

LETTER TO SHAREHOLDERS

Dear Pershing Square Investor,

For the first nearly 12 years of the Pershing Square strategy from January 1, 2004 through July 31, 2015 investors earned a 20.5%^(1,5) compounded annual return (a nine-fold return on a day-one investment) compared to 7.8% for the S&P 500 over the same period. As a result of three calendar years of underperformance, our compounded annual return since inception has been reduced to 13.6% representing a six-fold return on a day-one investment in the strategy. While the overall record is satisfactory for early investors, it has been very disappointing for PSH investors who invested in recent years. Our recent underperformance has been further impacted by the widening of the discount to NAV at which PSH shares trade. The obvious question is: What are we going to do about it?

We have taken a number of important steps in 2017 and early 2018 that position the portfolio and our investment operation for profits in the future. These steps included: (1) minimizing potential risk exposures by (a) receiving preliminary approval from the Court for the settlement of the Allergan litigation (which we anticipate to be finalized later this year), and (b) by capping our exposure to Herbalife by converting our short position into put options and then subsequently exiting the position; (2) restructuring the management company into a smaller investment-centric organization with future asset growth driven by investment results; and (3) reinforcing the implementation of our core investment principles which have guided the substantial majority of our performance since inception.

2017 should have been a stronger year for Pershing Square. I attribute our underperformance last year to three principal factors. First, legacy issues impacted performance including the cost of the Allergan settlement, losses on the exit from Valeant and from our short position in Herbalife. Second, while we generated a substantial number of profitable investment ideas - including ADP, Hilton, Nike, and S&P Global - other than for ADP, increases in the prices of these investments due to the rapid rise of the market, both during the research process and the accumulation period, prevented us from building large enough positions to materially impact performance. Third, although positive contributors to returns in 2017 generated +14.6%, four positions accounted for negative contribution of -13.5% (-4.0% HLF, -3.5% MDLZ, -3.3% FNMA and FMCC and -2.7% CMG). Excluding HLF, which we have exited, we remain optimistic about the risk/return profile of these positions to a greater extent than before because of their reduced prices.

With respect to the NAV discount, and as discussed in the Chairman's Statement, PSH proposes to conduct a Company Tender for \$300 million subject to applicable shareholder approvals which will be sought at the April 24, 2018 AGM. I and the other members of the PSCM management team believe that PSH and our current portfolio are substantially undervalued. Subject to applicable laws and restrictions (including art. 7 para. 7 of the Dutch Decree on Public Takeover Bids), I, along with others on the management team, remain at liberty to purchase, directly or indirectly, PSH publicly traded shares, including through open market purchases (regelmatig beursverkeer), although we do not intend to do so until the company tender is completed.

We believe that this is a particularly attractive time to invest in PSH because:

- our portfolio trades at a wide spread to intrinsic value with catalysts which we believe should contribute to value recognition (which we discuss in detail in the Portfolio Update);
- the shares are currently trading at approximately 23% discount to NAV, which we would expect will narrow with improved investment performance;
- the idea generation engine is intact and productive;
- we have largely resolved the potential liabilities that have caused concern, namely the risk of a short squeeze at Herbalife and the Allergan litigation; and
- fees are low as we have reduced management fees by \$14.4 million over the next eight quarters in connection with the Allergan settlement, and performance fees will not be payable until PSH recovers above the high water mark NAV of \$26.37 per share.

While none of the above factors guarantee a good investment outcome, they substantially increase the probability of our success. PSH's negative performance was accentuated by PSH's leverage (it has \$1 billion of bonds outstanding), and its stock price performance was further impacted by the widening of the NAV discount. If we are

successful in delivering substantial positive investment performance, shareholders should receive the benefit of a reversal of these two factors, further enhanced by the substantially reduced fees charged by the investment manager.

As the largest investor in the Pershing Square funds, I and the other members of the Pershing Square team have experienced our recent underperformance first hand, but it is much worse to generate losses for shareholders who are relying on our efforts for their needs. You can be assured that we are working very hard to deliver the results that you expect from us.

