2015 Key Highlights

PERFORMANCE

Pershing Square Holdings, Ltd. Performance vs. the S&P 500			
	PSH Gross Return [1]	PSH Net Return [1]	S&P 500[3]
2015	(19.3)%	(20.5)%	1.4%

PERFORMANCE ATTRIBUTION[4]

Below are the attributions to gross performance of the portfolio of the Company for 2015.

Winners	
Allergan, Inc.	3.9%
Mondelez International, Inc.	3.3%
Zoetis Inc.	1.2%
All Other Positions	0.3%
Total Winners	8.7%

Losers	
Valeant Pharmaceuticals International, Inc.	(11.4)%
Herbalife Ltd.	(3.9)%
Canadian Pacific Railway Limited	(3.8)%
Platform Specialty Products Corporation	(2.8)%
Actavis plc short (Allergan hedge)	(1.9)%
The Howard Hughes Corporation	(1.3)%
Air Products & Chemicals, Inc.	(1.2)%
All Other Positions	(1.7)%
Total Losers	(28.0)%
Total Winners and Losers 2015	**(19.3)%**

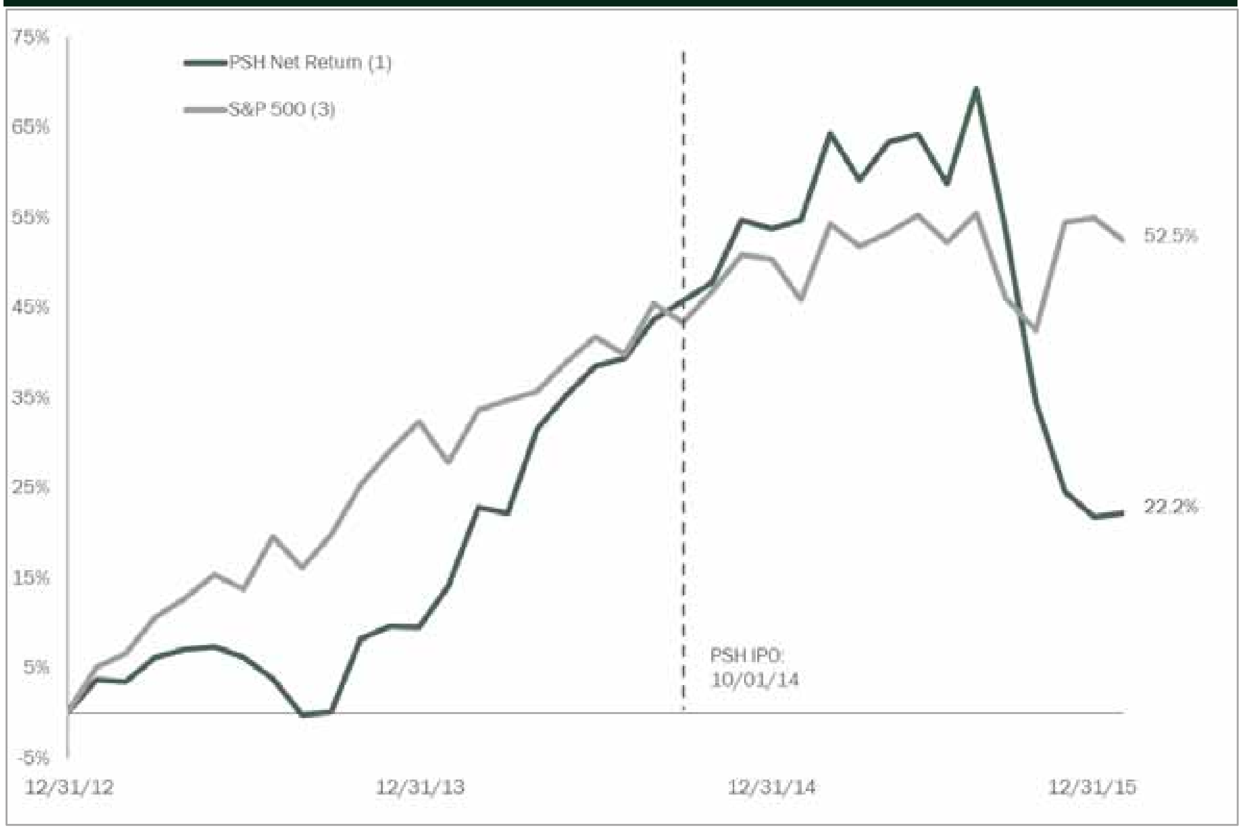
Past performance is not a guarantee of future results. All investments involve risk, including the loss of principal.
Please see accompanying footnotes on page 20.

Investment Manager's Report

HISTORICAL 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%
2013 – 2015 [2]		
Cumulative (Since Inception)	22.2%	52.5%
Compound Annual Return	6.9%	15.1%

