Pershing Square Holdings Releases Semiannual Financial Statements Including Investment Manager's Report to Shareholders

Amsterdam, 17 August 2017 //- Pershing Square Holdings, Ltd. (LN:PSH) (NA:PSH) today released Semiannual Financial Statements including its Investment Manager's Report to Shareholders. The report is now available on PSH's website, https://www.pershingsquareholdings.com/company-reports/financial-statements/.

In addition, please find below the full text of the half yearly report.

About Pershing Square Holdings, Ltd.

Pershing Square Holdings, Ltd. (LN:PSH) (NA:PSH) is an investment holding company structured as a closed ended fund that makes concentrated investments principally in North American companies.

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This is a disclosure according to Article 17 of the EU Market Abuse Regulation (Regulation 596/2014/EU).

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Chairman's Statement

INTRODUCTION

This interim financial report covers the period from January 1, 2017 to June 30, 2017. During this period assets under management ("AUM") [1,2] of Pershing Square Holdings, Ltd. ("PSH" or the "Company") decreased from $4.5 billion to $4.4 billion due to adverse investment performance and share buybacks.

INVESTMENT PERFORMANCE

For the period January 1, 2017 through June 30, 2017, the Company returned -2.3%[3] net of fees[4]. During the first half of the year, a number of holdings made positive contributions to performance, with Restaurant Brands International being by far the most significant. The portfolio's gains, however, were offset by mark-to-market losses in several holdings, with the Herbalife short, Fannie Mae/Freddie Mac and Mondelez long positions being the largest detractors to performance year-to-date. From July 1, 2017 through August 15, 2017, the Company returned 0.5% net of fees, bringing YTD performance through August 15, 2017 to -1.7%.

The Investment Manager's report on page 4 provides a detailed discussion about the portfolio. For an up-to-date NAV, please refer to our website at www.pershingsquareholdings.com where we publish our NAV on a weekly basis.

NEW INVESTMENT

On August 4, 2017, Pershing Square Capital Management, L.P. (the "Investment Manager," or "PSCM" or "Pershing Square"), issued a press release announcing a new investment in ADP. The company fits the long-term profile of historically successful Pershing Square activist investments as it is a simple, predictable, free-cash-flow-generative business with a long-term history of growing cash flows and a dominant market position. In disclosing its stake, Pershing Square stated that it had acquired an 8% stake in the company and that it "has long admired ADP's business. Based on extensive research and due diligence, Pershing Square believes that there is an enormous opportunity to improve the operating performance of ADP by accelerating growth, improving the quality of ADP's software and service offerings, dramatically reducing operating costs, and increasing efficiency."

On August 7, 2017, Pershing Square gave formal notice to the company of its intent to nominate three directors for election to the board of directors at the company's 2017 Annual Meeting and on August 14, 2017 it filed a Preliminary Proxy Statement with the SEC. Pershing Square presented its ADP investment thesis on a webcast on August 17, 2017.

LONDON STOCK EXCHANGE LISTING / FTSE INDEX INCLUSION

On March 23, 2017 PSH announced that it intended to apply for admission of its ordinary shares to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Board and the Investment Manager believed that the London listing would benefit the Company by widening the pool of prospective investors in the Public Shares, increasing liquidity in the Public Shares, and attracting greater analyst coverage for the Company. On May 2, 2017, PSH announced that its Public Shares had been admitted to the Official List of the UK Listing Authority and shares commenced trading on the Premium Segment of the Main Market of the LSE. Since then, investors have been able to trade a single class of PSH shares on both the LSE and Euronext Amsterdam under the same ISIN/SEDOL number. PSH shares are quoted and traded in Sterling in London and in USD on Euronext Amsterdam.

On May 31, 2017, it was announced that PSH shares had qualified for inclusion in the FTSE 250 and FTSE All-Share indices. The change was effective on Monday, June 19, 2017. On the preceding Friday there was a spike in PSH volume as the index trackers rebalanced their exposures in advance of Monday's opening. Since PSH shares started trading in London on May 2, 2017 through August 15, 2017, the average daily trading volume on the Amsterdam and London Stock Exchanges has almost doubled to nearly one million shares per day, excluding the 25.1 million shares that traded on Friday, June 16, 2017.

In connection with the UK listing, PSH changed its primary central securities depositary ("CSD") from the Nederlands Centraal Instituut voor Giraal Effectenverkeer BV ("Euroclear NL") to Euroclear UK & Ireland Limited

("Euroclear UI" or "CREST"). PSH's Public Shares are now accepted for clearance both through the book-entry facilities of Euroclear NL and CREST, the electronic securities settlement system operated by Euroclear UI which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument.

SHARE BUYBACK PROGRAM

On April 19, 2017, PSH announced a share buyback program of up to 5% of PSH's outstanding Public Shares. Jefferies International Limited, the buyback agent, commenced the program on May 2, 2017. PSH believes that the repurchase is an attractive investment at current discount levels which should contribute to performance, and may assist in reducing the current discount between PSH's share price and NAV.

As of August 15, 2017, a total of 1,775,793 shares have been repurchased under this program representing 14.8% of the total buyback authorization.

PSH BOND

In June 2015, the Company issued $1 billion aggregate principal amount of its Senior Notes due July 15, 2022 at an interest rate 5.500% per annum which is payable semi-annually (the "Bonds"). The proceeds from the offering were used to make investments and hold assets in accordance with the Company's investment policy. At issuance, the Bonds received a BBB rating with a stable outlook from Standard & Poor's Rating Services (now known as S&P Global Ratings or "S&P") and a BBB+ rating with a stable outlook from Fitch Ratings, Inc. ("Fitch"). Currently Fitch maintains its rating BBB+ with a stable outlook while S&P's current rating is BBB with a negative outlook.

As of July 31, 2017 the Bonds were trading at approximately a 6% premium to par, having risen during the year from a low of $99.42 on January 4, 2017.

As of July 31, 2017, the Company's Total Indebtedness to Total Capital Ratio[5] was 18.1%. The principal covenants of the Bonds limit the incurrence of debt or distributions to shareholders when this ratio is greater than or equal to 33.3%. Unlike margin debt, the Bonds do not have mark-to-market covenants.

While the leverage of the bond issue has amplified losses during the period as the portfolio declined in value, the Board and PSCM believe that a prudent amount of long-term, cost-effective leverage should enhance the long-term returns to PSH shareholders.

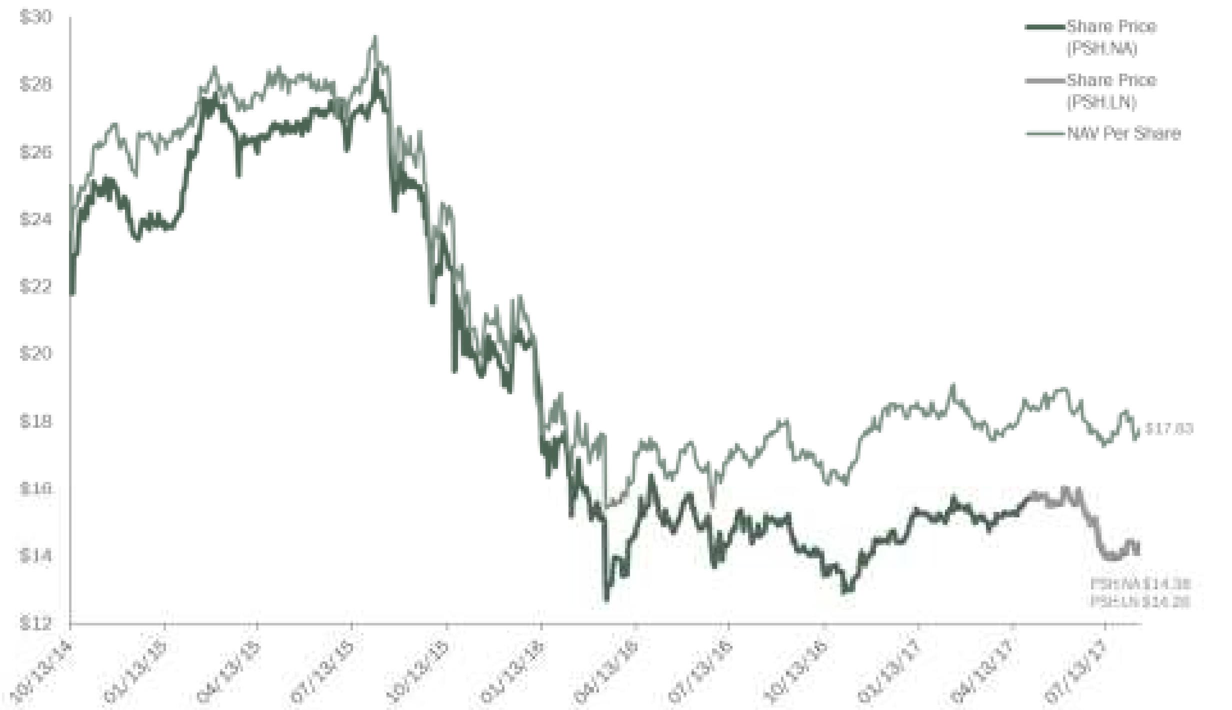
HIGH WATER MARK

As reported in the 2016 Annual Report, the terms of PSH's investment management agreement with PSCM have a "high water mark" feature such that investors in PSH only pay performance fees on increases in the NAV above the highest NAV at which a performance fee has previously been charged. As a result, PSH investors will not incur performance fees until PSH's NAV exceeds $26.37 per share.