Thank you for your patience and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'William A. Ackman', with a long horizontal flourish extending to the right.

William A. Ackman

PORTFOLIO UPDATE

Automatic Data Processing, Inc. (ADP)

ADP, a classic Pershing Square investment, was PSH's largest new investment in 2017 and a meaningful contributor to returns for the year. ADP is a simple, predictable, free-cash-flow generative business that has underperformed its potential. We took an active approach to our investment in the company and ran a proxy contest to highlight the significant opportunity for improvement at the company. Though we ultimately did not obtain board representation as a result of the proxy contest, we believe that the proxy contest was an effective tool to highlight the value-creation opportunity that exists at ADP.

During our numerous public presentations throughout the proxy campaign (which are still available at www.ADPascending.com), we emphasized the opportunity for ADP to 1) better its Enterprise market offering 2) accelerate growth and 3) improve margins.

In our November letter to investors, we noted that as a result of our proxy campaign and increased awareness and acceptance regarding the opportunity for improvement, ADP's management has committed to:

- (1) Enterprise Product Launch: ADP stated that it has an "upcoming" release of an Enterprise human capital management product which will enable ADP to stem and potentially reverse Enterprise market share losses;
- (2) Accelerated Revenue Growth: after Employer Services' organic revenue growth decelerates to ~2% to 4% this fiscal year, growth will reaccelerate to approximately 7% to 9% in the fiscal year beginning July 1, 2018, and will continue into fiscal year 2020 in order to achieve the company's guidance of 6% to 7% organic growth over the next three fiscal years; and
- (3) Margin Improvement: ADP will increase operational profit margins by 500 basis points over the next three fiscal years despite a projected decline in operational profit in the first fiscal year.

ADP will have to meet the commitments it made to its shareholders during the proxy contest, which when added to the benefits of tax reform and rising interest rates will drive a significant increase in earnings. ADP's potential for further improvements beyond the modest commitments to date remains significant. We continue to believe that Employer Services' (ADP's core business which generates ~2/3 of profit) growth can increase from ~2% to 4% to ~7%+ while operating margins should increase from ~19% today to 35% or greater once the business is optimized. These improvements would imply ~\$10 of EPS by FY 2022, more than double the current earnings and a greater than 50% increase relative to the status quo potential.

Since our proxy campaign concluded in November, we have engaged in a dialogue with the company. The company's recently reported fiscal Q2 2018 results make clear that ADP continues to have a significant opportunity for improvement. While rising interest rates and tax reform are driving strong overall results and management's increase in fiscal year EPS growth guidance to 12%-13%, we were disappointed that the company's organic operational growth in Employer Services remains weak, bookings growth of 6% remains modest in light of an easy comparison with last year, and management projects a 50 basis point decline in overall margins for the year. While we and other shareholders were not expecting material improvement in the first quarter since the proxy contest, investor expectations will grow substantially over the course of 2018.

Pro-forma for tax reform, ADP trades at ~23 times its fiscal year June 2019 EPS guidance, a reasonable price for a business of this quality and growth characteristics. The current valuation is below the valuation at which we initiated the position when considering the positive benefits of tax reform, rising interest rates (which increase the company's earnings from float), and modest organic growth which have outpaced the stock price increase. We believe that ADP stock is substantially undervalued if the company's operations are optimized.

CEO Carlos Rodriguez recently stated that there is "no disagreement about the potential that ADP has, it's really about pace," and noted that the proxy campaign has "strengthened our resolve to accelerate the execution of a strategy that I think was on the right path to begin with," and that there is "nothing wrong with a little bit of

acceleration.” We and other shareholders expect ADP to comprehensively outline its plans to improve long-term growth and margins in the coming months.

Restaurant Brands International Inc. (QSR)

QSR was PSH’s largest contributor to returns in 2017. We continue to believe that QSR is a high-quality business that reflects our core investment principles and remains undervalued. In our 2016 annual report, we wrote: “We believe [QSR’s] highly scalable and replicable operating strategy can be applied to potential future acquisition opportunities.”

