PERSHING SQUARE CAPITAL MANAGEMENT, L.P.

888 SEVENTH AVENUE, 42ND FLOOR
NEW YORK, NY 10019
P: 212-813-3700 F: 212-286-1133

May 17, 2018

Dear Shareholder:

The performance of the Pershing Square Holdings, Ltd. is set forth below[1]:

	1st Quarter 2018	2nd QTD 2018 Through 05/15/2018	Year-to-Date 2018 Through 05/15/2018	Since Inception
Pershing Square Holdings, Ltd.				**12/31/12 - 05/15/18**
Gross Returns	-8.2%	9.6%	0.6%	18.3%
Net of All Fees	-8.6%	9.4%	0.1%	1.6%
Indexes (including dividend reinvestment)				**12/31/12 - 05/15/18**
S&P 500 Index	-0.8%	2.9%	2.1%	112.3%
Russell 1000 Index	-0.7%	2.9%	2.2%	111.7%
Dow Jones Industrial Average	-2.0%	2.8%	0.8%	114.9%

PSH has made significant progress since the end of the first quarter. NAV per share has increased by 9.4%, compared with the S&P 500's performance over the same period of 2.9%. This outperformance was generated from approximately 720 basis points of net investment performance, and 220 basis points of accretion from the company tender offer. While 45 days is much too short a period to judge investment performance for a long-term strategy, we believe recent progress is reflective of actual business progress at PSH, and at our portfolio companies during this period. We highlight certain recent business and portfolio company developments below:

- The completion of a $300 million company tender which reduced public shares outstanding by 9.5% at a discount to NAV of 20.5%;
- The removal of PSH's 4.99% ownership limit which creates the potential for additional demand for PSH shares;
- The election of two new independent directors, Bronwyn Curtis and Richard Wohanka, to the PSH Board;
- The addition of Dawn Lepore to the Pershing Square Advisory Board;
- The acquisition of two new core investments: United Technologies, and a new, as-yet-undisclosed investment;
- The recruitment of Brian Niccol, formerly CEO of Taco Bell, as CEO of Chipotle; and
- Strong quarterly earnings reports and business progress at our portfolio companies.

Now that the company tender offer is completed, and subject to applicable Dutch restrictions (including art. 7 page 7 of the Dutch Decree on Public Takeover Bids), members of the management team of Pershing Square Capital Management, L.P. and affiliates may acquire additional shares of PSH in open market and privately negotiated transactions when permissible. I plan to finance the substantial majority of my own potential share purchases with the proceeds of deferred compensation that vested on September 30, 2017 that I reinvested in Pershing Square International, Ltd. pending the potential use of

[1] Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. Please see the additional disclaimers and notes to performance at the end of this letter.

these funds to acquire PSH shares. I may also use personal cash on hand, proceeds from borrowings, liquidity from the sale or financing of other non-Pershing Square assets that I own, and, to a lesser extent, potential future redemptions from the other Pershing Square funds to finance future acquisitions of PSH shares. Over time, I intend to increase my exposure to the Pershing Square strategy as I generate liquidity from other sources.

You should view these potential purchases (when consummated) as a further indication of management's commitment to the success of PSH. While stock prices tend to reflect intrinsic value over the long term, in the short term, supply and demand for shares, so-called "technical factors," can overwhelm fundamental factors. The large supply of sellers of PSH has depressed the stock's current valuation. The completion of the company tender will help address this problem by reducing free float – the supply of freely tradable shares outstanding – by 9.5%. With reductions in free float, a substantially increased investment from the investment manager, and improvements in investment performance, we would expect the discount to NAV to narrow.

While long-term investment performance will drive the substantial majority of long-term PSH shareholder returns, where the shares trade relative to NAV can meaningfully affect shareholder returns in the short-term. Our strong preference is for shareholders to be able to buy and sell PSH shares at prices that are closely banded around PSH's intrinsic value. While NAV is a reasonable proxy for intrinsic value, we remain hopeful not only to reduce the discount to NAV, but also to regain our track record for substantially exceeding market returns over the long term. We are working diligently to do just that.