PREMIUM AND DISCOUNT

The Board monitors the trading activity of the Company's shares on a regular basis. The Company publishes its NAV per share weekly on its website together with monthly performance reports and transparency reports disclosing certain information with respect to the Company's underlying positions, which are predominantly in large cap listed companies. The Board and the Investment Manager believe that this transparency should help the Company's shares trade (over the long term) at or above NAV. In addition, the UK listing and share buyback program were undertaken with the goal of increasing the liquidity of PSH shares and helping to narrow the discount. We note that the discount narrowed from a high of 16.5% several days prior to the London Listing to approximately 14% on the first day of trading in London and the commencement of the buyback program. However, since then, PSH shares have fluctuated between a low of 13.2% and a high of 23.3% discount to NAV. Ultimately, the Investment Manager and the Board believe that a return to the historically strong performance of the Investment Manager will be the primary catalyst for closing the discount.

PSH NAV vs. Trading Price (October 13, 2014 – August 15, 2017)



I look forward to reporting to you again in our 2017 Annual Report.

/s/ Anne Farlow
Anne Farlow
Chairman of the Board
August 17, 2017

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1 "AUM" is the NAV of the Company without taking into effect accrued and/or crystallized performance fees and any accrued portion of the Potential Offset Amount (as defined in Note 8 of the financial statements) as of the end of a period.

2 "NAV" means the value of the Company's portfolio securities, cash and other assets less its liabilities (including any accrued performance fees and the accrued portion of the Potential Offset Amount), as determined by PSCM in accordance with its valuation policy and procedures, and in accordance with applicable accounting principles (except that the net asset value of the Company attributable to Management Shares issued from time to time will not be classified as liabilities for purposes of calculating NAV).

3 Calculated with respect to Public Shares only. On May 2, 2017, the Company began its share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. Any positive impact on performance due to these share buybacks is reflected herein.

4 Past performance is not a guarantee of future results. Net returns include the reinvestment of all dividends, interest, and capital gains and reflect the deduction of, among other things, brokerage commissions, administrative expenses, management fees and performance fees (if any). Performance results provided herein also assume an investor has been invested in the Company since inception and participated in any "new issues" as such term is defined under Rules 5130 and 5131 of FINRA.

5 For purposes of this report, "Total Indebtedness", "Total Capital" and "Total Indebtedness to Total Capital Ratio" have the meaning given to these terms under the Indenture, dated June 26, 2015, between, among others, the Company, as the issuer, and The Bank of New York Mellon, as Trustee, Paying Agent, Registrar and Transfer Agent (the "Indenture"). As defined in the Indenture, "Indebtedness" reflects indebtedness (i) in respect of borrowed money, (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), (iii) representing capital lease obligations, (iv) representing the balance deferred and unpaid of the purchase price of any property or services (excluding accrued expenses and trade payables in the ordinary course of business) due more than one year after such property is acquired or such services are completed or (v) in respect of PSH's capital stock that is repayable or redeemable, pursuant to a sinking fund obligation or otherwise, or preferred stock of any of PSH's future subsidiaries. "Indebtedness" does not include, among other things, PSH's NAV attributable to any Management Shares (whether or not the Management Shares are accounted for as liabilities) or hedging obligations or other derivative transactions and any obligation to return collateral posted by counterparties in respect thereto. Under the Indenture, the amount of any Indebtedness outstanding as of any date is the principal amount thereof. "Total Indebtedness" reflects the total amount of Indebtedness of PSH and its consolidated subsidiaries (if any), plus, in respect of unconsolidated subsidiaries and affiliated special investment vehicles ("SPVs") (if any), the amount of Indebtedness of the relevant subsidiary or affiliated SPV on a proportionate basis. Under the Indenture, Total Indebtedness excludes margin debt that does not exceed 10% of PSH's Total Capital. "Total Capital" reflects the sum of PSH's NAV and its Total Indebtedness.

Investment Manager's Report

PERFORMANCE

Pershing Square Holdings, Ltd. Performance vs. the S&P 500		
	PSH Net Return (1)	**S&P 500(3)**
2013	9.6%	32.4%
2014	40.4%	13.7%
2015	(20.5)%	1.4%
2016	(13.5)%	11.9%
YTD through June 30, 2017	(2.3)%	9.3%
Q3 through August 15, 2017	0.5%	2.0%
YTD through August 15, 2017	(1.7)%	11.5%
January 2013 – August 15, 2017 (2)		
Cumulative (Since Inception)	4.0%	90.3%
Compound Annual Return	0.8%	14.8%

PERFORMANCE ATTRIBUTION(4)

Below are the attributions to gross performance of the portfolio of the Company through June 30, 2017.

Winners	
Restaurant Brands International Inc.	5.8%
Nomad Foods Limited	1.3%
Chipotle Mexican Grill, Inc.	1.1%
Platform Specialty Products Corporation	1.1%
Hilton Worldwide Holdings Inc.	0.9%
The Howard Hughes Corporation	0.8%
All Other Positions	0.5%
Total Winners	11.5%

Losers	
Herbalife Ltd.	(4.3)%
Federal National Mortgage Association	(2.6)%
Mondelez International, Inc.	(2.5)%
Federal Home Loan Mortgage Corporation	(1.5)%
Valeant Pharmaceuticals International, Inc.	(1.0)%
All Other Positions	(1.1)%
Total Losers	(13.0)%
Total Winners and Losers YTD through June 30, 2017	(1.5)%

Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying footnotes on page 13.

Positions with performance attributions of at least 50 basis points are listed above separately, while positions with performance attributions of 50 basis points or less are aggregated.

Despite modestly negative performance of the Company year-to-date, our portfolio companies have made substantial business progress which we discuss further below. Over the intermediate to long-term in the stock market, business performance has been inexorably reflected in share price performance. Below we show the year-to-date contribution to performance of each of our publicly disclosed investments held during 2017, along with total shareholder returns during 2017 for each issuer.

Pershing Square Holdings, Ltd. Performance as of August 15, 2017 (5)		
	Total Shareholder Return(6)	**Gross Portfolio Return**
Restaurant Brands International Inc.	26.2%	4.7%
Nomad Foods Limited	55.0%	1.6%
Automatic Data Processing, Inc.	15.5%	1.4%
Platform Specialty Products Corporation	28.4%	1.1%
Hilton Worldwide Holdings Inc.	13.0%	0.9%
The Howard Hughes Corporation	5.3%	0.5%
Air Products and Chemicals, Inc.	3.4%	0.3%
Valeant Pharmaceuticals International, Inc.	(25.0)%	(1.0)%
Federal Home Loan Mortgage Corporation	(29.7)%	(1.1)%
Chipotle Mexican Grill, Inc.	(14.5)%	(1.7)%
Federal National Mortgage Association	(30.0)%	(2.0)%
Mondelez International, Inc.	(0.2)%	(2.2)%
Herbalife Ltd.	29.7%	(2.9)%
All Other Positions	N/A	(0.4)%

Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal. Please see accompanying footnotes on page 13.

Total Shareholder Return may not be perfectly correlated with Gross Portfolio Return due to certain factors, including interim changes in the size of the position due to purchases and sales during the period.

It has been a somewhat unusual year as there has been a high degree of dispersion in the portfolio as substantial gains in certain investments have been offset by significant losses in others. Except for Valeant, where our loss is permanent as we have exited that investment, we believe that the other sources of negative performance will reverse to become material contributors over time.

We have made four new investments in the last year (we exclude one immaterial commitment which increased in price as we began to build our position), which is a slightly higher than normal pace of investment. Two of these were passive investments that we sold at a profit, Hilton Worldwide Holdings, which we discuss below, and a continued undisclosed investment. We remain an owner of the two active investments, Chipotle and Automatic Data Processing (ADP), which are both in an early stage of investment.

At Chipotle, we have achieved an appropriate level of influence over the company as we added two directors along with two mutually agreed upon directors to the board, who now represent a majority of the independent directors of the company. We have an excellent working relationship with management and the board. We believe they are making substantial business progress as we discuss further below, despite an unfortunate recent health incident at one restaurant (unrelated to Chipotle's supply chain).

We are now working to achieve an appropriate degree of influence as the largest owner of ADP by the November annual meeting of the company.

NEW INVESTMENT

Automatic Data Processing, Inc. (ADP)

ADP is a classic Pershing Square investment. It is a simple, predictable, free-cash-flow generative business that has underperformed its potential. As a conservatively financed, capital-light business with long-term customer relationships in a sector with substantial positive growth, we believe it has modest downside. If it is able to achieve its potential, we believe it offers substantial upside. We acquired ADP for the funds along with a co-investment vehicle (PSVI) which we recently raised to increase our ownership of the company.

We believe that ADP is one of the highest quality businesses we have owned, and one which offers an enormous opportunity for operational improvement. Earlier today, we shared our research and its conclusions on ADP with the investing public on a webcast. We highlighted the sources of underperformance of the company and the opportunities for operational enhancement. You can view the webcast at www.ADPascending.com.

It has been five years since the inception of our investment in Canadian Pacific (CP), where we had to wage a proxy contest to obtain board seats in a long-term activist portfolio holding. (While we did run a slate in the Allergan situation in 2014, it was in the context of a hostile takeover which we consider to be a fundamentally different type of situation.) As in CP, we approached ADP and offered to share privately our due diligence and analysis with the board to see if we could work together to unlock value for all shareholders. We requested a one-week extension of the nominating deadline in order to accommodate such a meeting. The board was unwilling to grant an extension, and therefore, we announced our slate on Monday, August 7, 2017 in advance of the deadline. We were disappointed by the company's response, but it is by no means unprecedented. We have learned from experience that often the greatest opportunities for profit exist at companies that are the most resistant to and threatened by change.