Pershing Square Holdings, Ltd. Performance vs. the S&P 500



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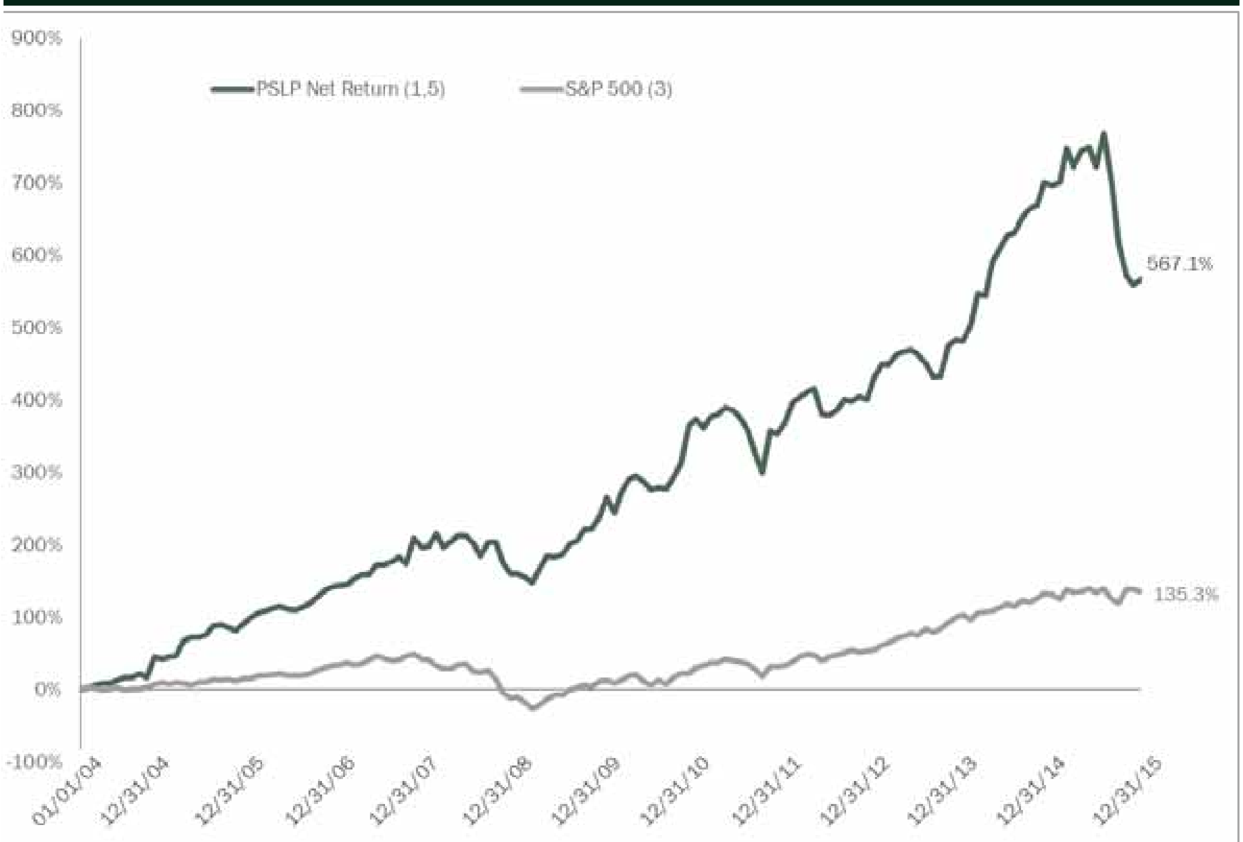
The table and chart below reflect the net performance of Pershing Square, L.P. ("PSLP"), the Pershing Square fund with the longest track record, since inception. We present the Pershing Square, L.P. track record using its historical performance fee of 20%.

Pershing Square, L.P. Performance vs. the S&P 500		
	PSLP Net Return (1,5)	**S&P 500(3)**
2004	42.6%	10.9%
2005	39.9%	4.9%
2006	22.5%	15.8%
2007	22.0%	5.5%
2008	(13.0)%	(37.0)%
2009	40.6%	26.5%
2010	29.7%	15.1%
2011	(1.1)%	2.1%
2012	13.3%	16.0%
2013	9.7%	32.4%
2014	36.9%	13.7%
2015	(16.2)%	1.4%
2004 – 2015 (2)		
Cumulative (Since Inception)	567.1%	135.3%
Compound Annual Return	17.1%	7.4%

Pershing Square, L.P. Performance vs. the S&P 500



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LETTER TO SHAREHOLDERS

Dear Pershing Square Investor,

While we have already distributed our 2015 Annual Letter to you on January 26, 2016, a copy of which is available on our website, www.pershingsquareholdings.com, events of the last two months with respect to Valeant require further discussion. We intend to continue to provide you with additional information on a timely basis as events transpire.

As you may know, our approach with respect to communications is to provide you with the information that we would want if our positions were reversed, that is, if we were the shareholder and you were the investment manager. The only caveat is that we will not share information that will create a competitive disadvantage for Pershing Square unless we are legally required to do so. For example, we will not tell you what we are buying or selling unless reporting requirements oblige us to do so.

In our Portfolio Update section to follow, we provide an update on recent events at Valeant, which include Steve Fraidin, our Vice Chairman, and I joining the Valeant board, and the announcement that Mike Pearson, CEO, will be stepping down once a new CEO begins work at the company. Recent events have required us to take a more active role at the company, and our presence on the board will now give us influence over the selection of the new CEO, capital allocation, and strategy.

I have always believed that experience is best defined as making mistakes and learning from them. I have made many investment mistakes over the last nearly 25 years managing investments, but the overall result has been quite satisfactory. I believe that this is principally because we have used errors of judgment, execution, or analysis as important opportunities for study, learning, and introspection. We intend to do so here.

Now that we have begun to stabilize our investment in Valeant, we will begin to consider the significant lessons that we can learn from this experience. One important lesson from the past is that while we normally use our active investment approach to create value in a new situation, it can also serve in a defensive role, when a business we own encounters severe challenges.