First Quarter and Year-to-Date Performance Attribution

Investments that contributed or detracted at least 50 basis points to gross performance for the quarter and year-to-date are outlined below[1,2]:

Q1 2018 Attribution:

Contributors	PSH
Chipotle Mexican Grill, Inc.	1.1%
All Other Positions	0.7%
Total	1.8%

Detractors	PSH
Herbalife Ltd.	-3.3%
Federal National Mortgage Association	-2.4%
Federal Home Loan Mortgage Corporation	-1.4%
Restaurant Brands International Inc.	-1.2%
Automatic Data Processing, Inc.	-0.9%
All Other Positions	-0.8%
Total	-10.0%

YTD through 15 May 2018 Attribution:

Contributors	PSH
Chipotle Mexican Grill, Inc.	5.4%
Automatic Data Processing, Inc.	2.9%
Accretion	2.1%
All Other Positions	0.7%
Total	11.1%

Detractors	PSH
Herbalife Ltd.	-3.3%
Federal National Mortgage Association	-2.5%
Restaurant Brands International Inc.	-1.4%
Federal Home Loan Mortgage Corporation	-1.3%
Mondelez International, Inc.	-0.9%
All Other Positions	-1.1%
Total	-10.5%

[2] Each position contributing or detracting at least 50 basis points when rounded to the nearest tenth is shown separately. Positions with smaller contributions are aggregated. Please see the additional disclaimers and notes to performance at the end of this letter.

New Position

United Technologies Corporation (UTX)
United Technologies is a leading industrial holding company which owns a number of high-quality businesses which benefit from favorable long-term growth trends and recurring long-term cash flows. The company operates in three distinct principal divisions: 1) Aerospace systems (UTAS) and engines (Pratt & Whitney), 2) Otis Elevator Company, and 3) Climate, Controls and Security.

UTX is a market-leading provider of mission-critical aerospace systems and engines for commercial, military and business aircraft. The business can be best described by analogy to the razor blade business, in which initial sales of new equipment are sold at prices close to breakeven (a modest profit for aerospace systems and a loss for engines), but generate highly profitable aftermarket sales of spare parts and services that persist for decades. The aerospace business has significant barriers to entry due to the large upfront required investments in research & development and manufacturing, the long-term nature of the new product development cycle, and high switching costs due to stringent regulatory requirements and the IP-intensive nature of the products.

The growing demand for global air travel should generate a strong tailwind for the aerospace business as a large number of new aircraft will be required to satisfy future passenger demand. The existing backlog of commercial aircraft orders is nearly a decade long at current production levels, which should reduce the business' cyclicality, and serve as a sustainable source of future growth. UTX will shortly acquire Rockwell Collins, a leader in avionics systems, subject to the completion of antitrust review, which will further enhance UTAS's competitive position by allowing it to compete in nearly all major aircraft sub-systems and provide a more integrated product offering.

Pratt & Whitney is one of two large engine manufacturers in single-aisle, commercial aircraft, and the leading engine provider for military and small aircraft. Pratt & Whitney recently introduced its new engine platform, the geared turbofan (GTF), which provides material improvements in fuel efficiency and noise reduction versus competitive offerings. Despite several high-profile stumbles during the GTF's initial launch, which have largely been addressed, the engines' seven-year order backlog is indicative of its commercial success. Pratt & Whitney's profit margins, which are currently depressed due to the initial losses associated with the ramp-up of the GTF program, should meaningfully expand as the GTF begins to generate lucrative aftermarket revenues.

Otis is the leading elevator manufacturer and service provider with 30,000 technicians maintaining more than two million elevators. The elevator business benefits from global urbanization trends which support continued long-term growth of new elevator sales and servicing. Otis' large scale and highly dense route networks enable it to cost effectively and efficiently provide on-site service to its customers. While new elevator sales are modestly profitable, the lifetime value of an elevator sale comes primarily from the associated service contract, which is typically very long-term and highly profitable. We estimate that more than 70% of Otis' profits come from its service contracts, which represent a growing cash flow annuity as the installed base of elevators grows. While profit margins have declined over the last several years due to increased investments to reignite growth and weakness in China and certain markets in Europe, Otis' margins are likely to improve as revenue growth accelerates and recent technological innovations improve the efficiency of its service technicians.

