated herein. The Company's performance is based on the dollar return for the specific period, including any and all dividends paid by the Company, calculated from the beginning of such period to the end of such period. The cumulative return for an investor who invested in PSH at its inception through August 13, 2019 is 50.2%.

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

3. The S&P 500 Total Return Index ("index") has been selected for purposes of comparing the performance of an investment in the Company or PSLP as applicable (together the "Pershing Square funds") with a well-known, broad-based equity benchmark. The statistical data regarding the index has been obtained from Bloomberg and the returns are calculated assuming all

dividends are reinvested. The index is not subject to any of the fees or expenses to which the Pershing Square funds are subject. The Pershing Square funds are not restricted to investing in those securities which comprise this index, their performance may or may not correlate to this index and they should not be considered a proxy for this index. The volatility of an index may materially differ from the volatility of the Pershing Square funds' portfolios. The S&P 500 is comprised of a representative sample of 500 U.S. large cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poor's. The S&P 500 index is proprietary to and is calculated, distributed and marketed by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC), its affiliates and/or its licensors and has been licensed for use. S&P® and S&P 500®, among other famous marks, are registered trademarks of Standard & Poor's Financial Services LLC.© 2019 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.

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

5. Performance information is presented as net returns. Please refer to endnote i of the Chairman's Statement and endnote 3 above.

6. Share price performance data is calculated as of August 13, 2019, except where indicated otherwise. Share price performance data herein takes into account the issuer's dividends, if any. Share price performance data is provided for illustrative purposes only and is not an indication of actual returns to the Company over the periods presented or the future returns of the Company. Additionally, it should not be assumed that any of the changes in share prices of the investments listed herein indicate that the investment recommendations or decisions that Pershing Square makes in the future will be profitable or will generate values equal to those of the companies listed herein.

7. Please refer to endnote 2 above.

8. The Company's share price performance takes into account its dividends paid.

9. This report reflects the contributors and detractors to the performance of the portfolio of the Company. Other than accretion, positions with contributions or detractions to performance of 50 basis points or more are listed separately, while positions with contributions or detractions to performance of less than 50 basis points are aggregated. On June 20, 2019, the Company began a share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. The accretion from the share buyback program is reflected herein. The contributions and detractions to performance presented herein are based on gross returns which do not reflect deduction of certain fees or expenses charged to the Company, including, without limitation, management fees and accrued performance allocation/fees (if any). Inclusion of such fees and expenses would produce lower returns than presented here.

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

other currency derivatives, the long/short classification is determined by the non-USD leg of the derivative. For example, a long USD call/GBP put option position would be considered a short exposure, and a long USD put/GBP call option would be considered a long exposure. The contributors and detractors to the gross returns presented herein are for illustrative purposes only. The securities on this list may not have been held by the Company for the entire period. All investments involve risk including the loss of principal. It should not be assumed that investments made in the future will be profitable or will equal the performance of the securities on this list. Past performance is not indicative of future results. Please refer to the net performance figures presented on page 2.

10. The performance of this portfolio investment is not necessarily representative of the return of the Company's other portfolio companies over the period presented or the Company's future returns. There is no guarantee that this position will be profitable or remain in the portfolio in the future.

11. Total returns for ADP are calculated using the Company's average acquisition cost of the position at the date the position was made public and the issuer's closing share price on the date of sale. Average acquisition cost is calculated by taking into account the cost of outright purchases of stock and the per share cost of shares underlying derivative instruments acquired by the Company to build the position, as applicable.

12. Returns for UTX are calculated using the Company's average acquisition cost at the date the position was made public and the Company's weighted average sale price. Please refer to endnote 11 above regarding the calculation of average acquisition cost.

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 January 1, 2019 to June 30, 2019. 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.