Our experience in this situation has been analogous to the inception of our investment in CP. As in CP, we were offered the opportunity to meet with the CEO and Chairman. As in CP, we believe the company in its public statements and filings mischaracterized our meetings and conversations with the CEO and Chairman. For a detailed summary of our interactions with the company, please read the "Background to This Solicitation" section of our recent proxy filing which you can find here. Fortunately, it now appears that the board is willing to engage. The ADP board has recently asked to interview our board candidates and offered to meet with us on September 5, 2017. We look forward to the opportunity to share our due diligence and analysis with the full board.

PORTFOLIO UPDATE

Mondelez International, Inc. (MDLZ)

On August 2, 2017, Mondelez reported second quarter 2017 results. Underlying organic sales growth was essentially flat excluding the impact of a global cyberattack in late June that disrupted the systems of a number of large corporations including Mondelez. Europe, Mondelez's largest region, delivered its fifth consecutive quarter of underlying volume growth. Many emerging markets, including India, Mexico, and Southeast Asia, grew strongly, while others such as Brazil and the Middle East continued to suffer from challenging macroeconomic conditions that should improve over time. While North America sales declined, we are optimistic that this region will turn to growth in the second half of the year driven by new product launches as well as expected retail shelf space gains in the biscuits category.

Operating profit margins expanded in the second quarter to 15.8%, as the company's zero-based budgeting program delivered cost reductions in both overhead and advertising spend. Year-to-date operating profit margins were 16.3%, putting the company well on its way towards management's goal of a mid-16% margin for 2017. Management remains committed to its 2018 operating profit margin target of 17% to 18%, and has stated that it has good visibility to expand margins after 2018.

Concurrent with its earnings release, Mondelez announced that Dirk Van de Put, currently the President and CEO of McCain Foods, would succeed Irene Rosenfeld as CEO in November. We have enjoyed our constructive and rewarding relationship with Irene Rosenfeld over the years and wish her well. We look forward to learning more about Dirk Van de Put's strategic vision in the months ahead.

With its leading global snack brands, dominant market shares, deep international routes-to-market, meaningful presence in the emerging economies, and significant future cost savings opportunity, Mondelez is one of the few large cap food companies with strong visibility to grow both revenues and earnings for the foreseeable future. With Mondelez's stock trading at approximately 18 times our estimate of 2018 earnings, we believe that the market is significantly discounting the company's earnings growth potential and its strategic appeal in a consolidating industry.

Restaurant Brands International Inc. (QSR)

Restaurant Brands reported continued earnings growth for the second quarter of 2017. The company delivered strong net unit growth at each of its three brands and significantly improved Popeyes' cost structure in its first full quarter of ownership. Same-store-sales growth was mixed, as Burger King returned to growth and Tim Hortons results modestly declined.

Same-store-sales this quarter showed strong growth of nearly 4% at Burger King, with 3% growth in the U.S. as the company struck a better balance between value and premium offerings. Tim Hortons' same-store-sales declined just under 1%, due to weakness in its baked goods offerings and lunch day part. A recent public dispute with a group of franchisees may have also contributed to the decline this quarter. We believe the company is taking the appropriate steps to improve franchisee relationships and expect that the recent introduction of espresso-based drinks and a new mobile app will enhance future sales.

Net units grew 6%, the highest rate in several years, reflecting strong growth across all of the brands. The company also announced an agreement with an existing Burger King franchisee to develop Tim Hortons restaurants in Spain, which represents the brand's fourth international development agreement.

As a result of same-store-sales and net unit growth, Restaurant Brands' organic revenue grew 6%. The company also continued to reduce costs, most notably at Popeyes, where margins increased by nearly 1,500 basis points. As a result of strong top line growth and cost reduction, Restaurant Brands grew organic EBITDA 9% this quarter. Reported EBITDA grew 6%, due to the headwind from the strengthening U.S. dollar.

We sold approximately 25% of our stake in QSR as its strong price appreciation year-to-date, and over the last 12 months, made it a disproportionately large percentage of the portfolio.

The Howard Hughes Corporation (HHC)

Howard Hughes initiated an effort this year to increase visibility and transparency into its business. HHC started conducting quarterly conference calls and releasing a quarterly supplemental information package, which provides investors and analysts with additional detailed data about its business. HHC conducted its first ever Investor Day on May 17, 2017 at the South Street Seaport in New York City. Pershing Square also presented Howard Hughes at the Sohn Conference on May 8, 2017 in a presentation entitled SimCities. We believe that the increased transparency will showcase the significant underlying value at HHC over time.

HHC continues to make steady progress across its three business lines – Operating Assets, Strategic Developments and Master Planned Communities (MPCs). In its Operating Asset portfolio, Howard Hughes has steadily increased its projected stabilized net operating income target to $245 million. In its Strategic Development segment, Howard Hughes sold an additional 65 condo units at Ward Village in Hawaii during the first half of the year, increasing the percentage of total units closed or under contract at its four condo towers to 85%, with three towers at more than 93% sold, and the fourth at 69%. The South Street Seaport is on track to open in New York City in summer 2018. In its MPCs, HHC will likely generate over $100 million in land sales at Summerlin (Las Vegas) for the fifth year in a row. Land sales are increasing in Houston as that market is showing signs of a rebound as crude prices have stabilized.

HHC refinanced its existing bonds with a new $800 million bond issuance in a positive net present value transaction, saving 150 basis points in interest and extending the maturity date by 3.5 years. It then subsequently closed on an incremental $200 million bond add-on at a yield-to-worst of less than 5%. HHC now has $660 million of cash on its balance sheet, which will allow it to finance its remaining development projects without the need to raise additional equity capital.

David Weinreb, HHC's CEO, sold some of his expiring warrants, exercised warrants to purchase $50 million of common stock and agreed to purchase $50 million in new warrants from the company which he is restricted from selling or hedging for the next five years. Along with a smaller purchase by Grant Herlitz, HHC's President, this is one of the largest investment commitments that we have seen by a management team.

During the quarter we net settled our HHC warrants shortly before their expiration according to their terms (the warrants were not exercisable). By doing so we slightly reduced our notional exposure to HHC, disposed of the only Level 3 asset that we owned, and now own only HHC common stock and total return swaps.

Chipotle Mexican Grill, Inc. (CMG)

Although Chipotle has made significant progress in improving its business and driving a sales recovery since early 2016, the company suffered an unfortunate setback in mid-July in the form of a norovirus incident at a single restaurant in Virginia. Norovirus is a common and highly contagious illness affecting nearly 20 million Americans each year and is unrelated to Chipotle's food supply chain. The incident in Virginia was the result of a failure in one restaurant to comply with the company's procedures used to minimize the risk of a norovirus outbreak. While Chipotle has already implemented a robust and advanced food safety program, the company will continue to build a culture of compliance in its operations through relentless training and enforcement of its policies.

Despite this setback, we are pleased that Chipotle has taken a number of significant steps since Pershing Square's initial investment to position the company for long-term success. These steps include (1) the dismantling of the co-CEO structure and the appointment of Steve Ells as sole CEO; (2) a major board refresh that reconstituted half of the current board with new directors, including investment team partner Ali Namvar and Pershing Square advisory board member Matthew Paull; (3) a renewed focus on simplifying operations and delivering an excellent guest experience which has led to improvements in key performance metrics; (4) the strengthening of the leadership team with the additions of a proven restaurant operations executive from Arby's in the newly created role of Chief Restaurant Officer and a seasoned communications executive with over 20 years of public affairs experience at Yum! Brands as the first-ever Chief Communications Officer; and (5) the opening of the Chipotle NEXT Kitchen to explore the operational impact of potential menu innovation.

Potential new menu additions in various stages of testing include queso, the single most requested item by guests, frozen margaritas, new salad greens served with an avocado citrus dressing, and buñuelos, a crispy cinnamon dessert served with a Chipotle-infused chocolate dipping sauce. On the technology front, the company is on track to launch a new mobile app later this year which will provide substantial improvements to the digital experience for its customers.

We made our investment in Chipotle anticipating that the sales recovery would be neither smooth nor predictable, but with a belief that the key drivers of Chipotle's powerful economic moat and long-term success would remain intact. With the steps that the company has taken to improve its business, we continue to believe there is an enormous long-term growth opportunity for Chipotle given: (1) the significant potential to drive sales per restaurant higher through mobile and digital ordering, menu innovation, catering, and improved operations, (2) the opportunity to expand its vastly underpenetrated restaurant base in the U.S., and (3) the considerable potential to build the brand internationally.

Air Products and Chemicals, Inc. (APD)

APD continues to deliver strong results for its shareholders. On July 27, 2017, the company reported that Fiscal Q3 earnings per share grew 15%, driven by 8% revenue growth from increased volumes and 90 basis points of underlying margin expansion. Revenue growth was driven by organic growth and contributions from new plants coming on stream. Margin performance reflects continued operating efficiencies. Management has stated that they "have more work to do on productivity" and that "they continue to see productivity opportunities." Equipment sales, which are more episodic, added to APD's strong performance.

While foreign currency headwinds have been a material drag on APD's results in recent years, we expect this dynamic will start to become a modest tailwind assuming that rates stay at current levels. A modest global recovery in industrial activity is another positive factor that we expect will fuel further growth.

