



# **London Investor Meeting**

**February 13, 2019**

**Pershing Square Capital Management, L.P.**

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# Agenda

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**Chairperson's Introduction**

**2018 PSH Performance Review**

**Business & Organizational Update**

**Current Portfolio Update**

**Q&A**

## **Chairperson's Introduction**

# **Board of Directors of PSH**

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**All directors are independent of Manager other than Nicholas Botta**

- ▶ **Anne Farlow – Chairperson**
- ▶ **Richard Battey**
- ▶ **Nicholas Botta**
- ▶ **William Scott**
- ▶ **Bronwyn Curtis (as of April 2018)**
- ▶ **Richard Wohanka (as of April 2018)**

# PSH Board Process

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- ▶ Quarterly in-person meetings, telephonic meetings as needed
- ▶ Review investment performance and portfolio
- ▶ Review operational risk management
- ▶ Shareholder register
- ▶ Investor relations update
- ▶ Expenses
- ▶ Any regulatory matters
- ▶ Additional matters

# 2018 Corporate Actions

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- ✓ Elected two new independent directors, Bronwyn Curtis and Richard Wohanka, to the PSH Board in April 2018
- ✓ Removed PSH's 4.99% ownership limit in April 2018, which creates the potential for additional demand for PSH shares
- ✓ Completed a \$300 million company tender in May 2018 at a 20.5% discount to NAV which reduced public shares outstanding by 9.5%
- ▶ PSCM affiliates have purchased more than \$520 million of PSH shares in the open market since May 2018

**The combination of the company tender and share purchase by PSCM affiliates has reduced the free float of PSH by 24.5% since April 2018**

# PSH Initiates a Quarterly Dividend

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**Beginning Q1 2019, PSH will pay a quarterly dividend of \$0.10 per share, a 2.5% yield at the current PSH share price<sup>1</sup>**

- ✓ **PSH's current dividend yield is similar to that of the S&P 500**
  - PSH is likely to continue investing primarily in companies in the S&P 500
  - The average dividend yield of the S&P 500 is ~2.1%<sup>2</sup>
  - PSH's dividend as a percent of NAV<sup>3</sup> is 1.9% which is comparable to the S&P 500 dividend yield

(1) PSH share price at close (\$15.70) on the London Stock Exchange as of 2/12/2019

(2) As of 2/12/2019

(3) NAV per share (\$21.57) as of 2/12/2019



# Benefits of a Quarterly Dividend

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- ✓ **Expands the universe of potential PSH investors who prefer or require dividends as part of their investment strategy**
- ✓ **Dividend will represent return of capital at NAV which can be reinvested in PSH shares at a discount to NAV**
  - Optional dividend reinvestment program (“DRIP”) will facilitate automatic reinvestment in PSH shares at market price
  - DRIP will create incremental demand for PSH shares
- ✓ **Further emphasizes that PSH is an attractive alternative to a S&P 500 portfolio**

# **2018 PSH Performance Review**

# Pershing Square Holdings, Ltd. Annual Net Returns

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Year	Since 1/1/2013	
	PSH	S&P 500
2013	9.6%	32.4%
2014	40.4%	13.7%
2015	(20.5%)	1.4%
2016	(13.5%)	11.9%
2017	(4.0%)	21.8%
2018	(0.7%)	(4.4%)
2019 YTD (2/12/2019)	24.7%	9.7%

*Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Please see the additional disclaimers and notes to performance results at the end of this presentation.*

# 2019 is Off to A Strong Start

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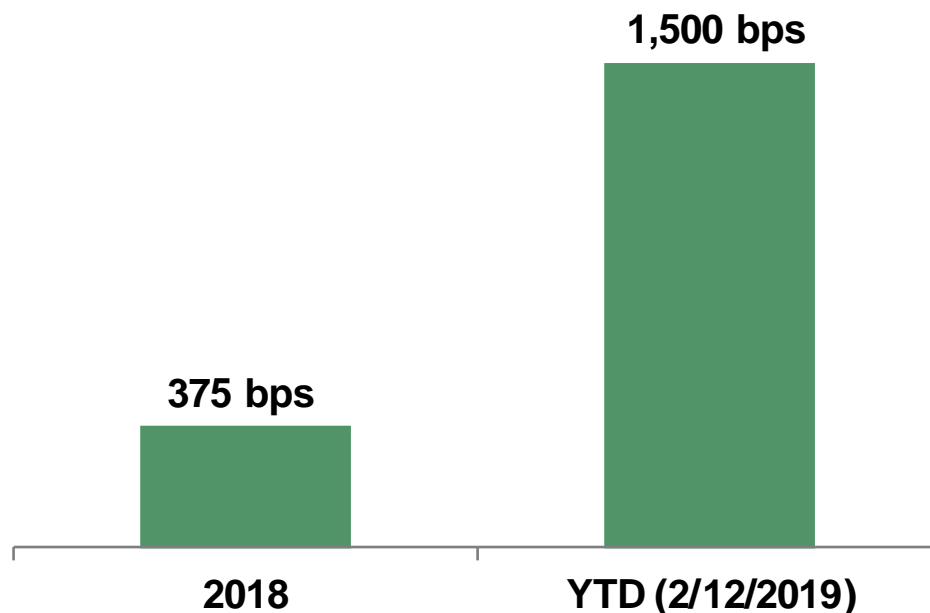
Stock Price Performance incl. Dividends	YTD (2/12/2019)	Earnings Date
<b>Restaurant Brands International</b>	<b>22.9%</b>	<b>2/11/2019</b>
<b>Automatic Data Processing</b>	<b>14.0%</b>	<b>1/30/2019</b>
<b>Chipotle Mexican Grill</b>	<b>37.5%</b>	<b>2/6/2019</b>
<b>Lowe's</b>	<b>8.2%</b>	<b>2/27/2019</b>
<b>Starbucks</b>	<b>8.9%</b>	<b>1/24/2019</b>
<b>Hilton Worldwide</b>	<b>3.5%</b>	<b>2/13/2019</b>
<b>United Technologies</b>	<b>16.4%</b>	<b>1/23/2019</b>
<b>The Howard Hughes Corporation</b>	<b>13.9%</b>	<b>2/28/2019</b>
<b>Fannie Mae Common Shares</b>	<b>140.6%</b>	<b>2/14/2019</b>
<b>Freddie Mac Common Shares</b>	<b>130.2%</b>	<b>2/14/2019</b>
<b>Fannie Mae Preferred Shares</b>	<b>34.6%</b>	<b>2/14/2019</b>
<b>Freddie Mac Preferred Shares</b>	<b>37.7%</b>	<b>2/14/2019</b>