The decline in the market value of Valeant coupled with the underperformance of a number of our other investments since the summer has been compounded by the impact of the leverage from the bond issuance we completed in June of last year. Leverage amplifies both negative and positive returns. We have suffered the negative consequences of leverage as a result of the decline in the market value of the portfolio since August. With increases in the underlying value of our holdings, leverage will amplify our positive returns. The bonds do not have any mark-to-market or ratings-based triggers so declines in market value do not cause an acceleration or other changes to these instruments. The recent NAV decline has caused Standard & Poor's to place the bond's BBB ratings on CreditWatch with negative implications.

We note that the bonds are the senior-most obligations of PSH – other than in the event we were to use margin leverage which we have no plans to do – and, despite a substantial decline in NAV, are covered by cash, U.S. Treasuries, and highly liquid marketable securities that represent about five times the $1 billion face amount of these securities.

While PSH's discount to NAV has remained relatively narrow during most of 2015 and early 2016 – typically less than 5% – in recent weeks, the discount has widened substantially and has averaged about 13% since March 1, 2016. I suspect that this is largely due to fear about the rapid decline in Valeant's stock price. At the current discount to NAV of about 12%, an investor is paying almost nothing for our investment in Valeant. As a result, investors who own or purchase PSH at current levels are creating the underlying portfolio at a substantial discount to NAV, which itself we believe is a substantial discount to the intrinsic value of the companies we own. Furthermore, in light of the high-water-mark feature of the Fund, investors will pay no incentive fees until NAV increases by 68%, and exceeds $26.37 per share.

Last Friday, we received a letter from the United States Senate Special Committee on Aging which is conducting an investigation into the pricing of off-patent drugs and is seeking our cooperation so that the Committee "may better understand the pharmaceutical industry and related regulatory and public policy concerns." As you would expect, we will fully cooperate with the Committee's requests.

Along with the many questions we have received from investors, we have also received many supportive calls and emails. You should know we are extremely appreciative of your support and we encourage you to keep the questions coming.

Sincerely,

William A. Ackman

PORTFOLIO UPDATE

Air Products and Chemicals, Inc. (APD)

Air Products and Chemicals, Inc. made substantial progress in its transformation during 2015, the first full calendar year under the leadership of Seifi Ghasemi who became CEO on July 1, 2014. Seifi joined the APD board in September 2013 at the recommendation of Pershing Square.

During the year, Seifi restructured the company into a decentralized organization with greater accountability. He made significant progress in reducing corporate overhead costs, realizing $170 million of his $300 million run-rate goal, and improving operating margins 310 basis points to 19%. During the year, major capital expenditure projects were completed and have begun to produce cash flow. These accomplishments allowed APD to increase its fiscal 2015 EPS by 14%, exceeding its initial guidance despite macroeconomic and foreign exchange ("FX") headwinds.

APD announced new high-quality project wins that are expected to fuel growth in the coming years, and plans to spin-off APD's non-core materials technology business recently named Versum Materials. The spin-off is scheduled for third-quarter 2016, subject to market conditions.

Despite APD's progress, the total return(7) of its shares was -8% in 2015, as recent macroeconomic concerns have caused APD's stock to trade at what we believe to be a material discount to its intrinsic value. We believe the upside in APD remains significant. APD's business is extremely resilient: its products are low-cost, critical and consumable inputs, and its clients are diversified by end market and geography. Nearly half of the Company's revenues are subject to long-term, take-or-pay contracts. APD has provided guidance for 10-14% EPS growth in fiscal 2016, driven largely by continued cost savings, efficiency, and new plant start-ups, while assuming continued economic weakness. APD is well on its way to achieving its goal of being the safest and most profitable industrial gas company in the world and creating significant additional value for shareholders.

Canadian Pacific Railway Limited (CP)

CP is a high-quality, infrastructure company with strong pricing power. Its business is well diversified both in terms of its freight mix (Grain, Coal, Potash, Fertilizer & Sulphur, Metals, Minerals & Consumer Products, Crude, Automotive, Forest Products, and Intermodal) and the geographic destinations it serves (Global, Cross-Border, Canada, and U.S.).

Because of its diversified business, CP's volume declined just 2% in 2015 despite macroeconomic weakness. Most freight types were up or down modestly. Notably, Canadian commodities performed well, aided by their low-cost position and a weakening Canadian Dollar. Substantial volume declines were seen in just a few freight categories.

On the operational front, 2015 was another year of substantial progress for CP as its remarkable transformation continued at an accelerated pace. The company achieved an Operating Ratio ("OR") of 61%, a 370 basis point improvement over 2014. This was the second-best OR in the industry. During the year, CP repurchased ~8% of its shares at a discount to its intrinsic value. Given the Company's profit margin improvement and share count reduction, EPS grew 19% despite muted top-line growth of 2%.

Despite CP's continued progress on operational efficiency, its efforts were mostly overshadowed by slowing top-line growth and a weakening macroeconomic environment which have caused CP's shares to trade at a substantial discount to their intrinsic value. The total return for CP shares was -20% in 2015.

We believe that CP remains an attractive investment for a number of reasons. 2016 guidance calls for further improvement in its operating ratio to below 59% and double-digit EPS growth. CP is right-sizing its network to the current tepid demand environment. Management has stated that margins should be 200-300 basis points higher at current volume levels with annual capital expenditures $400 million lower than CP's original plan. In addition to continued operational progress, we expect that CP will also enjoy tailwinds to EPS growth from a lower share count, lower pension costs, and favourable FX in light of the weak Canadian dollar. We believe that the Company's long-term potential remains significant under a superlative management team which has targeted a long-term potential operating ratio in the mid-50s%.