In addition to the organic growth APD has achieved, the company continues to bring on stream growth capex projects, including large facilities in India and China, which are producing results. Growth capex continues to drive meaningful increases in cash flow despite significantly reduced capex budgets as new projects benefit from the capable underwriting of CEO Seifi Ghasemi and his team.

One of the largest catalysts for APD's further value creation remains the use of the company's excess capital. The company currently has approximately $5 billion of investment capital, comprised of cash and leverage capacity. Management expects this amount to grow to $8 billion over the coming three years, as the company generates annual cash flow of approximately $1 billion before growth capex and after dividends. On the recent call, CEO Seifi Ghasemi reiterated that the company will be disciplined in deploying this cash in value-generating projects.

We reduced our position in Air Products during the quarter for portfolio management reasons.

Platform Specialty Products Corporation (PAH)

Platform reported strong earnings this quarter due to continued organic revenue growth and positive results from its ongoing cost savings initiatives. Platform's organic revenue increased 2%, as Performance Solutions grew 6% and Ag Solutions declined 2%. The growth in the Performance Solutions segment was due primarily to the positive results of the electronics business it recently acquired from Alent and strength in its industrial business. The modest decline in Ag Solutions resulted from poor weather conditions in Eastern Europe and the restructuring of its business in Africa. Ag Solutions reported positive growth in all of its key regions outside of Eastern Europe and Africa.

Platform's organic EBITDA increased 8% due to strong results in both segments. Performance Solutions organic EBITDA grew 7% due to revenue growth and ongoing cost synergies from the acquisition of Alent, which was somewhat offset by a higher mix of sales from lower margin products. Ag Solutions organic EBITDA grew 9% in spite of the decline in revenue due to increased sales of higher-margin products and continued cost reductions in the business.

Platform's overall EBITDA grew 6% due to a 2% headwind from the strengthening U.S. dollar. As a result of interest savings from the company's recent debt refinancing and its leveraged capital structure, EPS grew roughly 25%.

Nomad Foods Limited (NOMD)

Nomad continues to make significant progress with its "focus on the core" strategy under CEO Stefan Descheemaker. In Q1 2017 Nomad delivered its first quarter of positive top-line growth and the sixth consecutive quarter of sequential improvement in sales trends. For the quarter, like-for-like sales growth was +1.1% despite a ~100 basis points headwind from this year's later Easter timing.

Iconic brands and core categories in each of its markets, which management has dubbed Must-Win-Battles (MWBs) are the key drivers of performance. Having grown 5.5% in Q1, MWBs represent 70% of revenue and will continue to drive top-line results for the company. Italy, the UK and Germany, the company's big three markets and the core of the legacy Iglo business, are all now back on solid footing with the new strategy in place. While NOMD will not report Q2 earnings until later this month, the company indicated in its Q1 release that Q2 was off to a good start across the company, and that trends have been sustained at good growth levels that will be further aided in the second quarter by the timing of the Easter holiday.

The company raised its guidance for the year. Nomad expects to achieve mid-to-high single digit growth in underlying EBITDA, the result of low single-digit like-for-like revenue growth, continued cost controls and synergies from the Findus acquisition. In addition to the positive operating results, the company completed a favorable debt refinancing that extended its maturities from 2020 to 2024 and will generate €14mm of annual cash interest savings. The company remains highly cash flow generative, and had €372mm of cash on its balance sheet at the end of the first quarter.

Fannie Mae (FNMA) / Freddie Mac (FMCC)

Fannie and Freddie have cost us substantial performance this year as their large share price gains after the November U.S. Presidential election have nearly completely retraced. Both stocks have fallen by approximately 30% year-to-date. They are trading modestly above our average purchase prices of nearly four years ago despite substantial increases in intrinsic value since that time (albeit these increases have been offset by a nearly 100% sweep of the profits of both companies by the U.S. government), and the growing potential for a resolution of their status.

Over the last nine years since the financial crisis, the Congressional dialogue around Fannie and Freddie has changed dramatically, and in a manner which we believe is favorable for shareholders. We believe the consensus view in Congress and the White House is that the 30-year prepayable fixed rate mortgage, which is the bedrock of middle-class housing values and affordability, is essential for the economy and the American people, and would not exist without Fannie and Freddie. In addition, there is a growing consensus that the U.S. government must play a role as a catastrophic guarantor for the housing financing system, and that the private sector should pay a market-based fee for that support. As importantly, the government would like the private sector to invest a large amount of capital in a first loss position to protect the government's guarantee from ever being called upon.

We believe that there is a growing consensus that the simplest and lowest risk solution to address each of these key considerations is the reform and restructuring of Fannie and Freddie supported by a large capital raise from the private sector and the retained earnings of the two companies. In order for this capital to be raised, the investment proposition for new investors has to be appealing. No new investor will invest in Fannie and Freddie unless historic investors are protected from, and compensated for, the expropriation of profits from the two companies that took place with the cash-flow sweep transaction that has swept more than $270 billion of profits from Fannie and Freddie since the crisis.

Wall Street's memory of injecting tens of billions of dollars into Fannie and Freddie just prior to their conservatorship, and the expropriation of both companies' profits forever, just as they began to turn profitable, is still fresh. Completing the largest capital raise in history in a newly restructured Fannie and Freddie will not be achievable unless and until investors in the companies are treated fairly and receive commitments that the extra-legal action of the past will be reversed and not reoccur. We believe this is understood in Washington.

We are fortunate that two of the most financially sophisticated Senators in Washington, Senators Corker and Warner, have taken the lead on housing finance reform and have suggested that they will put forth new legislation shortly to address this last remaining restructuring of the financial crisis. We believe that this initiative combined with support from the Treasury Secretary has dramatically increased the chances of a favorable resolution for the country and for investors in Fannie and Freddie, including the government, which is not reflected in their current share prices.

Since the government and taxpayers own 79.9% of the common stocks of both companies, the interests of shareholders and the government are largely aligned. Fannie and Freddie offer one of the few potential opportunities for political compromise in the current political environment as a resolution could generate tens of billions of dollars for taxpayers and reduce the risk of future government outlays. For all of the above reasons, we believe that there is likely to be significant positive developments at both companies in the short term which are not reflected in their share prices.

Herbalife Ltd. (HLF) Short

On Monday, August 14, 2017, Chinese media outlets reported that the Chinese government has launched an investigation and crackdown on multi-level marketing and pyramid selling companies. HLF's stock declined 5.25% on the day's news. As we previously noted in our first quarter letter, Herbalife updated its risk-factor disclosures in its first quarter 10Q, adding new language about regulatory risk in China. China is approximately 20% of Herbalife's revenues. A substantial decline or shutdown of HLF's China business would have a material adverse effect on the company.

With the implementation of the FTC mandated injunctive relief in late May, the second quarter provided the first opportunity for investors to witness its partial effects on Herbalife's financial performance. While the changes to its U.S. business practices were only in place for a fraction of the second quarter, Q2 results were disappointing to HLF investors and analysts from a top line perspective as volume declined 8% year-over-year. Year-over-year constant currency sales declines in North America (-18%), South & Central America (-9%), Mexico (-1%) and Asia Pacific (-1%) were partially offset by growth in EMEA (+4%) and China (+5%). Note that China benefited in the quarter from the recognition of certain revenue for product which was shipped in Q1 (ahead of a price increase) but was in transit at quarter end; for context, China volume declined 14% year-over-year, a more accurate measure of current trending.

We expect the U.S. business to continue to suffer as distributors attempt to comply with the new restrictive elements of the FTC consent order, with the full impact more evident in Q3 and thereafter. The company materially reduced Q3 implied and full year top-line guidance as the business begins to adapt to the significant changes required in its largest market (the U.S.). Other regions of the world remain weak including major markets such as China, South Korea, Brazil, and Mexico. We expect sequential operational deterioration to continue and to weigh further on Herbalife's share price.

During the second quarter, HLF stock increased significantly after the company announced a large share buyback despite a reduction in guidance and substantial insider selling. While Herbalife's share price has declined approximately 16% from its June high, it has still appreciated approximately 30% year-to-date. We believe this result is largely due to technical factors and financial engineering, as significant share repurchases, more than 5% of shares outstanding since February, cost deferrals and one-time tax benefits have enabled the company to meet and increase EPS targets despite deteriorating underlying business performance.

HLF continues to trade at a high valuation multiple particularly when compared to its actual GAAP earnings. Remarkably, investors appear to have accepted the company's Non-GAAP EPS metric which excludes interest expense on its $1.15 billion substantially out-of-the-money convertible note that is due in 2019. Adding back interest expense to earnings as if it were not an expense is perhaps the most aggressive example we have seen of Non-GAAP earnings addbacks. Herbalife also adds back expenses "related to regulatory inquiries," expenses "related to the FTC settlement implementation," and "expenses related to challenges to the company's business model."

We expect continued business deterioration and ongoing regulatory and public relations issues for the company, which should lead to further stock price declines. This is likely to be compounded by Herbalife's aggressive buyback program.

EXITED POSITION

Hilton Worldwide Holdings Inc. (HLT)

During the quarter we exited our previously undisclosed passive investment in Hilton Worldwide Holdings at a 32% profit versus our cost over an 11-month holding period. Our approach to disclosure is to provide to you the information that we would want if our positions were reversed; that is, if you were the investment manager and we were the client, with the caveat that we do not disclose information that would create a competitive disadvantage for the funds unless we are legally required to do so. We did not disclose our investment in Hilton until we disposed of it for this reason.