UTX's Climate, Controls and Security (CC&S) business is a market leader in HVAC, refrigeration and fire and security products and services. CC&S offers products under highly regarded brands including Carrier (HVAC), Transicold (refrigeration), Kidde (fire) and Chubb (security). Carrier is number one in HVAC in both the U.S. residential and global commercial markets. Carrier's leading market share in residential HVAC provides it with a significant advantage as it distributes products to dealers who

typically stock only one or two brands according to demand from brand-loyal contractors. Carrier's residential HVAC business has exhibited pricing power and strong volume growth from the current replacement cycle, which we believe is likely to continue for the foreseeable future. In commercial HVAC, Carrier provides a highly engineered product offering and benefits from the secular trend towards urbanization. The refrigeration business sells solutions for global trucking, shipping, and retail, with growth driven by cold storage transportation in urban markets, and an increased focus on food safety in emerging markets. The fire and security division maintains market-leading positions in product sales due to the strength of its brands, and benefits from high barriers to entry due to the complexity of local regulatory codes and standards.

Despite having one of the most advantaged business portfolios in the multi-industrial sector, UTX is currently trading at about 16 times our estimate of this year's earnings (pro forma for the acquisition of Rockwell Collins and its associated cost synergies). This valuation is significantly below our estimate of the company's underlying value based on the overall quality and future earnings growth potential of UTX's operating subsidiaries.

We have had a constructive engagement with UTX management who appear focused on unlocking shareholder value. UTX management has publicly stated that they will complete a review of strategic alternatives for its business portfolio following the acquisition of Rockwell Collins this summer, and announce the results of the review by year end. The review may result in a three-way separation of Aerospace, Otis, and Climate, Controls and Security. As each of these businesses has materially different capital requirements, competitive characteristics, and investor constituencies, we believe that they will be more likely to achieve fair value as independent companies. In a separation, management focus and alignment will also likely improve as compensation can be more easily designed to meet shareholder objectives, and entrepreneurial zeal is unleashed from the IPO-like nature of corporate spinoffs. Furthermore, by separating the three businesses, each company's capital structure can be engineered to meet its competitive and long-term capital requirements.

Portfolio Update
(Arranged by Size)

Automatic Data Processing, Inc. (ADP)
ADP reported a strong quarter driven by accelerated bookings growth and positive improvement in revenue retention. EPS increased 16% year-over-year, aided by 8% revenue growth (6% organic) and the reduction of its corporate tax rate. The company announced updated fiscal year 2018 guidance, and now forecasts a faster than expected improvement in margins for Employer Services. We believe the revised forecast is an early indication of potential larger improvements to come.

During our proxy contest with ADP last fall, the company committed to achieving approximately $5.05 of EPS by fiscal year June 2020. Since then, the Company has benefited from a number of extrinsic factors, not due to management actions, which should collectively boost FY 2020 EPS by 20%, or about $1 per share. These positive developments include corporate tax reform, the impact of rising interest rates on ADP's float income, and the upcoming adoption of a required accounting change (ASC606), which should cause ADP's earnings to more accurately reflect economic reality. In March, ADP announced an Early Retirement Program which should increase recurring earnings by an additional ~$0.25 or more.