In November, CP proposed a merger with Norfolk Southern (NS) that would create meaningful value for both CP and NS shareholders while improving the North American rail network and enhancing service to customers. CP estimates that USD $1.8 billion of annual operational efficiencies and synergies could be achieved through this business combination.

Fannie Mae (FNMA) / Freddie Mac (FMCC)

Fannie and Freddie continued to make positive business progress in 2015. Underlying earnings in their core guarantee businesses continue to improve due to increases in the guarantee fee rate and lower credit losses. Their reported results have been more volatile due to non-cash accounting charges for derivatives used to hedge their investment portfolios while they are being liquidated.

Consensus is emerging that the government sponsored enterprises ("GSEs") are irreplaceable. There has been a notable lack of success in attracting private capital to the mortgage market, and recent publications from industry trade groups, policy analysts and general news media increasingly recommend maintaining the existence of the GSEs.

There have also been a number of favourable developments with shareholder litigation. Perry Capital's appeal from the D.C. District Court received strong amici briefs, including from the former Chairman of the FDIC and the former CFO of Fannie Mae. Fairholme's discovery in the Federal Court of Claims has uncovered evidence that contradicts the government's stated rationale for expropriating all of Fannie and Freddie's earnings forever with the so-called Net Worth Sweep transaction. A new lawsuit was filed in the Federal District Court in Delaware by the former Delaware Chief Justice which challenges the legality of the Net Worth Sweep Amendment under Delaware law.

Despite this progress, we believe that the misinterpretation of the Jumpstart GSE amendment that was included in the FY 2016 Appropriations Bill on December 18, 2015, contributed to a significant share price decline at year-end, with the total return on Fannie and Freddie shares -20% and -21% respectively in 2015. The amendment prevents the Treasury from selling or liquidating its $189 billon of preferred stock for two years without Congressional approval. The market is likely misinterpreting the amendment as a precursor to a wind down of the GSEs even though the amendment does not present a meaningful obstacle to recapitalization and positive reform of the GSEs. Furthermore it is only a temporary limitation that expires in two years. It does not prevent the GSEs from exiting conservatorship or raising external capital, nor does it prevent Treasury from converting its preferred stock into common equity.

We continue to believe that Fannie and Freddie stock offers a compelling risk-reward for investors. While a total loss is possible, we believe there are various scenarios which will generate a many-fold multiple of the current share price. The Pershing Square funds' combined exposure to Fannie and Freddie is ~ 4% of capital, reflecting the higher-risk, higher-reward nature of the investment.

Herbalife Ltd. (HLF) Short

Recent developments continue to confirm that Herbalife is a pyramid scheme. Recently, an internal HLF video of CEO Michael Johnson surfaced in which he admits to the critical importance of recruiting to the business model. We believe that the video provides useful additional evidence to regulators of the recruiting-driven nature of HLF's business model.

Despite a recent press report to the contrary, regulatory investigations are continuing, as evidenced by HLF's consistent disclosure about a Department of Justice investigation and requests for certain information addressed to HLF's distributors, management, and others. Over the last three years, HLF has spent ~$109 million defending itself and responding to government inquiries, yet it still refuses to collect retail sales data which, if they existed, could help the company's defense.

In its 10K, filed February 25th 2016, Herbalife added a new disclosure about the U.S. Federal Trade Commission (FTC):

> *The Company is currently in discussions with the FTC regarding a potential resolution of these matters. The possible range of outcomes include the filing by the FTC of a contested civil complaint, further discussions leading to a settlement which could include a monetary payment and other relief or the closure of these matters without action. The Company is cooperating with the investigation and at this time it is difficult to predict the timing, and the likely outcome, of these matters. Moreover, no assurances can be given that the outcome of these matters will not have a material adverse impact on the Company's business operations, its financial condition or its results of operations. At the present time, the Company is unable to estimate a range of potential loss, if any, relating to these matters. (Source: Form 10-K, pg. 100)*

While analysts and some media reports argue the above disclosure means Herbalife is on the brink of a favourable settlement with regulators, which caused the company's stock price to rise, we believe the facts will prove otherwise. Herbalife has settled with regulators and litigants many times in its history. Despite these regulatory actions and settlements, HLF's business model has only gotten more aggressive in incentivizing its distributors to recruit at the expense of retail sales, and its distributor failure rate remains constant.

We do not believe the FTC will deliver a "slap on the wrist" in light of the enormous harm Herbalife inflicts on its victims, which will continue if it is not forced to stop its pyramidal practices. HLF's high profile over the last three years will subject the FTC's resolution of the Herbalife investigation to a high degree of public scrutiny. If the FTC were to let Herbalife off the hook – an unlikely event in our view – then all pyramid schemes will be allowed to flourish nationwide and globally. Without the inventory loading that is inspired by the incentives of Herbalife's marketing plan and the deception used to induce unwitting novice entrepreneurs to pursue the so-called "business opportunity," we believe the company's business fundamentals will collapse.

In 2015, the U.S. Federal Trade Commission began proceedings against another multi-level marketer (MLM) called Vemma. The complaint and preliminary injunction against Vemma provide a potential road-map for FTC action against Herbalife. We believe that Herbalife would not survive if a court applied the same restrictions on HLF which were imposed upon Vemma. Pershing Square has published a detailed side-by-side comparison on our website – www.FactsAboutHerbalife.com – showing that Vemma and Herbalife share strikingly similar business policies and practices.