Hilton is an asset-light, high-margin, fee-based business that primarily franchises and manages hotel properties under more than a dozen hotel brands, including Hilton, Hampton, DoubleTree, and Hilton Garden Inn. Hilton has organically established (i.e., not through acquisition) an industry-leading global pipeline of franchised hotel rooms, which amounts to nearly 40% of its existing room count and should support a high level of capital-light growth for years into the future. Hilton's extensive and growing network of brands and properties offers a significant and self-reinforcing value proposition to both guests and hotel owners, which creates a strong competitive moat around the business. For guests, Hilton provides a consistent and reliable experience in a variety of destinations at different price points and an attractive loyalty program which features enhanced customer service, amenities, and awards. For hotel owners, Hilton provides access to its more than 60 million loyalty program members, scaled marketing programs, reservation and IT systems, and supply chain purchasing power.

Prior to our investment in the summer of 2016, the company announced it would spin off its owned hotel and timeshare businesses, which we believed would highlight the significant value of its remaining franchised and management business. We have long admired Hilton's business and had followed its progress since the IPO at the end of 2013. Despite strong business performance since the IPO, which included 15% unit growth, more than 30% EBITDA growth, and more than 70% free cash flow per share growth, Hilton's share price had increased by a total of only about 10%. We believed that two key investor concerns were weighing on the share price: a potential downturn in the lodging cycle and the potential competitive threat from Airbnb.

To determine the risk of a downturn in the lodging cycle, we undertook an extensive analysis of the previous cycles over the past thirty years. We observed that in the three prior downturns (1991, 2001-2002, and 2008-2009), RevPAR (a measure of same-store sales for the lodging industry) averaged positive annual growth over the five-year period starting just prior to the downturn. While we recognized that it was possible that RevPAR might decline for a period of time, we believed it likely that RevPAR would average positive growth over a three-to-five year time horizon. Moreover, we believed the capital-light unit growth embedded in Hilton's hotel pipeline would more than offset a potential decline in RevPAR and allow for continued annual revenue and EBITDA growth.

To understand the potential competitive risk regarding Airbnb, we reviewed the publicly available data and research on the company and we interviewed dozens of hotel owners, travel agents, lodging industry consultants, and employees of Airbnb and other vacation-rental competitors. We concluded that Hilton's business model was unlikely to face a meaningful threat from Airbnb as the two businesses tend to compete for different customer sets. The vast majority of Hilton's revenue derives from short-stay business travelers who value the consistent experience, amenities, and loyalty program that Hilton's brands provide, whereas the typical Airbnb customer is a leisure traveler who seeks out unique and local accommodations for a lengthier stay. Furthermore, a large portion of Hilton's portfolio is based in suburban markets where there is currently limited Airbnb inventory.

In the beginning of 2017, Hilton spun off its owned hotel and timeshare businesses. After the spin, Hilton's share price began a steady upward ascent as the company continued to report strong business performance and initiated a meaningful share repurchase program. We recently exited our position to allocate capital to other opportunities and achieved a 32% total return on our investment in less than a year. Hilton did not make a more meaningful impact on overall Company performance because its rapid rise at the time of our investment limited the position size to ~5% of the portfolio.

Hilton embodied many of the characteristics that we have identified in other successful investments: a high-quality business with a significant opportunity for capital-light growth, a best-in-class management team, sponsorship from a well-regarded sponsor (Blackstone), and a built-in catalyst, the spinoffs, to unlock shareholder value. While we generally prefer to allocate our capital to activist situations, if we can find a high quality business run by a highly capable management team, and there is appropriate shareholder oversight in the boardroom, we are open to passive investments.

Sincerely,

William A. Ackman

FOOTNOTES TO INVESTMENT MANAGER'S REPORT

1 Net returns include the reinvestment of all dividends, interest, and capital gains and reflect the deduction of, among other things, brokerage commissions, administrative expenses, management fees and historical or accrued performance fees (if any). Performance results provided herein also assume an investor has been invested in the Company since inception and participated in any "new issues" as such term is defined under Rules 5130 and 5131 of FINRA. Depending on the timing of a specific investment and participation in "new issues", net performance for an individual investor may vary from the net performance stated herein. Performance data for 2017 is estimated and unaudited.

2 The inception date for the Company is December 31, 2012. The performance data presented on page 4 for the S&P 500 under "Cumulative (Since Inception)" is calculated from December 31, 2012.

3 The S&P 500 ("index") has been selected for purposes of comparing the performance of an investment in the Company 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 PSH is subject. PSH is not restricted to investing in those securities which comprise this index, its performance may or may not correlate to this index and it should not be considered a proxy for this index. The volatility of an index may materially differ from the volatility of PSH's portfolio. 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. © 2016 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.

4 This report reflects the attributions to performance of the portfolio of the Company. Positions with performance attributions of at least 50 basis points are listed above separately, while positions with performance attributions of 50 basis points or less are aggregated.

5 Each position that has been publicly disclosed and was in the Company's portfolio during 2017 is shown separately. Positions that were not publicly disclosed during 2017 are aggregated under "All Other Positions". In the event that a position was held for only a portion of 2017, total shareholder return is calculated only with respect to that period of time. On 1/1/17, the Company owned Hilton Worldwide Holdings Inc. ("Hilton"). On 1/4/17, Hilton spun off two other companies: Park Hotels & Resorts Inc. ("Park Hotels") and Hilton Grand Vacations Inc. ("Grand Vacations"). The Company sold out of Park Hotels and Grand Vacations as of 1/5/17. Total shareholder return for Hilton includes the returns of Park Hotels and Grand Vacations through 7/27/17, the date which the Company disposed of Hilton.

6 Total shareholder return is provided for illustrative purposes only and is not an indication of actual returns to the Company over the periods presented or future returns of the Company. Additionally, it should not be assumed that any of these returns indicate that the investment recommendations or decisions that PSCM makes in the future will be profitable or will generate values equal to those of the companies discussed herein. Total shareholder return takes into account the issuer's dividends, if any.

The attributions (and gross portfolio returns) 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 fee (if any). Inclusion of such fees and expenses would produce lower returns than presented here.

In addition, at times, PSCM 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. All other currency positions are aggregated.

The performance attributions to the gross returns provided herein are for illustrative purposes only. The securities on these lists 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 these lists. It should not be assumed that investments made in the future will be profitable. Past performance is not indicative of future results. Please refer to the net performance figures presented on page 4.

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 2017. PSCM 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. PSCM hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any PSCM investment.

Forward-Looking Statements

This report also contains forward-looking statements, which reflect PSCM'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, PSCM 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.

Statement of the Directors

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, 2017 give a true and fair view of the assets, liabilities, financial position and loss of the Company for the period; and
- The interim report for the period ended June 30, 2017 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).

/s/ Anne Farlow
Anne Farlow
Chairman of the Board
August 17, 2017

/s/ Richard Battey
Richard Battey
Director
August 17, 2017

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, 2017 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 International Accounting Standards 34, "Interim Financial Reporting" and 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 (UK and Ireland) 2410, "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 Ireland) 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, 2017 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 17, 2017

Condensed Interim Statement of Financial Position

(Stated in United States Dollars)

	Notes	June 30, 2017 Unaudited	December 31, 2016 Audited
Assets			
Cash and cash equivalents		$ 1,695,924,045	$ 2,076,161,696
Due from brokers		755,840,166	542,850,061
Trade and other receivables		12,077,571	11,740,284
Financial assets at fair value through profit or loss			
Investments in securities	4	3,003,754,988	2,636,767,173
Derivative financial instruments	4	974,085,207	1,022,162,881
Total assets		**$ 6,441,681,977**	**$ 6,289,682,095**
Liabilities			
Due to brokers		$ 392,686,374	$ 150,995,192
Trade and other payables		34,811,138	32,313,479
Financial liabilities at fair value through profit or loss			
Securities sold, not yet purchased	4	581,226,129	385,314,274
Derivative financial instruments	4	21,157,838	190,734,223
Bonds	10	1,014,441,181	1,013,552,905
Liabilities excluding net assets attributable to management shareholders		2,044,322,660	1,772,910,073
Net assets attributable to management shareholders	6	158,557,464	161,137,460
Total liabilities		**2,202,880,124**	**1,934,047,533**
Equity			
Share capital	6	5,987,024,620	6,003,372,824
Accumulated deficit		(1,748,222,767)	(1,647,738,262)
Total equity(1)		**4,238,801,853**	**4,355,634,562**
Total liabilities and equity		**$ 6,441,681,977**	**$ 6,289,682,095**
Net assets attributable to Public Shares		$ 4,238,689,052	$ 4,355,519,077
Public Shares in issue		239,086,229	240,128,546
Net assets per Public Share		$ 17.73	$ 18.14
Net assets attributable to Management Shares		$ 158,557,464	$ 161,137,460
Management Shares in issue		8,500,796	8,500,796
Net assets per Management Share		$ 18.65	$ 18.96
Net assets attributable to Special Voting Share		$ 112,801	N/A
Special Voting Share in issue		1	N/A
Net assets per Special Voting Share		$ 112,801.25	N/A
Net assets attributable to Class B Shares		N/A	$ 115,485
Class B Shares in issue		N/A	5,000,000,000
Net assets per Class B Share		N/A	$ 0.00002

(1) Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share as of June 30, 2017 and Public Shares and Class B Shares as of December 31, 2016. Under IFRS, non-redeemable Management Shares are classified as financial liabilities rather than equity. See Note 2 on page 22 for further details.