*Note: The companies shown on this page reflect all of the companies in the portfolio of PSB as of February 12, 2019 that have been publicly disclosed through regulatory filings or otherwise. Stock price performance is provided for illustrative purposes only and is not an indication of future returns of PSB.*

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# Substantial Outperformance in a Volatile Market

## PSH Outperformance vs. S&P 500 in 2018 and YTD 2019 (2/12/2019)

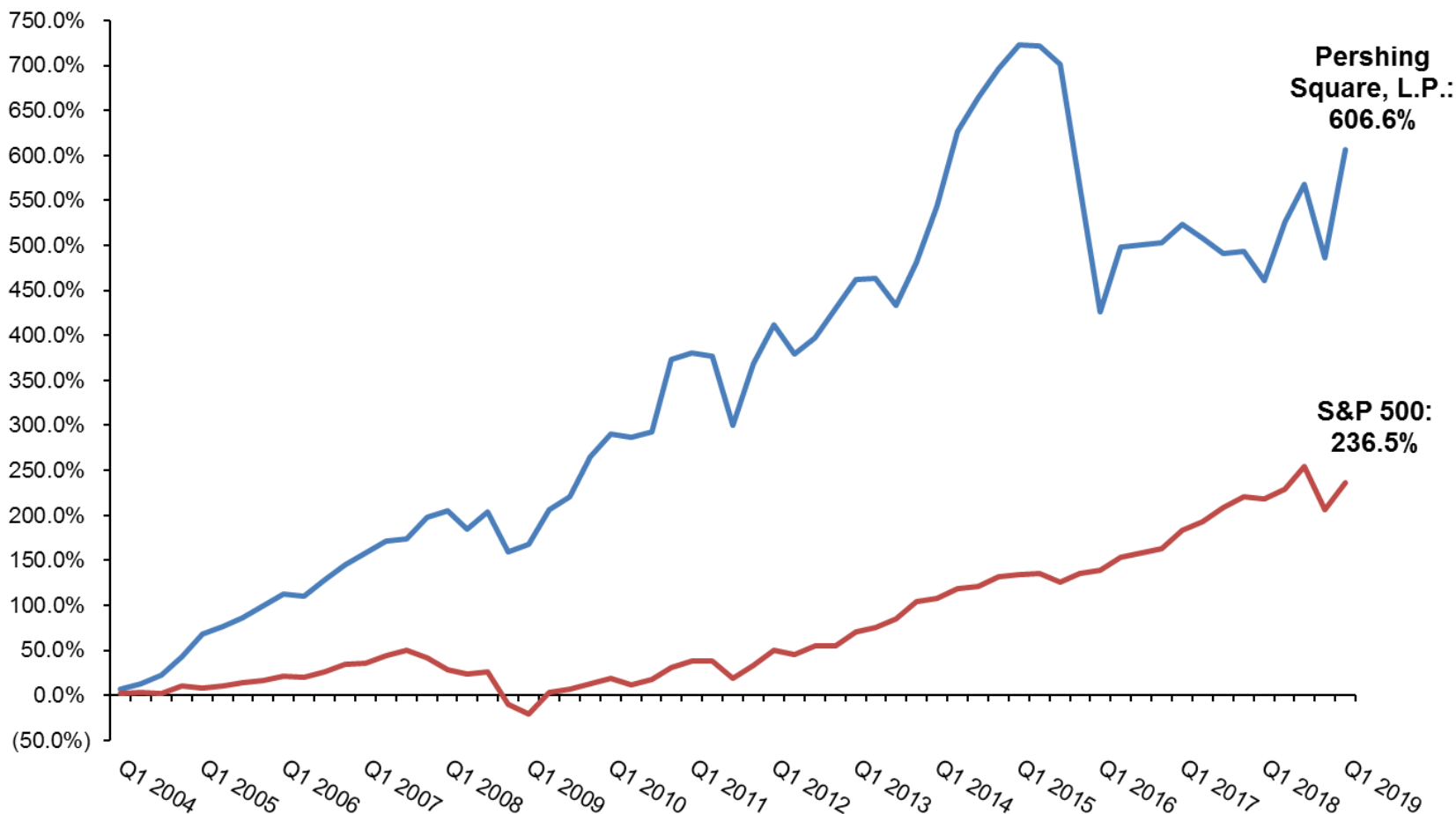


Net Returns	2018	YTD (2/12/2019)
PSH	(0.7%)	24.7%
S&P 500	(4.4%)	9.7%

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# Cumulative Net Returns Since Inception (1/1/04)