On another front, New York Senator Jeff Klein, in conjunction with Public Advocate Letitia James and a non-profit organization called Make The Road New York, released a highly critical report on Herbalife, concluding that its distributors are running an illegal pyramid scheme. Senator Klein has proposed New York State legislation that would amend the New York State General Business Law to protect consumers from the abusive practices of Herbalife and similar MLMs.

From a financial perspective, HLF's operating results in 2015 deteriorated. Reported revenue declined 9.9% in 2015 as low-single-digit organic growth met with substantial FX headwinds. China was – and continues to be – the bright spot in Herbalife's financial performance, growing 29.8% organically in 2015. Excluding China, local currency net sales declined 1.3% in 2015. Herbalife reported somewhat improved performance in Q4 (posting positive ~6% currency-adjusted revenue growth ex-China) as the business appeared to have stabilized in certain markets.

Management has guided to mid-single-digit 2016 constant currency revenue growth and currency neutral EPS growth of -3% to +6%. HLF's 2016 EPS guidance of $4.05 - $4.50 implies realized EPS growth of -19% to -10%.

HLF continues to point to "changes to the business model" as the reason for a "temporary reset," but we note that member trends continue to be negative. Slowing growth in new Sales Leaders continues to weigh on Herbalife's ability to recruit new members, and constant churn has caused the total member base to flat-line. The pyramid is no longer growing.

Recently, HLF was forced to restate downward a business metric that it calls "Active New Members", which it claims shows "engagement" by distributors. The company introduced this metric on its Q2 2015 earnings call – in conjunction with deterioration in overall recruitment – but has never defined what the term "Active New Members" means or how it is calculated, nor how or when members become "inactive." HLF explained the recent restatement by saying that Active New Members is a non-GAAP measure that does not appear in its financial statements. While the company is now making light of the importance of this measure, it previously has trumpeted the increases in this metric as an indication of future growth potential. Irrespective of the revised "Active New Member" disclosure, the number of *total* new members recruited each quarter has been on a downtrend, declining ~20% from 599,012 in Q1 2014 to 485,142 in Q4 2015. Pyramid schemes, like Ponzi schemes, require new recruits to replace exiting victims. For the first time in many years, Herbalife is having trouble replacing failed distributors with new recruits. The treadmill now appears to be moving faster than the runner.

Despite weak operating performance, robust multiple expansion yielded a total return of 42% for HLF shares in 2015 after a 52% decline in 2014. At its current stock price (in the low-$60s) HLF stock trades at 15 times 2016 earnings guidance. We believe that this price assigns little to no downside for an adverse regulatory outcome, nor is it justified by a business of HLF's poor quality. As a result, we believe that HLF currently represents an extremely attractive risk-reward for short sellers.

The Howard Hughes Corporation (HHC)

HHC was spun-off by General Growth Properties (GGP) as it emerged from bankruptcy. It was formed so that certain GGP assets, whose full value was not realized in a mall REIT, could receive appropriate management attention and recognition in the public markets. HHC is comprised of income-producing operating assets, master planned communities ("MPC") and strategic developments. Now in its fifth year as a public company, management has designed and launched a comprehensive development and/or monetization plan for each asset.

HHC continued to make significant progress in 2015 by completing a number of developments, launching and advancing new projects, selling condos, commercial and residential lots and leasing office and retail space. Significant growth in 2015 net operating income ("NOI") from newly developed commercial properties provides HHC with an increasing stream of recurring, high-multiple cash flows as those assets transition to stabilization. NOI from the income producing operating assets grew 59% to $118 million in 2015 compared to $74 million in 2014, excluding the South Street Seaport, which is undergoing redevelopment. HHC management projects that its commercial property assets currently under construction or completed, when stabilized, will generate $219 million of NOI.

In Hawaii, HHC has executed contracts with 20% hard deposits for nearly 90% of its Waiea and Anaha condo towers and began pre-sales for Ae'o, a 466-unit condo tower located above a future Whole Foods Markets flagship store, and the Gateway Cylinder Tower, containing 125 units. Ae'o currently has 46% of its homes contracted for sale and completion is scheduled for 2018. To date, HHC has contracted to sell over 650 homes totalling more than $1.2 billion of revenue of the $1.7 billion currently under construction.

HHC experienced declining residential acreage sales at Woodlands and Bridgeland due to declining energy prices affecting these Houston master planned communities, but achieved strong land sales at Summerlin in the robust Las Vegas market. HHC also advanced the development and leasing plans in Downtown Columbia (called the Merriweather District), which is initially planned for nearly five million feet of development out of its estimated 13 million feet of entitlements.

On March 16, 2016, HHC closed the sale of 80 South Street for $390 million, a development site the company assembled for $250 million in 2014 adjoining the South Street Seaport. HHC chose to sell the site to devote its development resources and capital to the South Street Seaport and other projects. The new owner of 80 South Street intends to build a world-class, high-end residential development which speaks to the dramatic change in market perception that has been achieved in recent years at the Seaport.

The total return for Howard Hughes Corporation shares was -13% in 2015. We believe the recent share price declines reflect concerns about the impact of low oil prices on the Houston MPCs. The substantial majority of HHC's business and asset value is outside of Houston, including a substantial portion of its income-producing operating and development assets, and nearly 45% of its remaining MPC acres. In addition, HHC's MPCs in Houston are the premier communities in the market and as such are well positioned and capitalized to benefit as the market recovers.