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

Condensed Interim Statement of Comprehensive Income

(Stated in United States Dollars)

	Notes	2017 Unaudited	2016 Unaudited
Investment gains and losses			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		$ (41,014,177)	$ (975,372,033)
Net realized gain/(loss) on commodity interests		(12,717,493)	(43,520,906)
Net change in unrealized gain/(loss) on commodity interests (net of brokerage commissions of $0 (2016: $424,043))		419,293	(25,880,864)
	4	(53,312,377)	(1,044,773,803)
Income			
Dividend income		26,720,018	26,367,140
Interest income		491,147	401,777
		27,211,165	26,768,917
Expense			
Management fees	8	(32,214,384)	(32,918,265)
Interest expense		(31,917,276)	(34,033,199)
Professional fees		(6,939,704)	(6,325,700)
Other expenses		(1,185,334)	(489,472)
		(72,256,698)	(73,766,636)
Profit/(loss) for the period before tax attributable to equity and management shareholders		**(98,357,910)**	**(1,091,771,522)**
Withholding tax (dividends)		(4,706,591)	(7,292,282)
Profit/(loss) for the period attributable to equity and management shareholders		**(103,064,501)**	**(1,099,063,804)**
Profit/(loss) attributable to management shareholders		(2,579,996)	(37,498,507)
Profit/(loss) for the period attributable to equity shareholders		**$ (100,484,505)**	**$ (1,061,565,297)**
Earnings per share (basic & diluted) (1)			
Public Shares		$ (0.42)	$ (4.42)
Special Voting Share		$ (2,684.25)	N/A
Class B Shares		N/A	$ (0.00)

All the items in the above statement are derived from continuing operations.

There is no other comprehensive income for the periods ended June 30, 2017 and June 30, 2016.

(1) EPS is calculated using the profit/(loss) for the period attributable to equity shareholders divided by the weighted average shares outstanding with respect to such share class over the period. See Note 11 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

(Stated in United States Dollars)

		Net Assets Attributable to Management Shareholders
As at December 31, 2016	$	161,137,460
Profit/(loss) attributable to management shareholders		(2,579,996)
As at June 30, 2017 (Unaudited)	**$**	**158,557,464**

		Net Assets Attributable to Management Shareholders
As at December 31, 2015	$	183,368,504
Profit/(loss) attributable to management shareholders		(37,498,507)
As at June 30, 2016 (Unaudited)	**$**	**145,869,997**

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

Condensed Interim Statement of Changes in Equity

(Stated in United States Dollars)

	Share Capital	Accumulated Deficit	Total Equity
As at December 31, 2016(1)	**$ 6,003,372,824**	**$ (1,647,738,262)**	**$ 4,355,634,562**
Total profit/(loss) for the period attributable to equity shareholders	-	(100,484,505)	(100,484,505)
Share buyback(2)	(16,348,204)	-	(16,348,204)
As at June 30, 2017 (Unaudited)(1)	**$ 5,987,024,620**	**$ (1,748,222,767)**	**$ 4,238,801,853**

	Share Capital	Accumulated Deficit	Total Equity
As at December 31, 2015(1)	**$ 6,003,372,824**	**$ (970,231,656)**	**$ 5,033,141,168**
Total profit/(loss) for the period attributable to equity shareholders	-	(1,061,565,297)	(1,061,565,297)
As at June 30, 2016 (Unaudited)(1)	**$ 6,003,372,824**	**$ (2,031,796,953)**	**$ 3,971,575,871**

(1) Total equity of the Company is comprised of the aggregate net asset values of all Public Shares and the Special Voting Share as of June 30, 2017 and Public Shares and Class B Shares as of December 31, 2016. Under IFRS, non-redeemable Management Shares are classified as financial liabilities rather than equity. See Note 2 on page 22 for further details.

(2) On May 2, 2017, the Company began its share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. Any repurchased Public Shares are subsequently retired. See Note 6 for further details.

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

Condensed Interim Statement of Cash Flows

(Stated in United States Dollars)

	Notes	2017 Unaudited	2016 Unaudited
Cash flows from operating activities			
Profit/(loss) for the period attributable to equity and management shareholders		$ (103,064,501)	$ (1,099,063,804)
Adjustments to reconcile changes in profit/(loss) for the period to net cash flows:			
Bond interest expense	10	28,388,276	28,321,996
Bond interest paid	10	(27,500,000)	(30,402,778)
(Increase)/decrease in operating assets:			
Due from brokers		(212,990,105)	(17,164,490)
Trade and other receivables		(337,287)	74,157
Investments in securities	4	(366,987,815)	2,505,562,628
Derivative financial instruments	4	48,077,674	(387,135,001)
Increase/(decrease) in operating liabilities:			
Due to brokers		241,691,182	(32,001,483)
Trade and other payables		2,497,659	674,418
Securities sold, not yet purchased	4	195,911,855	35,130,792
Derivative financial instruments	4	(169,576,385)	58,584,474
Net cash (used in)/from operating activities		**(363,889,447)**	**1,062,580,909**
Cash flows from financing activities			
Purchase of Public Shares	6	(16,348,204)	–
Net cash (used in)/from financing activities		**(16,348,204)**	**–**
Net change in cash and cash equivalents		(380,237,651)	1,062,580,909
Cash and cash equivalents at beginning of period		2,076,161,696	420,414,449
Cash and cash equivalents at end of period		**$ 1,695,924,045**	**$ 1,482,995,358**
Supplemental disclosure of cash flow information			
Cash paid during the period for interest		$ 30,489,588	$ 36,742,691
Cash received during the period for interest		$ 381,793	$ 377,838
Cash received during the period for dividends		$ 27,543,710	$ 26,174,917
Cash deducted during the period for withholding taxes		$ 4,977,818	$ 7,264,926

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

Notes to the 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 London Stock Exchange.

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

Investment Objective

The Company's investment objective is to preserve capital and to seek maximum, long-term capital appreciation commensurate with reasonable risk. The Company seeks to achieve its investment objective through long and short positions in equity or debt securities of U.S. and non-U.S. issuers (including securities convertible into equity or debt securities), derivative instruments and any other financial instruments that the Investment Manager believes will achieve the Company's investment objective.

Investment Manager

The Company has appointed PSCM as its investment manager pursuant to an agreement between the Company and PSCM. 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 Prospectus. 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 Chairman of the Board is Anne Farlow. The other independent, non-executive Directors are Richard Battey, Jonathan Kestenbaum and William Scott. Nicholas Botta, the President and a partner of the Investment Manager, is also a non-executive Director.

Audit Committee

The Company has an audit committee (the "Audit Committee") that is comprised of Ms Farlow and Messrs Battey, Kestenbaum and Scott. Mr Battey was appointed as Chairman of the Audit Committee. The Audit Committee's responsibilities may include, but are not limited to, the appointment of external auditors, discussion and agreement with the external auditors as to the nature and scope of the audit, review of the scope, results and cost effectiveness of the audit and the independence and objectivity of the external auditor, review of the external auditors' letter of engagement and management letter and review of the key procedures adopted by the Company's service providers. The Audit Committee reports regularly and makes such recommendations as it deems appropriate to the Board on any matter within its remit.

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.

London Stock Exchange Listing

On May 2, 2017, the Company announced that its Public Shares had been admitted to the Official List of the UK Listing Authority and had commenced trading

Notes to the Condensed Interim Financial Statements (continued)

1. CORPORATE INFORMATION (CONTINUED)

on the Premium Segment of the Main Market of the London Stock Exchange. As a result, shareholders are able to trade Public Shares on both Euronext Amsterdam and the London Stock Exchange with shares quoted and traded in USD in Amsterdam and Sterling in London. In connection with the listing, at the annual general meeting held on April 25, 2017, the shareholders of the Company amended the Articles of Incorporation and authorized, among other things, the exchange of the 5,000,000,000 Class B Shares held by VoteCo (as defined below) for a Special Voting Share (as defined below) and the amendment of the Company's investment policy to add the following investment restrictions: (i) no more than 10%, in aggregate, of the Company's total assets can be invested in other UK-listed closed-ended investment funds, unless such other closed-ended investment funds themselves have published investment policies to invest no more than 15% of their total assets in other UK-listed closed-ended investment funds and (ii) investments in (or exposure to), the securities of any one issuer may not, in the aggregate, represent more than 25% of the Company's gross assets, measured at the time of making the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The condensed interim financial statements of the Company for the six months ended June 30, 2017 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are consistent with those set out in the notes to the annual financial statements for the year ended December 31, 2016. The condensed interim financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities designated 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, 2016.

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 annual and condensed interim financial statements.

Net Assets Attributable to Management Shareholders

Non-redeemable Management Shares can be converted into a variable number of Public Shares based upon the 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 non-redeemable 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 or conversions, is recognized in the condensed interim statement of comprehensive income.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The following relevant standards, which have been issued by the IASB, have an effective date after the date of these condensed interim financial statements:

International Accounting Standards (IAS/IFRS)	Description	Effective Date
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018

In July 2014, the IASB issued the final version of IFRS 9*, Financial Instruments* that replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Notes to the Condensed Interim Financial Statements (continued)

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

The Directors have chosen not to early adopt the above standards and amendments and will adopt them on the required effective date. The Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional information made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity, and will perform a more detailed reassessment at the end of 2017.

i) Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. The Company measures all financial assets and liabilities at fair value which are currently held at fair value and expects to continue with this treatment.

ii) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all investment income and other receivables. Given that investment income and other receivables have not been impaired to date, the Company does not expect there to be a significant impact on its equity from reviewing the expected credit losses on investment income and other receivables over their lifetimes, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

iii) Hedge accounting

The Company does not currently designate any hedges as effective hedging relationships which qualify for hedge accounting. Therefore, the Company does not expect there to be any impact with respect to hedge accounting on the Company as a result of applying IFRS 9.