## Pershing Square, L.P. Net Returns vs. S&P 500 through February 12, 2019

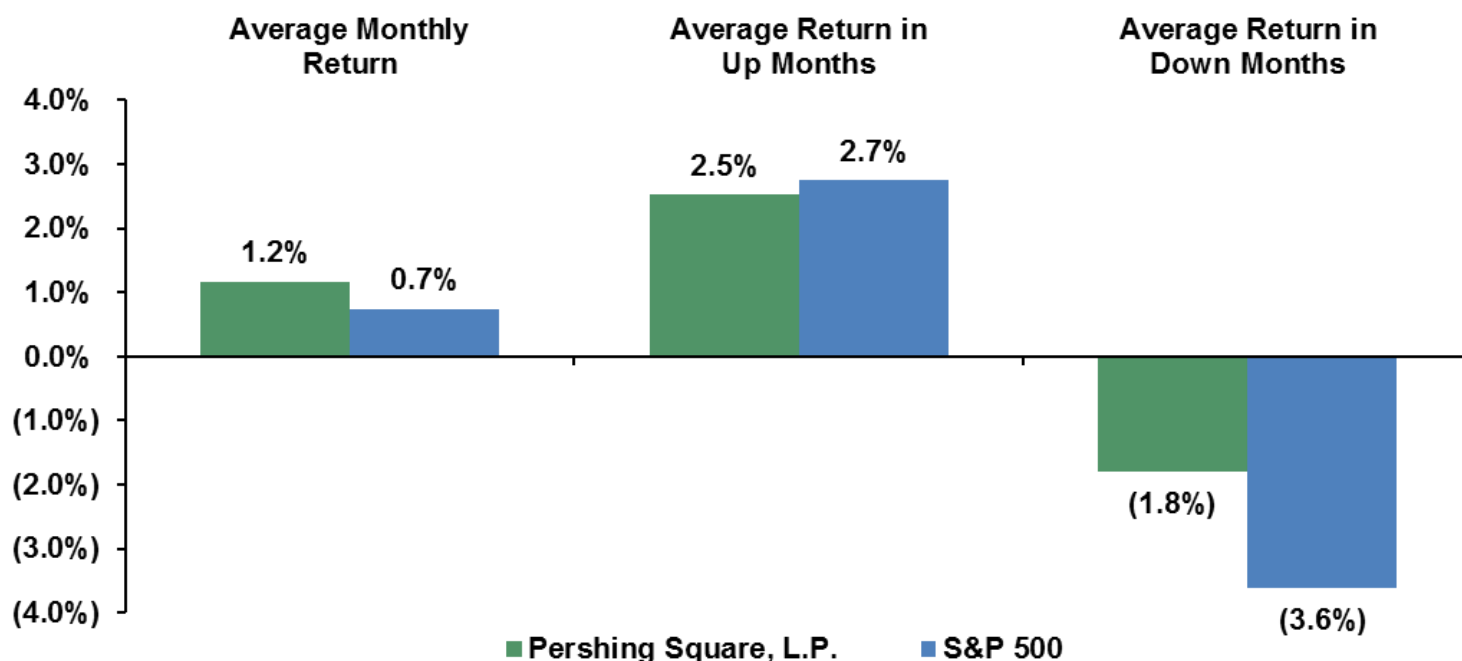


Data represents performance of PSLP, the fund managed by Pershing Square with the longest track record. Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Please see the additional disclaimers and notes to performance results at the end of this presentation.

# Long-Term Performance in Up & Down Markets

## Pershing Square, L.P.

Net Returns vs. S&P 500 (1/1/2004 through 1/31/2019)<sup>(1)</sup>



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(1) Data represents performance of PSLP, the fund managed by Pershing Square with the longest track record. "Up" months and "down" months are defined as months in which the closing price of the S&P 500 on the last business day of the relevant month was higher and lower, respectively, than the closing price of the S&P 500 on the last business day of the immediately preceding month.

## 2018 Contributors (Gross Returns)

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Contributors	PSH
Chipotle Mexican Grill	6.2%
Automatic Data Processing	5.5%
Starbucks	3.3%
Accretion from Share Buyback <sup>1</sup>	2.1%
Lowe's	0.7%
<hr/>	
All Other Positions	0.4%
<b>Total Contributors</b>	<b>18.2%</b>

*Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Each position with contribution to returns of at least 50 basis points when rounded to the nearest tenth is shown separately. Positions with smaller contributions are aggregated. The returns (and attributions) set forth above do not reflect certain fund expenses (e.g., administrative expenses). Please see the additional disclaimers and notes to performance results at the end of this presentation.*

*(1) PSH executed a \$300 million company tender at a 20.5% discount to NAV in May 2018. The positive impact on performance due to the tender ("accretion") is reflected above.*



## 2018 Detractors (Gross Returns)

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Detractors	PSH
Fannie Mae & Freddie Mac	(4.6%)
The Howard Hughes Corporation	(3.6%)
Herbalife (Short)	(3.3%)
Restaurant Brands International	(2.2%)
United Technologies	(2.2%)
<hr/>	
All Other Positions	(1.6%)
<b>Total Detractors</b>	<b>(17.5%)</b>

*Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Each position detracting 50 basis points or more from returns when rounded to the nearest tenth is shown separately. Positions detracting less than 50 basis points are aggregated. The returns (and attributions) set forth above do not reflect certain fund expenses (e.g., administrative expenses). Please see the additional disclaimers and notes to performance results at the end of this presentation.*

# Long and Short Attribution (Gross Returns)

Pershing Square, L.P.		
	Long	Short / Hedge
2004	61.6%	(5.9%)
2005	53.7%	(1.6%)
2006	36.9%	(6.9%)
2007	(5.6%)	34.9%
2008	(23.2%)	11.6%
2009	60.5%	(11.4%)
2010	43.8%	(4.7%)
2011	2.5%	(2.1%)
2012	16.9%	1.1%
2013	25.8%	(12.0%)
2014	42.4%	5.8%
2015	(9.3%)	(5.6%)
2016	(7.1%)	(1.1%)
2017	3.3%	(3.4%)
2018	2.7%	(2.7%)
2019 YTD	20.6%	-

Pershing Square Holdings, Ltd.		
	Long	Short / Hedge
2013	24.9%	(11.9%)
2014	44.7%	5.9%
2015	(13.7%)	(5.6%)
2016	(11.0%)	(1.1%)
2017	1.5%	(4.1%)
2018	4.0%	(3.3%)
2019 YTD	24.9%	-

Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. Please see the additional disclaimers and notes to performance results at the end of this presentation. 2019 YTD performance as of 2/12/2019  
 Note: Because of a change in reporting methodology, HKD call options are included in short attributions from 2010 through 2014 and are included in long attribution for 2015 and 2016. The Allergan litigation reserve taken in 2016 and 2017 reduced the Long Attribution percentage in those years for both Pershing Square, L.P. and Pershing Square Holdings, Ltd. by 0.6% and 1.3%, respectively.

# Total Assets Under Management

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(\$ in millions)	12/31/2018 AUM	2/12/2019 AUM
<b>Pershing Square, L.P.</b>	<b>\$946</b>	<b>\$1,141</b>
<b>Pershing Square International, Ltd.</b>	<b>991</b>	<b>1,189</b>
<b>Pershing Square Holdings, Ltd.</b>	<b>3,833</b>	<b>4,781</b>
<b>Pershing Square II, L.P.</b>	<b>63</b>	<b>76</b>
<b>Total Core Fund AUM</b>	<b>\$5,833</b>	<b>\$7,187</b>
<b>PS VI Funds (ADP Co-Investment Vehicle)</b>	<b>613</b>	<b>739</b>
<b>Total Firm AUM</b>	<b>\$6,446</b>	<b>\$7,926</b>

*Assets under management are net of any capital redemptions (including crystallized performance fee/allocation, if any). No deductions are made for any capital redemptions if such redemption amounts are to be immediately re-subscribed into the same Pershing Square fund. In July 2017, total NAV included Pershing Square VI, L.P. and Pershing Square VI International, L.P., each feeder funds to Pershing Square VI Master, L.P., all of which operated collectively as a co-investment vehicle investing primarily in securities of (or otherwise seeking to be exposed to the value of securities issued by) Automatic Data Processing, Inc. (collectively, "PSVI") without double counting investments by any Core Fund in PSVI). Pershing Square L.P., Pershing Square International, Ltd. and Pershing Square Holdings, Ltd. have investments totaling \$97m; \$102m and \$422m, respectively, in the Pershing Square VI Funds as of December 31, 2018 and \$117m, \$123m and \$508m, respectively, as of February 12, 2019.*