Considered together, these factors should enable ADP to achieve a minimum of ~$6.25+ in EPS by FY 2020, nearly 25% more than the guidance provided by management last September, not including any other initiatives ADP undertakes to improve profitability. As consensus estimates for 2020 are only $5.63 per share, 10% below our minimum base estimate, we do not believe that ADP analysts and investors have fully considered the impact of these factors, which we outline in the table below:

	FY 2020	Notes:
September 2017 Guidance	**$5.05**	**Pg. 36 of Sept. '17 presentation**
+ Corporate Tax Reform	+ $0.60	Tax Rate from ~33% to ~25%
+ Higher Interest Rates on Float Income	+ $0.20	Interest Rates up ~100bps
+ Accounting Change (ASC 606)	+ $0.10-0.20	Amortization of Selling Expenses
+ Early Retirement Program	+ $0.25+	Estimate >40% acceptance rate
Revised Base EPS Guidance	**~$6.25+**	
Consensus Estimates	$5.63	Bloomberg, as of May 9, 2018

We continue to believe that ADP's potential is substantially greater than is reflected by its current guidance even when updated for the factors outlined above. Commentary by management on the recent earnings call suggests that management shares this view. On the call, management qualitatively elaborated on a large number of initiatives to improve growth and profitability in addition to its Early Retirement Program including its Service Alignment Initiative, the completion of mid-market migrations onto a single product platform, the roll-out of ADP's new payroll and tax computation back-end engines, and other undisclosed initiatives. Furthermore, ADP recently promoted an internal executive to the new role of Chief Transformation Officer, and announced its intention to expand its transformation goals to include "additional operational improvement initiatives."

Pro forma for the completion of mid-market migrations, we estimate that more than 60% of Employer Services revenue is now being generated by its small- and mid-market businesses which run on two next-generation platforms, Run and Workforce Now, which should eventually achieve SaaS (software-as-a-service) margins of more than 40%. ADP's legacy Enterprise business, which will require product migrations to achieve its potential, generates less than 10% of Employer Services' revenues according to ADP. We believe that ADP is at an opportune moment in its history to more holistically assess its long-term structural potential, and articulate a plan to realize it.

At ADP's June 12th Analyst Day, investors are expecting the company to discuss the ongoing business transformation, and to provide investors with an updated outlook for the company which better reflects its potential.

Restaurant Brands International Inc. (QSR)

Restaurant Brands' first quarter results showed continuing earnings growth as Burger King and Popeyes delivered strong results, partially offset by weaker results at Tim Hortons. QSR reported strong unit growth of 6% as Burger King and Popeyes net unit count increased 7%, and Tim Hortons net unit count increased 3%. Same-store sales grew 4% at Burger King as the concept continues to strike the right balance between value offerings and limited-time premium products. Popeyes' same-store sales grew 3% as the company achieved its goal of introducing more value items on the menu. Tim Hortons' same-store-sales were down slightly as sales growth in breakfast foods was more than offset by heightened competition in coffee.

To improve results at Tim Hortons, QSR unveiled a new initiative called "Winning Together," which will focus on improving the restaurant experience, product excellence, and brand communications. As part of the plan, the company will partner with Tim Hortons' franchisees to reimage a large portion of its store

base, increase its focus on digital technology, expand and improve its menu offerings, and launch more brand-enhancing marketing campaigns. QSR recently appointed a new President and Chief Marketing Officer at Tim Horton's, who previously played important roles in reigniting Burger King's U.S. sales growth.

QSR's organic EBITDA grew 5% as Burger King EBITDA grew 12% reflecting strong same-store sales, net unit growth, and improved margins; Popeyes' EBITDA grew 80% driven by substantial cost efficiencies, while Tim Hortons EBITDA declined 6%, principally from lapping the prior year's sales of new equipment packages related to the launch of its espresso-based drinks platform. Overall, Restaurant Brands' reported EBITDA grew 7%, including a 4% tailwind from the weaker US dollar that was offset by a 2% headwind from new accounting rules that reduced reported EBITDA, but which had no impact on cash flow.

Despite continued earnings growth this quarter, QSR's share price has declined nearly 10% this year amidst concerns that the recent weakness in Tim Hortons' same-store sales growth will persist. QSR currently trades at about 19 times our estimate of 2018 free cash flow, an inexpensive valuation on an absolute and relative basis, compared with its franchised restaurant peers which trade at more than 25 times free cash flow. We believe that the recent slowdown in same-store sales growth at Tim Hortons will ultimately prove temporary, and expect the new "Winning Together" plan and recent leadership changes to enable Tim Hortons to return to its historical rates of growth.

