

Pershing Square Holdings, Ltd. Issues \$400,000,000 of 4.950% 20-year Unsecured Bonds

London, 25 July 2019 // Pershing Square Holdings, Ltd. (LN:PSH) (LN:PSHD) (NA:PSH) (“PSH”) today announced the private placement of \$400,000,000 of Bonds with a coupon of 4.950%, due July 15, 2039 (the “Bonds”). The Bonds are unsecured and rank equally in right of payment with PSH’s existing \$1 billion of senior notes (the “Initial Notes”).

“This issuance represents an attractive first step in beginning the process of refinancing PSH’s Initial Notes which come due in less than three years,” said PSH Chairman Anne Farlow. “The Board believes that PSH’s ability to access low-cost, investment-grade, long-term debt is an important competitive advantage for PSH, and is appropriate for PSH’s investment holding company structure. We expect it will contribute to improved long-term returns for shareholders.”

PSH believes that now is an opportunistic time to issue long-term debt in light of historically low prevailing interest rates, and the all-time low trading yield for PSH’s Initial Notes, which has declined from 6% to 3.7% since the beginning of the year. The Bonds do not have mark-to-market covenants like margin debt, and are well matched with PSH’s concentrated long-term investment strategy. The Bonds’ call and Key Man provisions provide PSH with substantial long-term financial flexibility. The issuance of the Bonds is not expected to have any impact on PSH’s current share repurchase program or future extensions or expansions of the program.

Use of Proceeds

The Bonds were issued at an attractive interest rate – materially below what PSH estimates is implied by the current public trading price of PSH’s Initial Notes, adjusted for their term. As a result, PSH believes that the issuance of the Bonds will establish a favorable benchmark rate which will assist PSH over time in refinancing, and/or extending the maturity of the Initial Notes, subject to market conditions. Bond proceeds will be available for new investments, share repurchases, and general corporate purposes.

Current Balance Sheet Metrics and Guidance

Proforma for the issuance of the Bonds, PSH’s Total Indebtedness to Total Capital Ratio (“Debt to Capital Ratio”) is 1.0 to 5.0 providing a substantial margin of safety to the 1.0 to 3.0 debt incurrence covenant in the Bonds and Initial Notes. PSH, however, views the current Debt to Capital Ratio including this new issuance to be at the higher end of its target range for leverage, and intends to manage down its leverage ratio over time through continued positive NAV performance, and the potential repayment, repurchase or exchange of existing debt if it can be achieved on economically attractive terms. PSH’s balance sheet remains extremely strong and highly liquid with net free cash on hand of \$830 million, total gross cash of \$1.25 billion, and a Total Net Debt (net of free cash) to Total Capital Ratio of 8%.

Call Provisions

The Bonds are callable at any time at par plus a Make Whole Premium determined by discounting the Bond’s scheduled interest and principal payments at the comparable Treasury yield to maturity plus 50 basis points up until July 15, 2034, the Par Call Date, approximately 15 years from today, when the Bonds become callable at 100% of par. The Make Whole Premium is capped as follows:

- 15% of par beginning on July 15, 2029 (10 years after issuance);
- 12% of par beginning on July 15, 2030 (11 years after issuance);
- 9% of par beginning on July 15, 2031 (12 years after issuance);
- 6% of par beginning on July 15, 2032 (13 years after issuance);

- 3% of par beginning on July 15, 2033 (14 years after issuance); and
- Zero beginning July 15, 2034 (15 years after issuance).

Key Man Provision

Until July 15, 2022, the Bonds have the same Key Man provision as the Initial Notes, which requires that if a Key Man event occurs, PSH must make an offer to acquire the Bonds and the Initial Notes at 101% of par plus accrued interest. This mandatory offer provision is eliminated in the Bonds beginning after July 15, 2022 when the covenant is modified to provide that if a Key Man event occurs, the specified Debt to Capital Ratio in the debt covenant is reduced from 1.0 to 3.0 to 1.0 to 4.0. If at the time of the Key Man event, PSH's Debt to Capital Ratio is above the required ratio, PSH has a one-time obligation to reduce its debt to meet the new 1.0 to 4.0 ratio within 180 days. If the Key Man event covenant requires a reduction in existing leverage to meet the new 1.0 to 4.0 ratio, the Bonds become callable at 101% of par in the amount necessary to achieve the required debt repayment.

Shareholder Value Enhancing Initiatives

The PSH Board believes that the issuance of the Bonds represents a continuation of numerous recent shareholder-value-enhancing actions including:

- Refreshing the PSH Board with the addition of two new independent directors in April 2018;
- Removing PSH's 4.99% ownership limit, creating the potential for additional demand for shares, in April 2018;
- Acquiring \$300 million of PSH shares at \$13.47 per share in a Company Tender in May 2018;
- The acquisition by insiders of more than \$530 million of PSH Public Shares since June 2018;
- The initiation of a quarterly dividend of 10 cents per Public Share in February 2019; and
- The company's current \$100 million share buyback program, which was launched in June 2019.

About Pershing Square Holdings, Ltd.

Pershing Square Holdings, Ltd. (LN:PSH) (LN:PSHD) (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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U.S. persons (as defined in Regulation S under the Securities Act) absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offering of the Notes in the United States.

PSH has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), and investors in the Notes mentioned herein will not be entitled to the benefits of the Investment Company Act.

PSH is a registered closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Guernsey Registered Collective Investment Schemes Rules 2015, issued by the Guernsey Financial Services Commission.

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