# **Business and Organizational Update**

# Our 2018 Strategic Initiatives: What We Said

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## Returning to Our Roots

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**We have created a strong path forward that reminds us of our early roots**

- ✓ **Restructured to a smaller investment-centric organization**
  - Growth will come from returns, not asset gathering
  - More efficient and impactful team will strengthen the firm's culture
- ✓ **Reinforced our core investment principles**
  - We have learned from our mistakes and carved our investment principles in stone
  - New investments in 2017 demonstrate strong alignment with core principles
- ✓ **Continue to create value with activism**
  - ADP and Chipotle are in early stages of value creation

# Our 2018 Strategic Initiatives: What We Did

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- 1 Reduced headcount from 74 employees at peak to 38 employees today resulting in a more focused and investment-centric organization
- 2 Opportunistically redeployed capital into four new investments that are aligned with our core investment principles



- 3 Constructively engaged with our portfolio companies to drive long-term value creation\*



*\*Note: Additionally, Pershing Square was actively involved on the boards of Howard Hughes and Platform Specialty Products.*

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# **2018 Was A Year Of Transition Organizationally**

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- ▶ **Smaller investment-centric organization**
  - Bill delegated day-to-day operational and investor relations duties to other members of the firm
  - Minimal media footprint
- ▶ **Pershing Square Advisory Board**
  - Added Dawn Lepore, former CEO and President of Drugstore.com Inc.
  - Added Ali Namvar, former investment team member
  - Board retirements: Marty Peretz and Ed Meyer
- ▶ **Moving to 787 11th Avenue in Q2 2019**

# 1 Stable Path Ahead

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## Limited Organizational Change

- ▶ We have the right team in place to compound our capital for years without any meaningful headcount changes

## Stable Capital Base

- ▶ PSH represents ~67%<sup>1</sup> of the equity of Pershing Square core funds and 71%<sup>1</sup> of the assets under management (including PSH bond proceeds)

## Consistent Execution

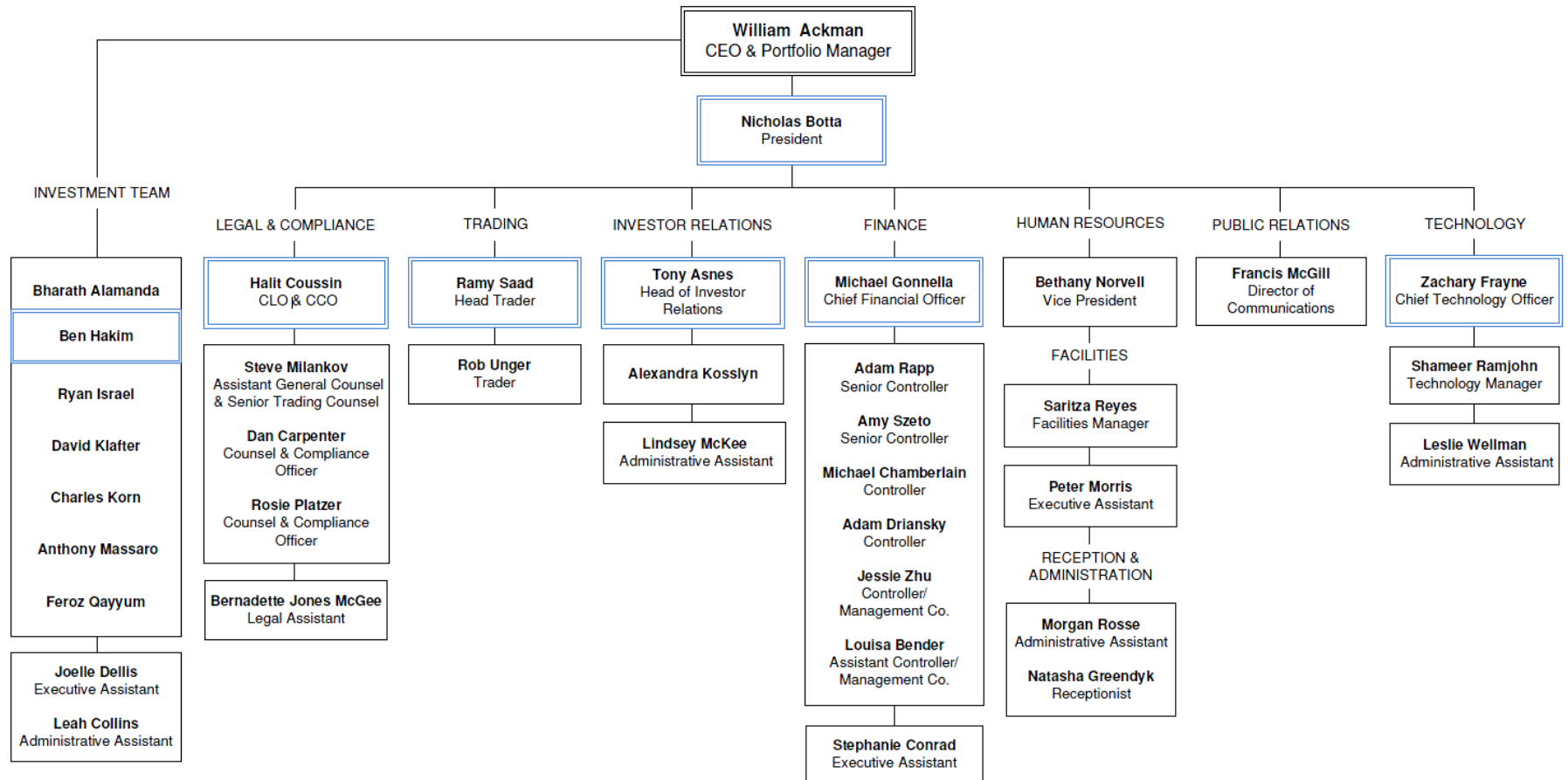
- ▶ Our investment strategy has a long and successful track record
- ▶ Adhering to our core investment principles has enabled us to outperform the S&P 500 in a volatile market in 2018 and year-to-date in 2019

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(1) Equity and assets under management as of 2/12/2019