Chipotle Mexican Grill, Inc. (CMG)

Chipotle reported first quarter 2018 results on April 25th. Results for the quarter were materially ahead of consensus expectations for same-store sales, margins, and earnings. Underlying same-store sales increased 2.7%, an acceleration from the prior two quarters driven by 6.2% average check growth and a 3.5% decline in transactions. Restaurant margin was 19.5%, up nearly two percentage points from the prior year quarter, as decreased food costs and reduced marketing and promotional expenses as a percentage of sales, more than offset labor inflation and other cost increases.

This quarter's earnings call was the first time that new CEO Brian Niccol publicly addressed investors. Brian shared the key leadership principles that inform the culture he intends to create at Chipotle, which include focusing on results over activity, holding people accountable, harnessing the power of innovation, and instilling a winning work ethic driven by a focus on delighting the customer. The executive team was most recently strengthened with the addition of a new Chief Marketing Officer who previously held the same position at Taco Bell, and a new Chief Human Resources Officer with previous experience at Kate Spade and Starbucks.

Brian also shared his initial thoughts on the wealth of opportunities that he sees to improve Chipotle's business and drive growth. Near-term initiatives include a reallocation of marketing spend to more productive uses, implementation of a "test and learn" approach for new products and other initiatives, extended hours, and use of marketing and innovation to convert current downtimes into transaction-driving opportunities. Management intends to drive innovation across the business in customer access, digital, and menu, while focusing on fundamentals. Longer-term opportunities may include breakfast, drive-throughs, and international expansion.

Chipotle has scheduled a special investor call on Wednesday, June 27th during which management will share more details about the strategies management plans to employ to drive a successful turnaround.

The Howard Hughes Corporation (HHC)
During the quarter, HHC adopted a new revenue recognition standard that significantly reduced GAAP revenue and earnings for the quarter, but had no impact on the company's intrinsic value or cash flows. Up until this quarter, HHC recognized revenue for its condominium projects using percentage of completion accounting where units under contract to be sold were recognized into revenue as the corresponding condominium tower was constructed. The new accounting requirement better matches cash flows as condo sales are recognized only when unit sales are completed and title is transferred to the buyer. We believe some analysts and investors were confused by the change as HHC's stock declined despite strong demonstrated value creation during the quarter. During the quarter, the company opportunistically acquired about 1% of its shares outstanding for $120.33 per share as each of HHC's core master planned communities (MPCs) showed continued growth and business progress as we describe in detail below.

Ninety-five percent of the 1,381 available condo units in HHC's Hawaii Ward Village's four existing towers under construction are now under contract or have been sold. HHC began pre-sales of its new 751 unit condo tower offering (A'ali'i) in January. In four months, the tower is already 39% pre-sold, highlighting the continued demand for high quality, differentiated, Ward Village for-sale product. With only 25% of its entitlements utilized, Ward Village offers substantial continued value creation for HHC over the next decade. The company's outright ownership of its land allows it to carefully control the pace of deliveries, enabling HHC to meet market demand while substantially reducing the risk of oversupply.

In Summerlin, Las Vegas, continued strong land sales and increasing home prices generated continued strong cash flows. HHC began construction of the ballpark for its wholly owned Las Vegas 51s Triple A baseball team, which is expected to cost approximately $115 million and is estimated to produce approximately $7 million of cash flow. This is an attractive expected return from an amenity principally designed to increase the value of Downtown Summerlin and the surrounding property owned by HHC.

At the South Street Seaport, HHC finalized new leases (ESPN, Malibu Farms) and new sponsorship agreements (Lincoln Motor, Heineken). The Seaport is not just a real estate asset that will generate rental income, but an operating business that will have sustained sponsorship and business income in addition to rental income. Live Nation recently announced a summer 2018 rooftop concert series at the Seaport which will further enhance the visibility and attractiveness of the Seaport to the community, and increase demand for remaining space and more corporate sponsorships.