In March 2017, QSR added Popeyes Louisiana Kitchen to existing brands Burger King and Tim Hortons, and showed significant progress in improving Popeyes’ cost structure. We continue to believe that over time, the company should be able to successfully execute additional value-creating acquisitions.

QSR continued to show strong underlying business growth throughout the year. QSR exhibited net unit growth of 7% at Burger King and 3% at Tim Hortons. The company increased EBITDA margins by 300 basis points at Burger King and more than 1,500 basis points at Popeyes. Same-store-sales growth at Burger King increased by 3% which more than offset flat results at Tim Hortons.

Despite its significant share price appreciation in 2017, we believe that QSR remains an attractive investment opportunity as it is undervalued relative to intrinsic value and its peers. Despite QSR’s higher long-term growth potential compared to its peers, QSR currently trades at ~21 times our estimate of 2018 free cash flow per share while peers trade at an average of ~24 times free cash flow per share based on analyst estimates.

Mondelez International (MDLZ)

MDLZ trades at less than 18 times consensus estimates of 2018 earnings per share, a significant discount to both peer valuations and its historical average multiple despite its high business quality, secular growth potential, and substantial margin improvement opportunity. We believe this undervaluation is driven by concerns that emerged in 2017 concerning the U.S. grocery landscape, MDLZ’s growth potential, and the recent CEO transition.

While we believe there are enormous pressures facing U.S. center-of-plate packaged food companies, MDLZ is not such a company. Unlike other large cap packaged food companies based in the U.S., MDLZ generates 75% of its sales overseas, including 40% in emerging markets, and 85% of its global sales from snacks. This advantaged geographic and category footprint should allow MDLZ to generate superior long-term revenue growth. In the near-to-medium term, revenue growth should be boosted by favorable foreign currency exchange rates, product portfolio rationalization, and the macroeconomic environment in emerging markets, which have all turned from headwinds to tailwinds. The company started to show good progress in accelerating revenue growth in 2017, with underlying organic revenue up 2% in the second half after only 0.3% growth in the first half, and reported revenue growing 5% in the second half after a 2% decline in the first half.

In November, Dirk Van de Put, previously President and CEO of McCain Foods, succeeded Irene Rosenfeld as CEO of MDLZ. He held his first earnings call as CEO in late January 2018, during which he issued 2018 guidance that was slightly below analyst expectations for organic revenue growth and margin expansion, but 5% above expectations for EPS growth. This guidance was widely viewed as conservative, with the company admitting on the call that there “should be some upside” to guidance. Despite conservative guidance, we believe investor fears around a larger potential earnings “rebase” when Mr. Van de Put outlines his multi-year strategic plan at the end of the summer are unfounded given: (1) the substantial capital invested over the last several years to upgrade the manufacturing base and reduce product and procurement complexity; (2) a strong current portfolio of products, given the significant SKU rationalization over the last three years; (3) the healthy 9% of sales that the company currently invests in advertising and promotion, which is at the high end of its peer group given its scale; and (4) the fact that the 2018 margin goal of 17% is still materially below optimized levels.

We expect continued acceleration in revenue growth, double-digit EPS growth, and clarity on Mr. Van de Put’s strategy will cause MDLZ’s valuation to rise to levels approaching intrinsic value.

The Howard Hughes Corporation (HHC)

HHC is currently PSCM's longest standing investment in the portfolio.

Until 2017, HHC operated largely below the radar of the investment community. In 2017, HHC conducted its first Investor Day on May 17 at the South Street Seaport in New York City. PSCM also presented HHC at the Sohn Conference on May 8, 2017, in a presentation entitled SimCities. We believe that over time, increased transparency and continued progress on HHC's key developments will enable the market to understand and assign appropriate values to the significant underlying assets of HHC and ultimately, to the HHC franchise.

In 2017, HHC continued to make excellent progress across its portfolio. The Seaport District, one of HHC's most valuable assets, is on track for its opening in the summer of 2018. ESPN recently signed a long-term lease for 19,000 sq.ft. to broadcast its daily shows from the Seaport which will bring greater visibility to this unique location.