# 1 New Organizational Chart











Note: Operational Leadership Group Member

# Investment Team Bios

Employee	Education and Summary Prior Experience	Career Experience (Years)	PSCM Tenure (Years)
<b>William Ackman</b> CEO / Portfolio Manager	Gotham Partners, Co-founder and Portfolio Manager (1992 - 2003) M.B.A., Harvard Business School, 1992 A.B., Harvard College, magna cum laude, 1988	29	15
<b>Ryan Israel</b>	Goldman Sachs, Analyst (2007 - 2009) B.S.E., The Wharton School, summa cum laude, beta gamma sigma, 2007	12	10
<b>David Klaffer</b>	Gotham Partners, General Counsel (1996 - 2004) White & Case/Paskus Gordon & Mandel, Litigator (1982 - 1996) Hon. Charles H. Tenney, Law Clerk (1980 - 1982) J.D., NYU Law School, 1980; B.A., Northwestern University, phi beta kappa, 1976	39	8
<b>Ben Hakim</b>	The Blackstone Group, Senior Managing Director (1999 - 2012) PricewaterhouseCoopers, Associate (1997 - 1999) B.S., Cornell University, 1997	21	7
<b>Anthony Massaro</b>	Apollo Global Management, Private Equity Associate (2011 - 2013) Goldman Sachs, Analyst (2009 - 2011) B.S.E., The Wharton School, summa cum laude, beta gamma sigma, 2009	10	6
<b>Charles Korn</b>	Kohlberg Kravis Roberts & Co., Private Equity Associate (2012 - 2014) Goldman Sachs, Analyst (2010 - 2012) B.A., The University of Western Ontario, Richard Ivey School of Business, Ivey Scholar, 2010	9	5
<b>Bharath Alamanda</b>	Kohlberg Kravis Roberts & Co., Private Equity Associate (2015 - 2017) Goldman Sachs, Analyst (2013 - 2015) B.S.E., Princeton University, summa cum laude, phi beta kappa, 2013	6	2
<b>Feroz Qayyum</b>	Hellman & Friedman, Private Equity Associate (2015 - 2017) Evercore, Analyst (2013 - 2015) B.A., The University of Western Ontario, Richard Ivey School of Business, Ivey Scholar, 2013	6	2

## 2 New Idea Generation Reflects Core Principles

New investments in 2018 are in high-quality, simple, predictable, free-cash-flow-generative businesses with formidable barriers to entry

	Simple & Predictable	Free-Cash-Flow -Generative ('18E FCF) <sup>1</sup>	Formidable Barriers to Entry	Compelling Value Proposition	Highly Liquid Mid/Large Cap (Market Cap) <sup>2</sup>
 <b>United Technologies</b>		\$7 bn	✓	✓	\$107 bn
 <b>LOWE'S</b>		\$5 bn	✓	✓	\$80 bn
 <b>Starbucks</b>		\$2 bn	✓	✓	\$87 bn
 <b>Hilton</b>		\$1 bn	✓	✓	\$22 bn

(1) FCF defined as net income plus depreciation and amortization less capex. Reflects calendar year 2018 actual figures for United Technologies and Starbucks, calendar year 2018 estimate for Hilton and fiscal year 2018 estimate for Lowe's.

(2) Market capitalization as of 2/12/2019

### Recently Exited Positions



### 3 Creating Value Through Activism

**In 2018, Pershing Square collaborated with our portfolio companies to create long-term value**



- Constructively engaged with company as it accelerated its long-term business transformation



- Ali Namvar and Matthew Paull joined the board in December 2016
- Brian Niccol, formerly CEO of Taco Bell, joined as CEO of Chipotle in March 2018
- Brian and his team have made significant progress turning around Chipotle and reaccelerating growth



- Shared our views on potential CEO candidates with search committee
- Company recruited Marvin Ellison as CEO, our first choice candidate
- Operational turnaround is underway



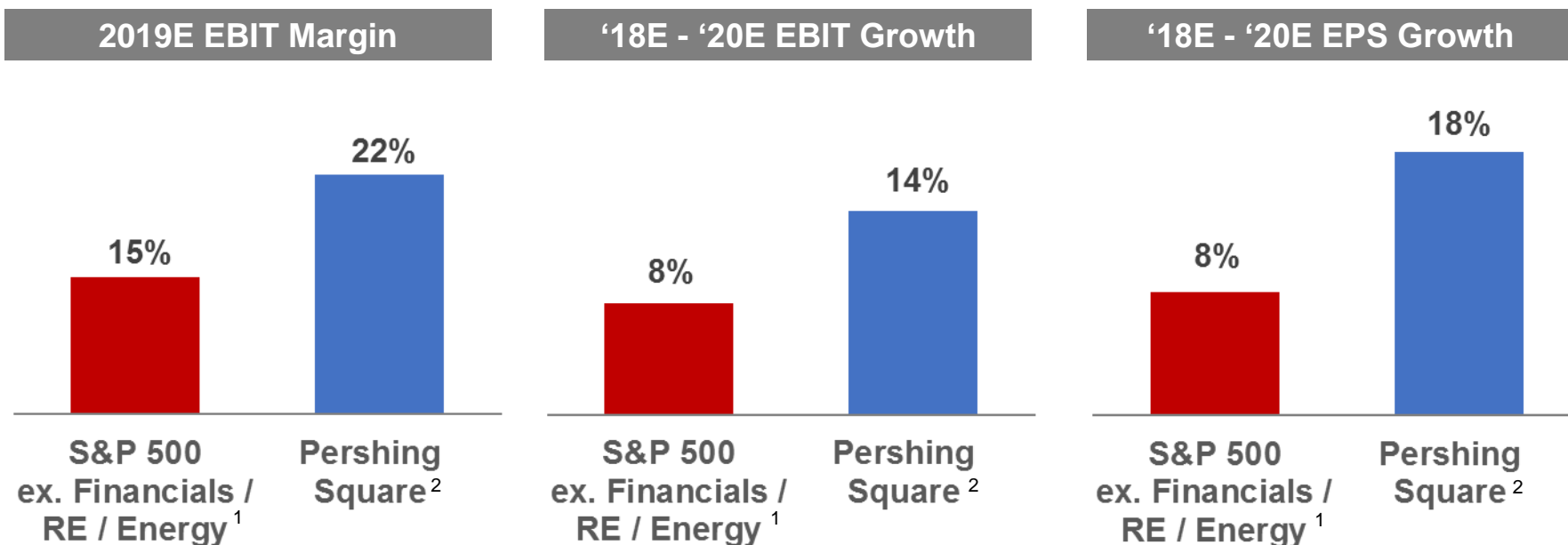
- Privately engaged with management and highlighted the value creation potential of a breakup of the company
- In November 2018, the company announced its intention to separate into three independent companies (Aerospace, Otis, and Carrier)