Mondelez International (MDLZ)

We initiated our position in Mondelez on March 30, 2015. At year-end, the Pershing Square funds had an approximate 6.6% ownership stake in the company, representing approximately 105 million shares in common stock and derivatives. The total return of Mondelez's shares from the inception of the position was 15%.

Mondelez was created out of the breakup of Kraft Foods in 2012, and today is one of the largest global snacks companies, with 2015 revenues of $27 billion. Branded snacks and candy businesses are wonderful businesses because of their high category margins, large economic moats, high returns on capital, and attractive long-term global growth potential.

Mondelez has the most attractive stable of sweet snack brands of any publicly traded food company with seven brands that generate over $1 billion in annual sales. Despite owning some of the best brands in the industry, Mondelez has the lowest profit margins among its packaged food peers, presenting a large opportunity to increase efficiency. We believe that the opportunity for substantially greater operating efficiency exists at Mondelez because it is effectively a new company, formed through the combination of Nabisco, LU Biscuit, and Cadbury – three acquisitions made by its legacy parent Kraft Foods that have never been fully integrated or optimized.

Mondelez's management certainly understands this enormous opportunity. While operating profit margins currently stand at only 13%, the company has recently guided to profit margins of 17 to 18% by 2018 based on forthcoming supply chain productivity improvements and an overhead cost savings program, among other initiatives. If the company were just to achieve these targets, the business would be worth significantly more than its current market price.

Nomad Foods (NOMD)

Nomad began its existence as a Special Purpose Acquisition Company formed by Martin Franklin and Noam Gottesman. Martin approached us in the Spring of 2015 about making an investment in Nomad in conjunction with its acquisition of Iglo Group, the leading branded frozen foods business in Europe. On June 1, 2015, the Pershing Square funds invested $350 million in a private placement of Nomad shares at $10.50 per share, and investment team member Brian Welch joined Nomad's Board.

Nomad purchased Iglo for €2.6 billion or 8.5 times LTM EBITDA. In August, Nomad agreed to purchase the highly complementary non-UK assets of Findus for ~£500 million or 6 times EBITDA post-synergies. Nomad's acquisitions of Iglo and Findus make it the leading branded frozen foods business in Europe, 2.5 times the size of its next largest competitor. Nomad enjoys leading market positions in the UK, Italy, Germany, France, Spain, and the Nordic region. Nomad's business is comprised principally of frozen fish and vegetables, with smaller exposures to poultry, meat, prepared meals and snacks. Notwithstanding recent top-line weakness, the business is generally stable, and enjoys high-margins and strong cash-flow generation with low capital expenditure requirements and modest cash taxes.

Long-term, Nomad intends to create value as a consolidator in a fragmented packaged foods sector. The Company has a territorial tax domicile, which will give it a competitive advantage in acquiring international assets.

The total return on NOMD shares from the inception of the position through year end was 12%.

Platform Specialty Products Corporation (PAH)

2015 was a challenging year for Platform. The company generated weak performance in certain of its underlying businesses, and its CEO Dan Leever and PAH President/Ag CEO Wayne Hewett left the company.

PAH's underlying EBITDA declined 1% in 2015[i], as weaker results in Agricultural Solutions offset advances in Performance Solutions. Underlying EBITDA in Agricultural Solutions declined ~3% as weaker ag markets, a reduction in distributor inventories, and increased corporate costs more than offset the benefit of cost synergies. Underlying EBITDA in Performance Solutions division grew 2% due to strong performance at MacDermid, offset by weaker performance at Alent and OM. In addition, the strengthening U.S. dollar significantly reduced reported EBITDA growth by ~12%.

PAH issued multiple reductions to initial 2015 EBITDA guidance. In August, Platform announced a 5% reduction due to FX, and then in October an additional 12% reduction due to further FX deterioration and the decline in Ag distributor inventories.

PAH has substantial financial leverage, currently ~6 times EBITDA as compared to its long-term target of 4.5 times. This is due to the negative FX impact that reduced EBITDA significantly more than debt, and the fact that PAH financed its Alent acquisition with debt to avoid a dilutive equity issuance.

Platform is working to address the challenges it faced in 2015. The company has hired a new CEO Rakesh Sachdev, the former CEO of Sigma Aldrich, and a new Ag President, Diego Casanello, a former Ag executive at BASF. Both are seasoned executives with the appropriate skills to enhance business performance. Platform's current collection of businesses benefit from long-term secular growth trends and have favorable competitive positions, while the recent acquisition of Alent provides the opportunity for significant cost and revenue synergies. The total return for Platform shares was -45% in 2015 as the stock price declined due to the operational issues discussed above and the elimination of the premium previously assigned to the business for management's initially perceived ability to execute value-creating acquisitions.

Restaurant Brands International Inc. (QSR)

QSR's franchised business model is best described as a capital-light, high-growth annuity. The company earns high-margin brand royalty franchise fees (4 to 5% of unit sales) from Burger King and Tim Hortons. As a result of this business structure and the markets in which it operates, significant unit growth requires effectively no capital from QSR.

Burger King's and Tim Horton's same-store sales are relatively insulated from economic cycles. The current economic environment is particularly favorable to Restaurant Brands because customers have more disposable income and drive more when gas prices are low.