In Chicago, HHC began construction on a 53-story, 1.4 million sq. ft. Class A office development at 110 North Wacker. The total estimated cost of the project is $761 million with an estimated 7.9% unlevered yield on cost. HHC arranged third-party debt and preferred and common equity commitments, which reduce HHC's cash investment to the project to just $49 million. HHC will retain a significant portion of the profit on the project with its share of stabilized cash flow estimated to be over $19 million. To date, we believe that few HHC shareholders have assigned significant value to this non-core asset.

In its Operating Asset segment, HHC increased its projected stabilized net operating income target from $255 million to $291 million as a result of the addition of three new developments to its pipeline. As a growing percentage of HHC enterprise value is represented by stabilized, cash-flow-generative real estate assets, it should become easier for investors to underwrite the value of its assets and HHC's intrinsic value, which we believe is substantially greater than the current share price.

Mondelez International, Inc. (MDLZ)
Mondelez reported first quarter 2018 results on May 1st. Organic sales growth for the quarter was 2.4%, with over 70% of this increase driven by volume and product mix, and the balance from pricing. This was the third consecutive quarter with both organic sales growth in the 2% to 3% range, and a positive

contribution from volume and product mix. All regions outside of North America posted solid growth, including 5.5% growth in emerging markets, which represent nearly 40% of the company's sales. North America, which accounts for less than 25% of the company's sales, declined 1.8% in the quarter driven by ongoing weakness in gum, as well as transitory issues including inventory destocking at retailers, and poor supply chain execution. Encouragingly, consumer demand for Mondelez's core cookie and cracker brands, which generate over 80% of the company's sales in North America, appears robust, with retail sales for these brands growing 2.5% in the quarter.

Operating profit margins expanded by 30 basis points to 16.7%, as a continued reduction in overhead costs more than offset a decline in gross margin driven by unfavorable product mix, higher commodity costs, and freight inflation in North America. In contrast to most US-centric consumer packaged goods ("CPG") companies that expect lower gross margins in the near-to-medium term, Mondelez management still expects gross margins to expand in the full year, reflecting both the company's limited US presence, as well as the significant opportunity that exists to expand margins beyond current levels. EPS grew 19% as reported, or 10% on a constant-currency basis, driven by good operating performance as well as lower interest expense and share repurchases. We believe that Mondelez, with its advantaged category and geographic footprint, is one of the few CPG companies that should continue to deliver sustained double-digit EPS growth even in the current environment.

Despite posting results that were in-line with or better than those of its key global and snack-focused peers in the quarter, Mondelez continues to trade at an unwarranted discount to both its peers and intrinsic value. MDLZ is currently trading at approximately 15.5 times forward earnings, which is a trough valuation for the company since the spin-off of Kraft Foods in October 2012, and a 25% discount to its average valuation multiple since then. While some recent share price weakness has been driven by investor rotation out of consumer staples due in part to the rising interest rate environment, we believe that investors are wrongly penalizing MDLZ for the significant challenges facing more US-focused, center-of-plate packaged food companies that continue to experience organic sales declines. We believe that Mondelez's valuation gap should close as the company continues to report differentiated results over the coming quarters, and as investors gain more comfort with the new CEO who will reveal the results of the company's strategic review at the end of the summer.

Platform Specialty Products Corporation (PAH)
Platform reported continued earnings growth this quarter as the combination of organic revenue growth, lower interest expense and a strong tailwind from foreign exchange more than offset temporary margin pressures from input cost inflation. Platform's organic revenue grew 5% as Performance Solutions grew 4%, and Ag Solutions grew 6%. The growth in the Performance Solutions segment continued to be driven by the positive results of the electronic materials business it acquired from Alent, and overall strength in its industrial business. The growth in Ag Solutions was driven by strength in the Latin and North American markets.