*Note: Additionally, Pershing Square was actively involved on the boards of Howard Hughes and Platform Specialty Products.*

# The Pershing Square Portfolio:

## *Higher Business Quality and Earnings Growth than Market*

We expect our portfolio to compound earnings and intrinsic value at a much higher rate than the market (analysis below excludes HHC, FNMA, FMCC)<sup>1,2</sup>



**Our portfolio trades at a higher earnings multiple than the market, but we believe that it undervalues the higher quality and stronger earnings growth of our portfolio companies**

- (1) Source: CapitalIQ consensus estimates. Excludes financials and real estate companies to remain consistent with exclusion of Howard Hughes, Fannie Mae and Freddie Mac from Pershing Square comparable metrics. Excludes energy companies given Pershing Square generally does not invest in that sector.
- (2) Source: PSCM estimates, financial metrics weighted by delta adjusted exposure. Excludes Howard Hughes, Fannie Mae and Freddie Mac given these companies do not trade on traditional earnings metrics.

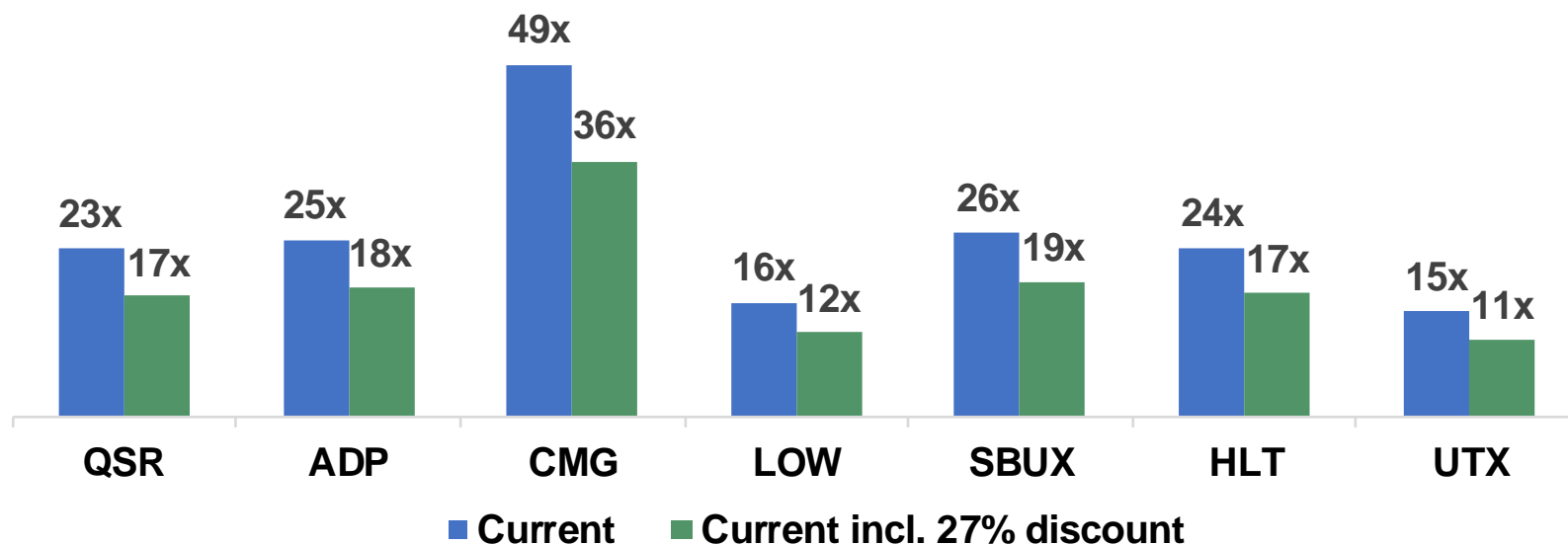
# The Pershing Square Portfolio:

## Discounted Valuation at PSH



Share Price	\$64	\$150	\$594	\$99	\$70	\$74	\$124
Incl. 27% Discount <sup>1</sup>	\$47	\$109	\$432	\$72	\$51	\$54	\$90

NTM P / E Multiple by Portfolio Company<sup>2</sup>



(1) Reflects PSH share price discount to NAV as of 2/12/2019

(2) PSCM estimated multiples as of 2/12/2019. Excludes Howard Hughes, Fannie Mae and Freddie Mac given these companies do not trade on traditional earnings metrics

# Pershing Square Holdings vs. a Hedge Fund

## Traditional Equity Hedge Fund

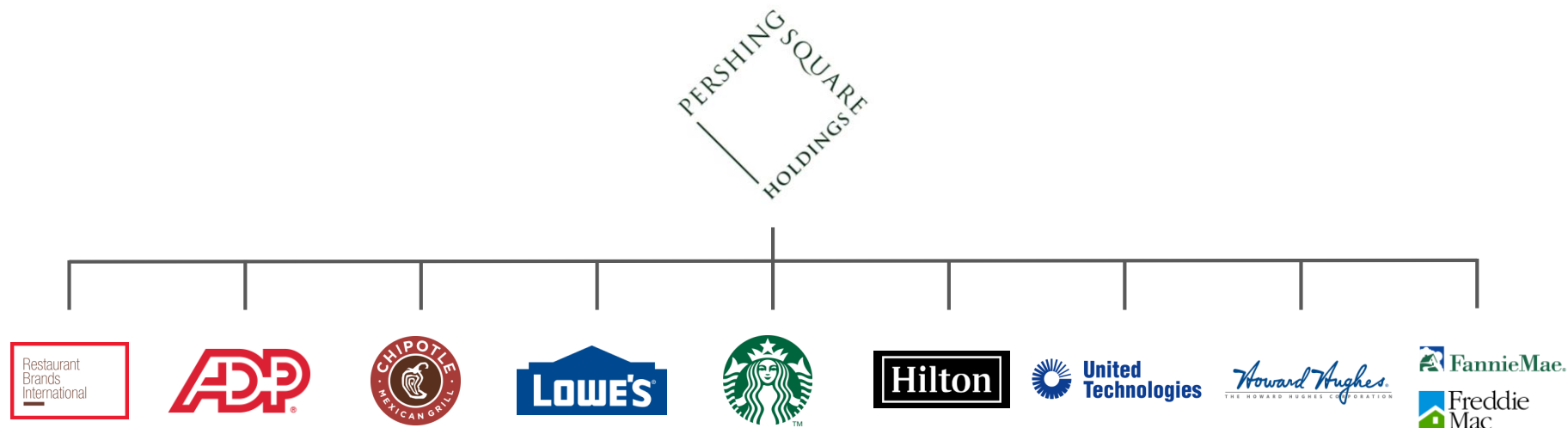
- ▶ Short-term investment horizon
- ▶ Passive ownership
- ▶ Short-term capital base
- ▶ 'Mile wide, inch deep' diversification
- ▶ Large gross exposures financed with leverage with MTM<sup>1</sup> covenants
- ▶ No capital return
- ▶ Limited transparency
- ▶ Narrow base of potential investors