The company also made progress with Ward Village in Hawaii where 93% of the company's existing condo inventory has been sold or is under contract. Summerlin, HHC's Las Vegas master planned community, had its fifth straight year with over \$100 million in land sales. The company also achieved increased land sales at both its Bridgeland and Woodlands MPCs in Houston. HHC has 50 million sq.ft of remaining vertical development entitlements at its existing MPCs alone, which is greater than 10 times the amount of development that HHC has executed since 2011.

HHC has superb management led by David Weinreb and Grant Herlitz, HHC's CEO and President, who recently entered into 10-year employment agreements. As part of these agreements, David and Grant completed their respective purchases of \$50 million and \$2 million of warrants from the company, which they are restricted from selling or hedging for the next five years. This represents one of the largest investment commitments that we have seen from a management team, highlighting their strong shareholder alignment and long-term commitment.

In January 2018, Pershing Square Holdings sold its common stock in HHC (but increased its HHC total return swaps position) allowing PSH to maintain a more than 10% exposure to HHC. These transactions give greater flexibility to PSH to take certain future steps to address the discount to NAV.

Chipotle Mexican Grill, Inc. (CMG)

While 2017 was a difficult year for CMG's business and stock price performance, we believe it was a year of transition. With recent changes, we believe Chipotle represents a highly compelling turnaround opportunity.

On November 29, CMG announced a search for a new CEO and the transition of founder Steve Ells to Executive Chairman. On February 13, 2018, Chipotle announced that Brian Niccol would become the company's new CEO and would be added to the board, effective March 5, 2018. Pershing Square partner and Chipotle board director Ali Namvar was a member of the three-person CEO search committee that helped identify and recruit Niccol.

Brian was most recently the CEO of Yum! Brands' Taco Bell Division, where he was responsible for the highly successful turnaround of the business. Under his leadership, Taco Bell successfully repositioned the brand as a lifestyle brand and launched numerous product initiatives, including the new breakfast daypart, the fastest growing daypart in the industry. He transformed Taco Bell into a social media leader and revolutionized its digital approach through mobile ordering and payment across their 7,000 restaurants.

Prior to Taco Bell, Niccol held leadership roles at Pizza Hut, including Vice President of Strategy, Chief Marketing Officer, and General Manager. Niccol began his career at Procter & Gamble where he spent 10 years in various brand management positions.

Niccol is a proven executive with experience and expertise in digital technologies, restaurant operations and branding. We are thrilled that he has joined CMG as CEO at this pivotal time and believe that he is the right leader to reinvigorate the company and help it achieve its enormous potential.

Fannie Mae (FNMA) / Freddie Mac (FMCC)

FNMA and FMCC were negative contributors to returns in 2017. Following the November 2016 presidential election, the prices of both stocks increased significantly as investors believed the likelihood of housing finance reform had increased as a result of the election. Those gains were largely retraced in 2017 due to: (i) an adverse court ruling in February 2017 in one of the GSE shareholder lawsuits against the federal government (which does not affect the government takings case that we and others have brought); (ii) concerns that a rumored potential housing finance reform bill will contain provisions that are unfavorable for shareholders; and (iii) concerns that the Trump administration and Congress are now occupied with other agenda items delaying a potential resolution. Despite these factors, we believe that since our initial investment in 2013, FNMA's and FMCC's intrinsic business value and the probability of a favorable investment outcome have increased materially.

For any proposal for housing finance reform to succeed, in our view, it will need to satisfy a number of conditions including:

- (1) **Simplicity:** The solution must be simple in order to ensure broad support and minimize systemic risk;
- (2) **Visibility:** In order to raise the enormous amount of required new private capital, investors must have visibility into the long-term earnings power of FNMA and FMCC; and
- (3) **Fair treatment:** Current investors in FNMA and FMCC must be treated fairly in order for new capital to be raised, as new investors will be highly sceptical as to how they will be treated if the ultimate outcome is poor for legacy shareholders.