The Company has assessed the impact under IFRS 15 and determined that it will not have an effect on the Company's financial statements as the Company does not have any contracts with customers which meet the definition under IFRS 15.

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

Financial assets at fair value through profit or loss:

	June 30, 2017	December 31, 2016
Financial assets at fair value through profit or loss		
Investments in securities	$ 3,003,754,988	$ 2,636,767,173
Derivative financial instruments	974,085,207	1,022,162,881
Financial assets at fair value through profit or loss	**$ 3,977,840,195**	**$ 3,658,930,054**

Financial liabilities at fair value through profit or loss:

	June 30, 2017	December 31, 2016
Financial liabilities at fair value through profit or loss		
Securities sold, not yet purchased	$ 581,226,129	$ 385,314,274
Derivative financial instruments	21,157,838	190,734,223
Financial liabilities at fair value through profit or loss	**$ 602,383,967**	**$ 576,048,497**

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

	6 Months Ended June 30, 2017			6 Months Ended June 30, 2016		
	Realized	Unrealized	Total Gains/(Losses)	Realized	Unrealized	Total Gains/(Losses)
Financial assets						
Designated at fair value through profit or loss	$ (1,529,014,253)	$ 1,820,151,269	**$ 291,137,016**	$ 95,073,049	$ (810,204,067)	**$ (715,131,018)**
Financial liabilities						
Designated at fair value through profit or loss	(1,274,665)	(182,885,857)	**(184,160,522)**	(42,833,669)	9,261,514	**(33,572,155)**
Derivative financial instruments	29,541,471	(189,830,342)	**(160,288,871)**	(320,703,502)	24,632,872	**(296,070,630)**
Net changes in fair value	$ (1,500,747,447)	$ 1,447,435,070	**$ (53,312,377)**	$ (268,464,122)	$ (776,309,681)	**$ (1,044,773,803)**

Notes to the Condensed Interim Financial Statements (continued)

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, treasuries (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 the 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

	June 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets:								
Equity Securities (Designated at Fair Value):								
Common Stock	$ 2,996,549	$ -	$ -	$ 2,996,549	$ 2,626,270	$ -	$ -	$ 2,626,270
Preferred Stock	7,002	204	-	7,206	10,253	244	-	10,497
Derivative Contracts (Held for Trading):								
Currency Call/Put Options Purchased	-	5 ①	-	5	-	12,303 ①	-	12,303
Equity Forwards	-	509 ①	-	509	-	-	-	-
Equity Options Purchased	-	945,769 ①	-	945,769	-	819,636 ①	-	819,636
Foreign Currency Forward Contracts	-	-	-	-	-	5,329 ①	-	5,329
Total Return Swaps	-	27,802 ②	-	27,802	-	140,235 ②	-	140,235
Warrants	-	-	-	-	-	-	44,660 ③	44,660
Total	$ 3,003,551	$ 974,289	$ -	$ 3,977,840	$ 2,636,523	$ 977,747	$ 44,660	$ 3,658,930

	June 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Financial Liabilities:								
Debt Securities (Held for Trading):								
Convertible Bonds	$ -	$ 30,983	$ -	$ 30,983	$ -	$ 27,154	$ -	$ 27,154
Equity Securities (Held for Trading):								
Common Stock	550,243	-	-	550,243	358,160	-	-	358,160
Derivative Contracts (Held for Trading):								
Equity Forwards	-	25 ①	-	25	-	-	-	-
Equity Options Written	-	-	-	-	-	190,734 ①	-	190,734
Foreign Currency Forward Contracts	-	13,407 ①	-	13,407	-	-	-	-
Total Return Swaps	-	7,726 ②	-	7,726	-	-	-	-
Net assets attributable to management shareholders	-	-	158,557 ④	158,557	-	-	161,137 ④	161,137
Total	$ 550,243	$ 52,141	$ 158,557	$ 760,941	$ 358,160	$ 217,888	$ 161,137	$ 737,185

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

Notes to the Condensed Interim Financial Statements (continued)

5. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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

③ Level 3 investments include warrants that are fair valued by the Investment Manager using prices obtained from an independent third-party valuation agent. The independent third-party valuation agent utilizes proprietary models to determine fair value. The valuation agent's modeling may consider, but is not limited to, the following inputs: amount and timing of cash flows, current and projected financial performance, volatility of the underlying securities' stock price, dividend yields and/or interest rates. The valuation committee of the Investment Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods be applied to support the valuation arising from the method discussed. Any material changes in valuation methods are discussed and agreed with the Board of Directors.

④ Net assets attributable to management shareholders are classified as Level 3 and are valued based on their net asset value. In assessing the appropriateness of net asset value as a basis for fair value, consideration is given to the need for adjustments to that 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 condensed interim statement of changes in net assets attributable to management shareholders.

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 carrying value of the Bonds is discussed further in Note 10.

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 between Level 1 and Level 2 fair value measurements, and one transfer out of Level 3 (as discussed below) fair value measurements of material significance since the last financial statement reporting date.

Level 3 Reconciliation

The following table summarizes the change in the carrying amounts associated with Level 3 investments for the period ended June 30, 2017 and the year ended December 31, 2016.

		Warrants
Balance at December 31, 2015	$	45,561,789
Total gains and losses in profit or loss		(901,521)
Balance at December 31, 2016	**$**	**44,660,268**
Transfers*		(49,193,147)
Total gains and losses in profit or loss		4,532,879
Balance at June 30, 2017	**$**	**-**
Total unrealized gains and losses for the year included in profit or loss for assets held at December 31, 2016	$	(901,521)
Total unrealized gains and losses for the period included in profit or loss for assets held at June 30, 2017	$	-

* During the period ended June 30, 2017, the transfer from Level 3 to Level 1 related to the cashless conversion of the warrants to common stock shares of The Howard Hughes Corporation.

All gains and losses from Level 3 securities during the period/year are recognized in the net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss in the condensed interim statement of comprehensive income.

6. SHARE CAPITAL

Authorized and Issued Capital

The Board of the Company is authorized to issue an unlimited number of shares that are already in existence, and such other 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 Special Voting Share, the Public Shares and the Management Shares.

In connection with the listing of the Public Shares on the London Stock Exchange, the Company exchanged for a Special Voting Share its Class B Shares held by PS Holdings Independent Voting Company Limited ("VoteCo") which was established as a limited liability company with the sole objective to vote in the best interest of the Company's shareholders as a whole. The

Notes to the Condensed Interim Financial Statements (continued)

6. SHARE CAPITAL (CONTINUED)

Special Voting Share at all times carries 50.1% of the aggregate voting power in the Company. 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 shares issued to certain shareholders, including the Investment Manager itself and certain members, partners, officers, managers, employees or affiliates of the Investment Manager or certain other shareholders. Such persons hold Management Shares.

Lock-up

Mr. Ackman and other members of the management team and officers of the Investment Manager have each agreed with the Company to a lock-up of ten years commencing from October 1, 2014, of their aggregate Management Shares, less amounts (i) attributable to any sales required to pay taxes on income generated by the Company; (ii) required to be sold due to regulatory constraints, including, without limitation, sales required due to ownership limits; or (iii) attributable to sales following separation of employment from the Investment Manager. Under the terms of the lock-up arrangement, shares subject to lock up may from time to time be transferred to affiliates, provided that the transferee agrees to be subject to the remaining lock-up period.

As of June 30, 2017, total Management Shares outstanding were 8,500,796 with a value of $158,557,464 (December 31, 2016: $161,137,460).

Share Conversion

Subject to the terms of the lock-up agreements, holders of Management Shares will be 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.

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.

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. No dividends have been declared or paid for the periods ended June 30, 2017 and June 30, 2016.

The Public Shares, Management Shares and Class B Shares / Special Voting Share transactions for the six month period ended June 30, 2017 and the year ended December 31, 2016 were as follows:

	Management Shares	Public Shares	Class B Shares	Special Voting Share
Shares as of December 31, 2016	**8,500,796**	**240,128,546**	**5,000,000,000**	**-**
Issuance of Shares	-	-	-	-
Shares Repurchased	-	(1,042,317)	-	-
Conversion Out	-	-	(5,000,000,000)	-
Conversion In	-	-	-	1
Shares as of June 30, 2017	**8,500,796**	**239,086,229**	**-**	**1**

	Management Shares	Public Shares	Class B Shares
Shares as of December 31, 2015	**8,500,796**	**240,128,546**	**5,000,000,000**
Issuance of Shares	-	-	-
Shares as of December 31, 2016	**8,500,796**	**240,128,546**	**5,000,000,000**

Notes to the Condensed Interim Financial Statements (continued)

6. SHARE CAPITAL (CONTINUED)

Capital Management

The Company's capital currently consists of Public Shares which are listed on Euronext Amsterdam and the London Stock Exchange, non-redeemable Management Shares which can be converted into Public Shares, and the Special Voting Share (as more fully described on page 25). The proceeds from the Bonds which were issued on June 26, 2015 and are listed on the Irish Stock Exchange are being used to make investments in accordance with the Company's investment policy (as more fully described in Note 10).