## Pershing Square Holdings

- ✓ Long-term investment horizon
- ✓ Ability to effect change through activism
- ✓ Stable capital base
- ✓ Concentrated portfolio
- ✓ Investment grade bond financing with no MTM<sup>1</sup> covenants
- ✓ Quarterly dividend and buybacks
- ✓ Weekly NAV updates and quarterly investor calls
- ✓ Dual listing (LSE & Euronext Amsterdam)

(1) Mark-to-market

# PSH is an Investment Holding Company



✓ **The Pershing Square investment strategy has a long-term track record**

- PSLP's compound annual net return, since inception in 2004, is 13.8% vs. 8.4% for the S&P 500 over the same period<sup>1</sup>

✓ **PSH's current 27% discount to NAV implies a 0.73x price / book value ratio<sup>1</sup>**

**In our view, a business with a long-term return on equity of ~14% should trade significantly above 0.73x price / book value**

(1) Net return and PSH discount to NAV as of 2/12/2019

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# Pershing Square Holdings vs. the S&P 500

## We Believe PSH is an Attractive Alternative to the S&P 500

- ✓ Access to a portfolio of high-quality, simple, predictable, free-cash-flow-generative, generally large cap U.S. companies at a 27% discount to NAV<sup>1</sup>
- ✓ In light of the discount to NAV, the 'look-through' earnings multiple of the PSH portfolio is similar to that of the S&P 500 despite earnings growth well in excess of the S&P 500
- ✓ We typically invest in conservatively financed, non-cyclical, economically resilient businesses which tend to outperform in volatile market environments
- ✓ Activism can drive meaningful improvements to the operating performance of companies unlike passive investing
- ✓ Investors do not pay an incentive fee until PSH achieves ~22% NAV appreciation<sup>1</sup>

**PSCM affiliates have purchased more than \$520 million of PSH shares in the open market since May 2018. This investment demonstrates our confidence in the undervaluation of PSH and its long-term potential.**

(1) As of 2/12/2019

## **Current Portfolio Update**

# Chipotle Mexican Grill (“CMG”)



**Chipotle is now executing on its vast unrealized growth potential**

**2018 was a year of organizational transformation**

- ▶ **Brian Niccol, formerly CEO of Taco Bell, joined Chipotle as CEO in March**
  - Executive team strengthened with external hires in the roles of Chief Marketing Officer, Chief People Officer, Chief Legal Officer, and Chief Development Officer
  - Corporate restructuring including HQ relocation and the elimination of two layers of management
  - Introduction of “stage-gate” process to test, learn, and iterate on new initiatives

**Reigniting same-store sales growth is the key priority for 2019**

- ▶ **Key growth levers identified for digital, marketing, menu, and operations**
- ▶ **Early signs that the new strategy is working have already emerged**
  - SSS growth of 6.1% in Q4, including traffic growth of 2.0%<sup>1</sup>
  - Robust customer response to “For Real” marketing campaign in October, delivery partnership with DoorDash, and the launch of Lifestyle Bowls in January

# Pershing Square's Constructive Activism

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**Sept. 6, 2016**

- ▶ Pershing Square files 13D announcing ~10% stake in Chipotle

**Dec. 12, 2016**

- ▶ Chipotle names Steve Ells sole CEO concurrent with the resignation of former co-CEO Monty Moran

**Dec. 16, 2016**

- ▶ Chipotle announces a board refresh in which four new directors are named, including Ali Namvar and Matthew Paull

**Mar. 17, 2017**

- ▶ Chipotle announces that four legacy directors will not stand for re-election; board size reduced to eight

**Nov. 29, 2017**

- ▶ Chipotle announces search for new CEO with Ali Namvar a member of the three-person search committee; founder Steve Ells to become Executive Chairman