While the timing of GSE and housing finance reform remains uncertain, a number of positive developments in 2017 in the political and regulatory landscape, which we have previously described, cause us to be optimistic about the possibility of a favorable resolution. Although the momentum for reform is much stronger now than it was when we made our initial investment, several key points of debate remain as roadblocks to reform:

- (1) Feasibility and desirability of creating new competitors;
- (2) Appropriate capital levels, rates of return and degree of regulation; and
- (3) Treatment of various classes of securities in Fannie and Freddie.

In recent months, we purchased preferred stock of both companies. Our preferred stock represents approximately 21% of our total investment in Fannie and Freddie, or about 1% of net assets. While the substantial majority of our investment historically has been in Fannie/Freddie common stock, we acquired preferred stock recently because (1) we believe that the timing of a favorable outcome for the two companies is more proximate (timing is an important consideration for the preferred shares as they are noncumulative and perpetual), (2) it hedges our risk of a restructuring that disproportionately benefits the preferred versus the common shares, and (3) we found the trading prices of the preferred securities attractive at current levels. We still prefer our investment in the common shares because the government and taxpayers' interests, as owners of 79.9% of the common stock of both companies, are aligned with the interests of common shareholders. If housing reform is successful, we believe that both FNMA and FMCC common and preferred stock will likely be worth multiples of their current share prices.

Platform Specialty Products Corporation (PAH)

2017 was an important year of progress and recovery for PAH. During 2017, the company generated 7% organic EBITDA growth driven by 4% organic revenue growth and cost savings. The company also refinanced ~\$4 billion of debt, significantly lowering interest expense. In August 2017, PAH announced that it intends to separate its Ag and Performance Solutions businesses into two publicly traded companies by the second half of this year in order to increase long-term value.

While PAH made substantial business progress in 2017, this progress was not reflected in the company's stock price as the stock ended the year essentially unchanged. If PAH shares were to trade at a valuation comparable to that of its competitors and achieve analyst earnings estimates, they would be worth more than \$19, nearly 75% more than current levels.

Nike, Inc. (NKE)

NKE was one of five new investments for PSCM in 2017. NKE is a classic Pershing Square-style investment as it is a high quality business that we expect can compound long-term earnings at a high rate due to strong revenue growth and margin expansion.

We seek to invest in businesses with dominant market share and significant barriers to entry. As one of the world's most iconic brands and the market leader in the athletic footwear and apparel industry, NKE fits squarely in that category. NKE has unmatched marketing spend and brand loyalty, patented innovations and manufacturing skill (primarily footwear) and substantial leverage with suppliers and retailer customers.

Athletic footwear accounts for ~67% of the company's revenue and has an attractive industry structure with favorable competitive dynamics. We believe its historical high-single-digit annual revenue growth rate is likely to continue as a result of:

- (1) Positive secular trends in health & wellness and casualization;
- (2) Substantial growth in emerging markets, which comprise ~30% of revenue;
- (3) Strong pricing power due to product innovation and marketing; and
- (4) A significant margin opportunity due to new manufacturing processes and rapid growth in distribution channels with more favorable economics.

During the course of our four-month ownership of Nike (we sold the position recently), the stock price appreciated by 34%, reducing the returns to be earned from our investment to a level at which we believed our capital could be allocated to more attractive opportunities. It is rare that we are a short-term investor. That said, we are always willing to redeploy capital if an investment appreciates to a level that no longer offers sufficient returns relative to other potential opportunities.

Herbalife Ltd. (HLF) Short

As discussed in detail in our Q3 2017 investor letter, we restructured our HLF position into put options in order to limit our downside exposure. This structure created a more attractive risk-reward ratio while minimizing the risks associated with short selling, which became more pronounced throughout the year following Herbalife's share buyback program. Despite continued deteriorating fundamentals, HLF negatively impacted PSH's 2017 performance as its stock price increased during the year driven by a large share buyback program and self-tender in August 2017 which substantially reduced Herbalife's share count and free float.