Controlling shareholder 3G is an ideal operating partner and sponsor. It has installed a superb management team and created a unique and impactful performance culture, compensation system, and business processes.

QSR's intrinsic value meaningfully increased in 2015, despite substantial headwinds from a strengthening U.S. dollar. The company delivered strong financial performance: ~20% EBITDA growth before FX and impressive Same-Store Sales (SSS) growth at both Burger King (~5%) and Tim Hortons (~6%). QSR continued to make progress on the Burger King U.S. turnaround where SSS grew 6%. At Tim Hortons, QSR significantly reduced expenses and capex, with overhead costs reduced by more than 45%. The

[i] Financial results for 2015 are pro-forma for Arysta, Alent and OM acquisitions.

company maintained a high level of net unit growth (4%) at both Burger King and Tim Hortons. However, the strengthening US dollar materially reduced reported financial results, as FX reduced reported EBITDA by ~13%.

In spite of the positive developments discussed above, the total return for Restaurant Brands International shares was -3% in 2015. We have taken advantage of recent price declines earlier this year to add to our position and believe QSR remains a compelling long-term investment.

Valeant Pharmaceuticals International (VRX)

Business is fundamentally about trust and confidence. Without trust and confidence, business value can vaporize quickly. Valeant Pharmaceuticals is a case in point.

Since its high in August 2015, Valeant's stock price has declined 87%. During the week of March 14, 2016, the stock declined 58% as shareholders dumped Valeant stock regardless of fundamental value for fear the company would lose access to capital.

The loss of confidence was caused by a combination of questions raised about Valeant's accounting, drug pricing, government investigations, reduced earnings guidance for 2016, and a near total information vacuum compounded by continued attacks from critics, the media, and short sellers. Without access to adequate information from the company, shareholders had no choice but to assume the worst. Owning Valeant was perceived to be a career-ending decision going into the weekend for most investment managers.

In order to protect our investment and help stabilize the company, we implemented a straightforward plan. First, we put ourselves in a position of influence and gained access to inside information. Steve Fraidin, our Vice Chairman, was invited to join the board on March 9th along with two other new directors: Dr. Fred Eshelman, a pharmaceutical industry entrepreneur, and Thomas W. Ross, former president of UNC and a former Superior Court judge.

Since Tuesday of last week, beginning a few hours after Valeant's earnings call, two members of PSCM's investment team have been spending time at Valeant so that we can have a better understanding of the company's operating performance, verify management's revenue, earnings and cash flow guidance for 2016 and build our own financial model for the company. Bill Ackman attended board meetings as an observer beginning on Thursday and through the weekend, and officially joined the board on Monday morning. We have been given access to information and to management necessary for us to conduct due diligence and assist the company.

The new board worked collaboratively over the weekend to understand the conclusions to date of the Ad Hoc Committee's investigation of Valeant's accounting and to discuss CEO Mike Pearson's continued candidacy as CEO.

On Monday morning, the company filed a press release and 8-K that announced:

1) CEO Mike Pearson will be stepping down as CEO once a new CEO is identified;
2) Bill Ackman joined the board;
3) The Ad Hoc Committee's investigation of accounting issues is nearing completion, and does not anticipate additional issues that have financial statement implications;
4) Valeant will restate certain past period results for $58 million of revenue booked in Q4 2014 when it should have been recognized in Q1 2015;
5) The company is expected to file its 10-K no later than April 29, 2016, which is within the cure period for the company's outstanding bank debt and bond obligations;
6) The company will seek an extension from its banks to file in the event there are further delays; and
7) The company explained the reasons for its delayed 10-K filing.

Steve Fraidin, along with the audit committee, management and the company's advisors, has worked to assist the company in completing its 10-K filing by April 29th, within the cure period for both the company's bank facilities (without regard to any extension created by the bank waiver process) and outstanding bond indebtedness. This is a work in process, but the company is committed to meeting its goal.

One of the greatest threats to the company's performance is the morale issues created by a collapsing stock price, constant attacks in the media, and the inherent uncertainty of the events of the last few months. Senior management has done a good job retaining talent and it is imperative that the company continues to do so.

On Monday afternoon, Valeant's Chairman Bob Ingram, CEO Mike Pearson, and Bill Ackman spoke with Valeant employees at its Bridgewater, N.J., United States headquarters and explained how appreciative the board and shareholders are of their willingness to work hard and stay focused under difficult conditions, and to answer any questions that they may have. We believe that Monday's announcements will begin to calm the 22,000 people who work for Valeant as the inherent uncertainty of the situation has diminished significantly and the stock price has begun to rise.

While trust and confidence can vaporize quickly, it also can be restored rapidly when appropriate governance, oversight, and management issues are addressed properly. We believe that when the 10-K is filed, new leadership is identified, and the market understands that Valeant has adopted a new approach to communicating with the public, investor confidence will be restored and the stock should trade at a price which better reflects its business fundamentals.

Zoetis Inc. (ZTS)

Zoetis is the only large, independent, publicly traded animal health company in the world. The company has a market capitalization of $20 billion with $5 billion in revenue. The Pershing Square funds began buying Zoetis shares on July 22, 2014 and currently own an 8.6% economic stake in the company. Bill Doyle, a member of our investment team, joined the ZTS board on February 4, 2015.

In May 2015, Zoetis announced a comprehensive initiative to simplify operations, improve its cost structure, and better allocate resources. Management expects this new effort to generate $300 million in annual cost savings by 2017. The cost reduction program coupled with continued operating leverage is expected to increase operating margins from ~25% in 2014 to ~34% by 2017.