Despite positive organic sales growth, Platform's organic EBITDA decreased 3% due to input cost inflation in Ag Solutions, which the company expects to mitigate through future price increases. Performance Solutions organic EBITDA grew 2% as positive revenue growth was somewhat offset by the increased proportion of sales from lower-margin products. Ag Solutions organic EBITDA declined 8% due to input cost inflation resulting from supply shortages of key active ingredients and a higher level of sales from lower-margin products. Platform's overall EBITDA grew 7% due to a 10% tailwind from foreign exchange. EPS increased 30% due to lower interest expense from the company's recent debt refinancing.

On Platform's earnings call, management reiterated that it remains on track to separate its two businesses in the second half of this year, and stated that it is evaluating various execution alternatives for the separation in order to maximize shareholder value.

Fannie Mae (FNMA) / Freddie Mac (FMCC)
Fannie and Freddie reported modest underlying earnings growth in the first quarter, including improved fundamentals in their core single-family guarantee businesses. After drawing funds from Treasury for the first time since 2012 earlier this year to fund one-time charges related to corporate tax reform, Fannie plans to resume dividend payments to Treasury this quarter while Freddie continues to rebuild its capital towards the $3 billion limit for each entity that became effective at the start of the year. Absent a further change in policy from Treasury and FHFA, we would expect Freddie to resume dividend payments to the Treasury in the third quarter. While increasing the amount of capital each entity is allowed to hold from zero to $3 billion was a step in the right direction, current capital levels are still woefully inadequate in light of their more than $5 trillion of outstanding guarantees and other liabilities.

Despite continued business progress and corporate tax reform which will materially enhance the GSE's profitability, Fannie and Freddie's common stock prices have declined about 50% year-to-date. We attribute this decline to investor frustration at the lack of progress on housing finance reform efforts in Congress, which seem to have stalled in the run-up to the midterm elections, and, we believe, forced selling from certain large investment firms that have recently begun to wind down their operations.

Treasury Secretary Steven Mnuchin stated in late April that he would focus on housing finance reform after the elections in early 2019. The administration will soon have the ability to appoint a new director of the FHFA, Fannie and Freddie's primary regulator, in January. Since Congress has been unable to put forth a viable plan since conservatorship began nearly a decade ago, we believe it is increasingly likely that the administration and FHFA will soon take the lead on housing finance reform. While the exact timing of a resolution is difficult to predict and continued stock price volatility is likely, the per-share intrinsic value of each entity continues to grow along with their core businesses. We continue to believe that Fannie and Freddie offer a highly attractive potential reward relative to risk for the patient investor, particularly at current share prices, near their lowest since we made our investment in 2013.

Exited Positions

As previously disclosed, we exited Herbalife and Nike during the first quarter of 2018.

Organizational Update

Steve Fraidin has served on Pershing Square's advisory board since its inception in 2004, and joined the firm in 2015 as Vice Chairman. Recently, Steve has decided to return to private practice to re-launch his M&A practice while continuing to remain a member of the Pershing Square Advisory Board. Steve has been a brilliant advisor and partner to Pershing Square, and we look forward to continuing to benefit from his wise counsel.

We are delighted that Dawn Lepore joined the Advisory Board this quarter. Over the course of her career, Dawn served in a number of executive roles including CEO of Drugstore.com. She spent most of her career in leadership positions at The Charles Schwab Company where she played a key role in launching and then building Schwab's highly successful e-commerce business. In her 21 years with Schwab, she held a wide variety of roles and responsibilities including Vice Chairman of Active Trader,

Technology, Operations, Administration and Business Strategy from August 2003 to October 2004. Dawn has served on numerous public boards including The New York Times, Walmart, and eBay.

Please contact the investor relations team if you have any questions. We greatly appreciate your support.