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 Investment Manager deems it advisable and provided that there is 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). On April 25, 2017, the Company held its annual general meeting at which shareholders authorized the Company to engage in share buybacks in an effort to assist in narrowing the discount to NAV at which the Public Shares traded. On May 2, 2017, the Company commenced its share buyback program whereby its buyback agent, Jefferies International Limited ("Jefferies"), began to repurchase Public Shares subject to certain limitation. Any repurchased Public Shares are subsequently retired.

Also, as discussed on page 26, the Investment Manager has also imposed a ten-year lock-up on certain holders of Management Shares, subject to certain exceptions, though this lock-up and conversion do not affect the capital resources available to the Company.

7. COMMITMENTS AND CONTINGENCIES

PSH, PSCM, PS Fund 1, LLC and other related parties (the "Pershing Square Parties") and Valeant Pharmaceuticals International, Inc. and other related parties (the "Valeant Parties") are defendants in a class action lawsuit entitled In Re Allergan, Inc. Proxy Violation Securities Litigation, Case No. 8:14-cv-2001-DOC, pending in the U.S. District Court for the Central District of California, relating to their investment in Allergan, Inc. ("Allergan"). The court file in the case is available to the public. Plaintiffs allege the defendants violated federal securities laws in their trading in Allergan common shares and related derivatives. The defendants believe they have meritorious defenses to plaintiffs' claims. Under the court's schedule, a trial, if needed, would not commence until January 30, 2018. In consultation with counsel, a $75 million reserve was taken at December 31, 2016 for the potential settlement of the class action lawsuit and allocated proportionately across the Company and the three affiliated entities managed by the Investment Manager, based on their adjusted net asset values. During the year ended December 31, 2016, the Company was allocated $29,176,480 for this reserve which is included in trade and other payables in the condensed interim statement of financial position.

On February 10, 2017, the Pershing Square Parties and the Valeant Parties entered into a Litigation Management Agreement (the "Litigation Agreement"). The Litigation Agreement, which expires on November 1, 2017, provides that in the event of a settlement, the Pershing Square Parties will bear 40% and the Valeant Parties will bear 60% of any mutually agreed upon settlement amount. The Litigation Agreement further provides that in the event of a settlement, the Pershing Square Parties will release specified claims they may have against the Valeant Parties relating to their investment in Valeant securities. The Litigation Agreement was filed as an exhibit to a Schedule 13D on February 10, 2017 and is available to the public.

The defendants and plaintiffs each filed motions for summary judgment on July 10, 2017, arguing that the case can be resolved in their respective favors based on the undisputed factual record. The motions are scheduled to be heard in September.

The class of plaintiffs in the pending suit is defined to be only those who traded in Allergan common shares during the class period of February 25 to April 21, 2014. On June 28, 2017, another class action complaint was filed on behalf of parties who, during the class period, traded in derivatives related to Allergan common shares. At a court conference on July 25, 2017, the Court set a schedule for the new class action, culminating in a trial date of October 2, 2018.

Notes to the Condensed Interim Financial Statements (continued)

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Recent events in the case, and the filing of the additional class action complaint, have not changed our view as to the likely outcome of these matters and do not, in our view, in consultation with counsel, require any adjustment to the reserve taken at year end 2016.

Other than above and as noted in the annual financial statements for the year ended December 31, 2016, there were no other commitments or contingencies as of June 30, 2017 and December 31, 2016.

8. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

The Investment Manager receives management fees and performance fees from the Company pursuant to an IMA.

The IMA was amended and restated as of December 1, 2016 to clarify the language describing the formulation of the performance fee and to eliminate the accretion of 4.25% annually in the computation of the Potential Offset Amount (referred to as the "offset amount" in the IMA prior to December 1, 2016) (the "Accretion"). The elimination of the Accretion was favorable to shareholders and resulted in a reduction of the Potential Offset Amount equal to $9.5 million as of December 1, 2016. Except for the elimination of the Accretion, these amendments to the IMA do not change the amount of the performance fee that may be payable from time to time to the Investment Manager.

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.

Performance Fee

Generally, the Investment Manager receives an annual performance fee in an amount equal to 16% of the net profits attributable to the fee-paying shares of the Company (the "16% performance fee") minus the Additional Reduction (defined below). Such annual performance fee is defined as the "Variable Performance Fee" in the IMA. The Variable Performance Fee cannot be higher than the 16% performance fee, but it may, as a result of the Additional Reduction, be lower (although it can never be a negative amount).

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

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

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

The Potential Offset Amount equaled $120 million in the aggregate at the time of the IPO. As of June 30, 2017 and December 31, 2016, after giving effect to the offset of the Potential Reduction Amount in the year ended December 31, 2014 and the amendments to the IMA removing the Accretion described above, 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.

Notes to the Condensed Interim Financial Statements (continued)

8. INVESTMENT MANAGEMENT AND PERFORMANCE FEES (CONTINUED)

The Company had no net profits and thus no performance fee accrued for the period ended June 30, 2017 and year ended 2016. The aggregate Potential Reduction Amount at June 30, 2017 and December 31, 2016 was $2.9 million, which will be carried forward to reduce any performance fee in future years, subject to any offset by the Potential Offset Amount.

For the six month period ended June 30, 2017, the Investment Manager earned $32,214,384 of management fees and no performance fee. For the six month period ended June 30, 2016, the Investment Manager earned $32,918,265 of management fees and no performance fee. The shareholders of Public Shares will not incur performance fees until the Public Shares exceed a high water mark of $26.37 per share.

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 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, any deferred compensation payable to the Investment Manager to the extent such deferred compensation is determined by reference to the performance of such entity, 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 bond offering as further discussed below in Note 10). 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.

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, 2017 and December 31, 2016, the Company and its affiliates had beneficial ownership in excess of 10% of the outstanding common equity securities of Nomad Foods Limited, Platform Specialty Products Corporation, Restaurant Brands International Inc. and The Howard Hughes Corporation. William A. Ackman is the chairman of the board of The Howard Hughes Corporation. Ryan Israel, a member of PSCM's investment team, is a board member of Platform Specialty Products Corporation. Brian Welch, a member of PSCM's investment team, is a board member of Nomad Foods Limited. Ali Namvar, a member of PSCM's investment team, is a board member of Chipotle Mexican Grill, Inc. Stephen Fraidin, vice chairman of PSCM, and William A. Ackman joined the board of Valeant Pharmaceuticals International, Inc. effective March 9, 2016 and March 21, 2016, respectively; neither stood for re-election and both no longer served as board members effective as of May 2, 2017.

For the six month period ended June 30, 2017, the independent Directors' fees in relation to their services for the Company were $146,185 of which $74,422 were payable as of June 30, 2017. For the six month period ended June 30, 2016, the independent Directors' fees in relation to their services for the Company were $163,768 of which $76,564 were payable as of June 30, 2016.

Notes to the Condensed Interim Financial Statements (continued)

10. BONDS

On June 26, 2015, the Company issued at par $1,000,000,000 in Senior Notes at 5.5% due 2022. 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 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, 2017 and December 31, 2016, based upon market value at that time, was $1,052,500,000 and $995,000,000, respectively. In accordance with IAS 39, the Bonds' carrying value as of June 30, 2017 and December 31, 2016, in the amount of $1,014,441,181 and $1,013,552,905, respectively, on the condensed interim statement of financial position is representative of amortized cost and the transaction costs of the Bonds issued. The transaction costs of $14,502,332 were capitalized and are to be amortized over the life of the Bonds using the effective interest method.

		2017
At December 31, 2016	$	1,013,552,905
Finance costs for the period		28,388,276
Bond coupon payment during the period		(27,500,000)
At June 30, 2017	**$**	**1,014,441,181**
Finance costs for the period:		
Bond interest expense	$	27,364,527
Amortization of Bond issue costs incurred as finance costs		1,023,749
Interest expense	**$**	**28,388,276**

		2016
At December 31, 2015	$	1,014,688,599
Bonds issued		22,940
Bond issue costs		56,744,142
Finance costs for the period		(57,902,776)
At December 31, 2016	**$**	**1,013,552,905**
Finance costs for the year:		
Bond interest expense	$	54,696,150
Amortization of Bond issue costs incurred as finance costs		2,047,992
Interest expense	**$**	**56,744,142**

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 (the "Investment Company Act") 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.

11. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit/(loss) for the period/year attributable to the Public Shares, the Special Voting Share and Class B Shares over the weighted average number of Public Shares, the Special Voting Share and Class B Shares outstanding, respectively. In accordance with IFRS, the weighted average shares outstanding calculated for the Public Shares and the Special Voting Share were 239,947,210 and 1, respectively for the period ended June 30, 2017, and the weighted average shares outstanding calculated for the Public Shares and Class B Shares were 240,128,546 and 5,000,000,000, respectively, for the period ended June 30, 2016.

Notes to the Condensed Interim Financial Statements (continued)

11. EARNINGS PER SHARE (CONTINUED)

As discussed in Note 1, all Class B Shares converted to 1 Special Voting Share on May 2, 2017. Therefore, the profit/(loss) of the Class B Shares for the period from January 1, 2017 to May 1, 2017, including the profit/(loss) of the Special Voting Share from May 2, 2017 to June 30, 2017, was divided over 1 Special Voting Share as presented on the condensed interim statement of comprehensive income to show one EPS as a whole for the six months ended June 30, 2017.

12. EVENTS AFTER THE REPORTING PERIOD

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