Elements of the plan include eliminating 5,000 lower-revenue, lower-margin SKUs, shifting from direct sales representation to distribution in 30 smaller markets, consolidating from a four-region structure to a two-region structure, significant reductions in corporate SG&A and smaller reductions in R&D to enhance focus. This program is incremental to the company's previously announced Supply Network efficiency effort.

In 2015, Zoetis maintained its productive R&D and business development initiatives. It received a USDA conditional license for IL-31 for atopic dermatitis (first-of-its kind antibody therapy) and the EU approved Simparica, a once monthly chewable treatment for canine fleas, ticks and sarcoptic mange. Zoetis completed its acquisitions of Abbott Animal Health and PHARMAQ, the global leader in health products in aquatic health (fish farming).

The company delivered strong operational performance in 2015. FX adjusted organic revenue growth in 2015 was 6%. Zoetis also demonstrated early success implementing its operational efficiency initiative. For example, in Q4 2015, FX adjusted revenue growth was 6%, while FX adjusted SG&A and R&D fell 7% and 9%, respectively. Zoetis expects strong performance to continue. The company expects adjusted operating margin to increase from 28% in 2015 to 31% in 2016. Additionally, Zoetis management has guided to achieve 6% to 8% normalized organic revenue growth in 2016. The total return on Zoetis shares was 12% during 2015.

Foreign Currency

In order to hedge currency exposure with respect to certain portfolio companies with non-U.S. revenues and earnings, we may enter into forward contracts or purchase currency options. For example, we have historically hedged substantial portions of Canadian Pacific's and Restaurant Brands' Canadian dollar exposures.

We also purchase put options on currencies to hedge certain macro or other concerns. These options typically represent a modest percentage of our investment capital, but represent large notional exposures. In the event of a dramatic move in the underlying currency, the payoffs can be quite large, but the risk of loss of capital is limited because of the small amount of capital invested.

Exited Positions

During 2015, we exited our position in Allergan Inc. in the merger with Actavis plc for which we received a combination of cash and Actavis shares. Subsequently we sold our position in Actavis in the open market. This position generated a substantial net gain for the Company for the year ended December 31, 2015 as reflected on page 5.

FOOTNOTES TO 2015 KEY HIGHLIGHTS AND INVESTMENT MANAGER'S REPORT

1 Performance results are presented on a gross and net-of-fees basis. Gross and net returns include the reinvestment of all dividends, interest, and capital gains and reflect the deduction of, among other things, brokerage commissions and administrative expenses. Net returns also reflect the deduction of management fees and historical or accrued performance fee/allocation (if any). All performance results provided herein assume an investor has been invested in the Company or Pershing Square, L.P., as applicable, since inception and participated in any "new issues", as such term is defined under Rules 5130 and 5131 of FINRA.

2 The inception date for the Company is December 31, 2012 and the inception date for Pershing Square, L.P. is January 1, 2004. The performance data presented on pages 6-7 for the S&P 500 under "Cumulative (Since Inception)" is calculated from December 31, 2012 or January 1, 2004, as applicable.

3 The S&P 500 ("index") has been selected for purposes of comparing the performance of an investment in the Company or Pershing Square, L.P. as applicable (together the "Pershing Square funds") with a well-known, broad-based equity benchmark. The statistical data regarding the index has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The index is not subject to any of the fees or expenses to which a Pershing Square fund is subject. The Pershing Square funds are not restricted to investing in those securities which comprise this index, their performance may or may not correlate to this index and it should not be considered a proxy for this index. The volatility of an index may materially differ from the volatility of the Pershing Square funds' 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.

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

The performance attributions to the gross returns provided herein are for illustrative purposes only. The securities on this list may not have been held by the Company for the entire calendar year. All investments involve risk including the loss of principal. It should not be assumed that investments made in the future will be profitable or will equal the performance of the securities on this list. 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 6.

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

6 While the Pershing Square funds are concentrated and often take an active role with respect to certain investments, they will own, and in the past have owned, a larger number of investments, including passive investments and hedging-related positions. "Short equity" includes options and other instruments that provide short economic exposure. All trademarks are the property of their respective owners.

It should not be assumed that any of the securities transactions or holdings discussed herein were or will prove to be profitable, or that the investment recommendations or decisions Pershing Square make in the future will be profitable or will equal the investment performance of the securities discussed herein. Specific companies shown in this presentation are meant to demonstrate Pershing Square's active investment style and the types of industries in which the Pershing Square funds invest and are not selected based on past performance.

7 Total returns are provided for illustrative purposes only and are 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 Pershing Square makes in the future will be profitable or will generate values equal to those of the companies discussed herein. Total returns take into account the issuer's dividends, if any.

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 2015. Pershing Square may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this report for any reason. Pershing Square hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Pershing Square investment.

Forward-Looking Statements

This report also contains forward-looking statements, which reflect Pershing Square's views. These forward-looking statements can be identified by reference to words such as "believe", "expect", potential", "continue", "may", "will", "should", "seek", "approximately", "predict", "intend", "plan", "estimate", "anticipate" or other comparable words. These forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Should any assumptions underlying the forward-looking statements contained herein prove to be incorrect, the actual outcome or results may differ materially from outcomes or results projected in these statements. None of the Company, Pershing Square or any of their respective affiliates undertakes any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law or regulation.