While we have been correct in our belief that Herbalife's business fundamentals would deteriorate as earnings per share, revenue growth, and other measures of business performance weakened substantially since we initiated the investment, we underestimated Herbalife's ability to access debt capital and use financial engineering which – coupled with Mr. Icahn's share purchases to materially reduce the company's free float – has driven share price appreciation. The reduction in free float is best evidenced by the cover page of Herbalife's recently filed 10-K which reports 87.4 million shares outstanding of which only 22.7 million are held by non-affiliates of the issuer as of June 30, 2017 (it is unclear why the company does not report this calculation as of a more recent date). In light of the large number of shares that are held by index funds which are non-affiliates of the issuer, and the company's recent announcement of another tender offer, it is not surprising that the shares have continued to increase substantially in price without regard to fundamental value as there is almost no supply of shares for sale from non-affiliates of the company.

While we believe that deteriorating business fundamentals and a high valuation are a good recipe for an attractive short sale, technical factors are a critically important additional consideration. While we continue to believe our analysis of Herbalife's business remains correct, the shares have become a highly risky short sale in light of the extremely limited free float, and as a result, we have exited this investment.

Exited Positions**S&P Global Inc. (S&P)**

Like Nike, S&P was a new investment in 2017 in which we were unable to establish a meaningful position at an attractive price. We found S&P attractive because of the annuity-like characteristics of its business combined with pricing power, strong secular growth and a margin opportunity. The company has two main businesses: 1) credit ratings ~55% of EBIT; and 2) financial data services ~45% of EBIT.

The credit ratings business is a great business because credit ratings are a “must-have” for new debt issuance. Furthermore, the industry is highly consolidated, with S&P and Moody’s comprising the substantial majority of the market, and is characterized by high barriers to entry. S&P’s financial data services business is also attractive because of its stable recurring revenue stream due to its valuable proprietary data sets. Overall, strong revenue growth at S&P has been supported by pricing power and growth of financial markets along with the potential for margin improvement.

We sold our shares in S&P as the large stock price increase during our accumulation period prevented us from establishing a meaningful position in the company.

Other Exited Positions:

PSH also exited its investments in Air Products, Hilton, Nomad Foods, an additional undisclosed position, and Valeant, during the year. Other than for Valeant, all of the exited positions generated gains for PSH.

FOOTNOTES TO 2017 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 allocation/fees (if any). All performance results provided herein assume an investor has been invested in the Company or PSLP, 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 PSLP is January 1, 2004. The performance data presented on pages 7 to 8 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 PSLP as applicable (together the "Pershing Square funds") with a well-known, broad-based equity benchmark. The statistical data regarding the index has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The index is not subject to any of the fees or expenses to which 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 50 basis points or more are listed separately, while positions with performance attributions of less than 50 basis points are aggregated. On May 2, 2017, the Company began its share buyback program whereby its buyback agent began to repurchase Public Shares subject to certain limitations. The accretion from the share buyback program is reflected herein.

The 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 allocation/fees (if any). Inclusion of such fees and expenses would produce lower returns than presented here.

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

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. Past performance is not indicative of future results. Please refer to the net performance figures presented on page 7.
- 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, Pershing Square earned a \$1.5 million (approximately 3.9%) annual management fee and PSLP's general partner earned a performance allocation equal to 20% above a 6% hurdle from PSLP, in accordance with the terms of the limited partnership agreement of PSLP then in effect. That limited partnership agreement was later amended to provide for a 1.5% annual management fee and 20% performance allocation effective January 1, 2005. The net returns for PSLP set out herein reflect the different fee arrangements in 2004, and subsequently, except that the tranche of interests subject to a 30% performance allocation and a 5% hard hurdle (non-cumulative) issued on January 1, 2017 is not reflected in the returns. 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 makes in the future will be profitable or will equal the investment performance of the securities discussed herein. Companies shown in this figure are meant to demonstrate Pershing Square's active investment style and the types of industries in which the Pershing Square funds invest and were not selected based on past performance.

Limitations of Performance Data

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. This report does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. This report contains information and analyses relating to all publicly disclosed positions above 50 basis points in the Company's portfolio during 2017. 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.