Sincerely,

William A. Ackman

Additional Disclaimers and Notes to Performance Results

Presentation of Performance Results and Other Data

The performance results of Pershing Square Holdings, Ltd. (“PSH” or the “Company”) shown in this letter are presented on a gross and net-of-fees basis. Gross and net performance includes the reinvestment of all dividends, interest, and capital gains, and reflects the deduction of, among other things, brokerage commissions and administrative expenses. Net performance reflects the deduction of management fees and accrued performance fee, if any. All performance provided herein assumes an investor has been in PSH since its inception date and participated in any “new issues”, as such term is defined under Rules 5130 and 5131 of FINRA. Depending on the timing of a specific investment and participation in “new issues”, net performance for an individual investor may vary from the net performance stated herein. Performance data for 2018 is estimated and unaudited.

The inception date for PSH is December 31, 2012. The performance data presented on the first page of this letter for the market indices under “since inception” is calculated from December 31, 2012. The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in PSH with certain well-known, broad-based equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject. PSH is not restricted to investing in those securities which comprise any of these indices, its performance may or may not correlate to any of these indices and it should not be considered a proxy for any of these indices. The volatility of an index may materially differ from the volatility of PSH. 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. © 2015 S&P Dow Jones Indices LLC, its affiliates and/or its licensors. All rights reserved.

The performance 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 incentive fee (if any). Inclusion of such fees and expenses would produce lower returns than presented here. In addition, at times, PSH 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 PSH is invested. Unless otherwise noted herein, the gross returns: (i) include only returns on the investment in the underlying issuer and the hedge positions that directly relate to the securities that reference the underlying issuer (e.g., if the Company was long Issuer A stock and also purchased puts on Issuer A stock, the gross return reflects the profit/loss on the stock and the profit/loss on the put); (ii) do not reflect the cost/benefit of hedges that do not relate to the securities that reference the underlying issuer (e.g., if the Company was long Issuer A stock and short Issuer B stock, the profit/loss on the Issuer B stock is not included in the gross returns attributable to the investment in Issuer A); and (iii) do not reflect the cost/benefit of portfolio hedges. Performance with respect to currency hedging related to a specific issuer is included in the overall performance attribution of such issuer. All other currency positions are aggregated. The performance attributions to the gross returns provided herein are for illustrative purposes only. The securities on this list may not have been held by PSH for the entire period.

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. It should not be assumed that investments made in the future will be profitable.

General Notes

This letter does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product.

This letter contains information and analysis relating to publicly disclosed positions above 50 basis points in the Company’s portfolio during the period reflected on the first page. 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 letter 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 letter 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.

Risk Factors

Investors in PSH may lose all, or substantially all, of their investment in PSH. Any person acquiring shares in PSH must be able to bear the risks involved. These include, among other things, the following:

- PSH is exposed to a concentration of investments, which could exacerbate volatility and investment risk;
- Activist investment strategies may not be successful and may result in significant costs and expenses;
- Pershing Square may fail to identify suitable investment opportunities. In addition, the due diligence performed by Pershing Square before investing may not reveal all relevant facts in connection with an investment;
- While Pershing Square may use litigation in pursuit of activist investment strategies, Pershing Square itself and PSH may be the subject of litigation or regulatory investigation;
- Pershing Square may participate substantially in the affairs of portfolio companies, which may result in PSH’s inability to purchase or sell the securities of such companies;
- PSH may invest in derivative instruments or maintain positions that carry particular risks. Short selling exposes PSH to the risk of theoretically unlimited losses;
- PSH’s non-U.S. currency investments may be affected by fluctuations in currency exchange rates;
- Adverse changes affecting the global financial markets and economy may have a material negative impact on the performance of PSH’s investments;
- Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect PSH’s business, investments and results of operations;
- Pershing Square is dependent on William A. Ackman;
- PS Holdings Independent Voting Company Limited controls a majority of the voting power of all of PSH’s shares;
- PSH shares may trade at a discount to NAV and their price may fluctuate significantly and potential investors could lose all or part of their investment;
- The ability of potential investors to transfer their PSH shares may be limited by the impact on the liquidity of the PSH shares resulting from restrictions imposed by ERISA and similar regulations; and
- PSH is exposed to changes in tax laws or regulations, or their interpretation.