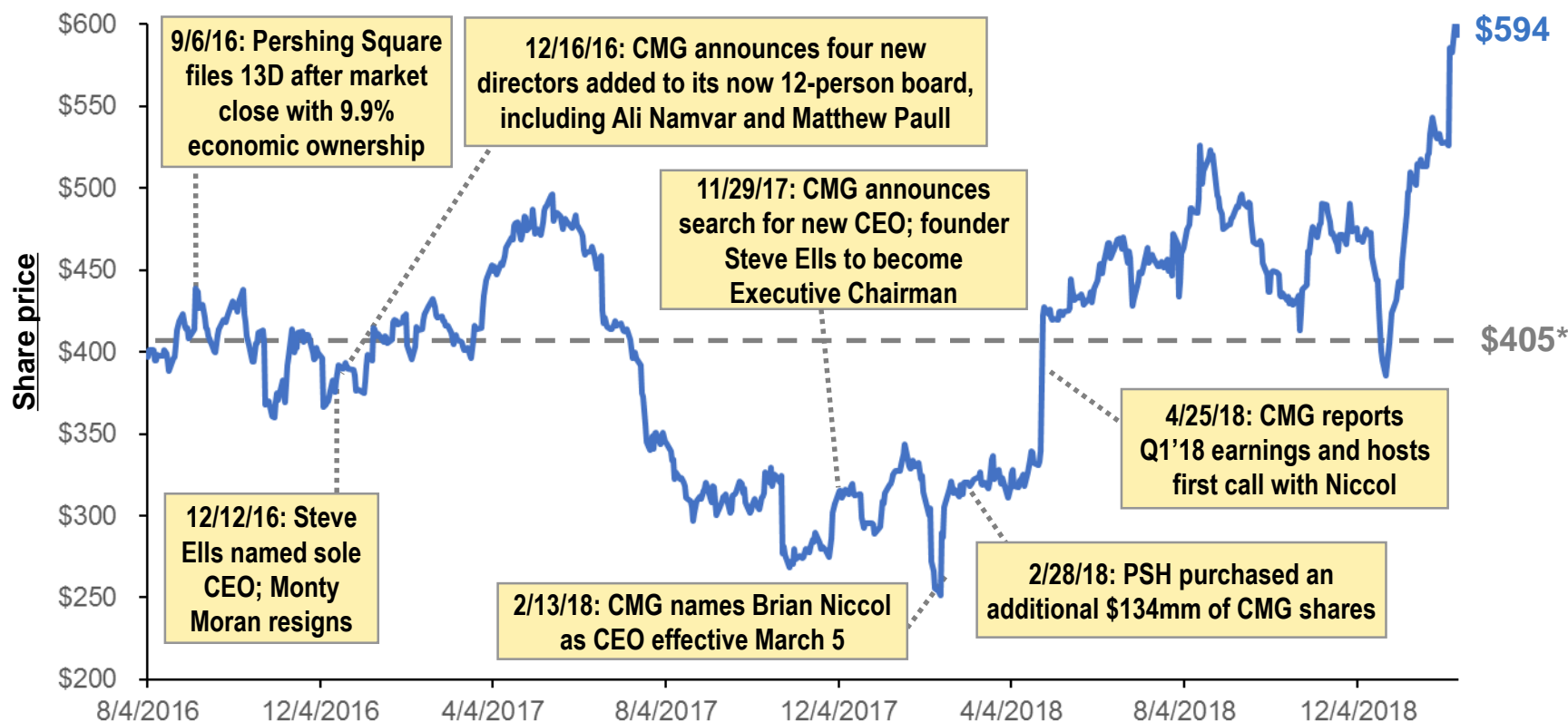
**Feb. 13, 2018**

- ▶ Chipotle names Brian Niccol as CEO and a member of the board, effective March 5; board size increased to nine

# CMG Share Price Performance Since Inception

CMG's share price increased 49% in 2018 and 37% year-to-date in 2019<sup>1</sup>

## CMG share price performance from 8/4/2016 to 2/12/2019



Note: The performance of CMG's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.

\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.

(1) As of 2/12/2019

# Automatic Data Processing (“ADP”)



## ADP is substantially transforming its business

- ▶ **ADP has accelerated numerous transformation initiatives**
  - Accelerating Service Alignment Initiative (cost cutting and facilities consolidation program)
  - Announced Early Retirement Program
  - Accelerating roll-out of Next Gen (Enterprise / large corporation) product offering
  - Strengthening talent and performance culture, aligning management objectives around ADP’s business transformation (e.g. establishment of a Transformation Office)

## Achieving new mid-term targets will drive significant EPS growth

- ▶ **Guidance implies ~\$7 of EPS in FY2021 vs. ~\$4 at the time of our initial investment**
  - Targeting 23% to 25% EBIT margins vs. structural potential of ~32%<sup>1</sup>
- ▶ **New targets still only capture a fraction of ADP’s full potential**

## We believe that achieving ADP’s structural potential will drive substantial shareholder value

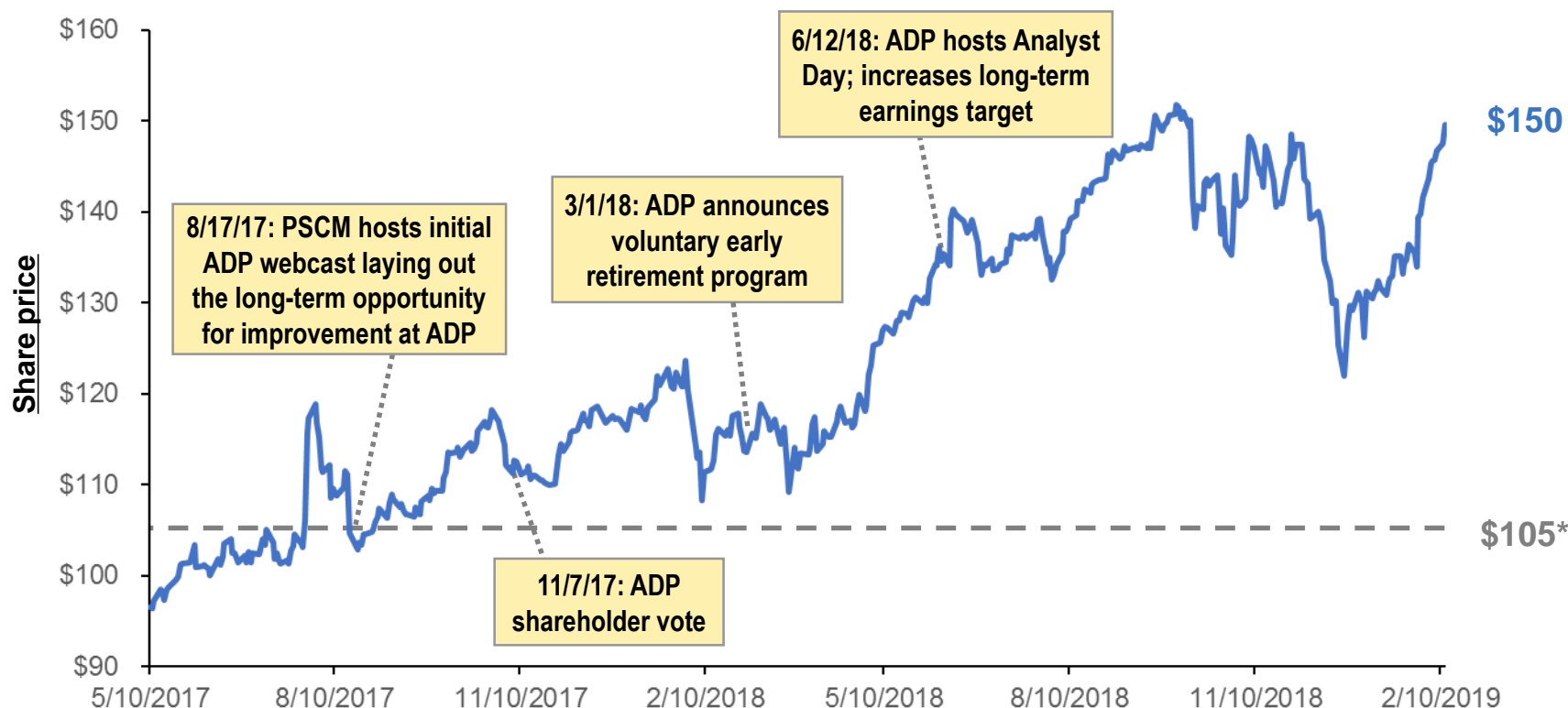
- ▶ **ADP trades at ~24x earnings – a discount to historical levels – despite improved organic growth and accelerated EPS growth**

(1) As supported by our due diligence published throughout the proxy contest, including ADP: The Time is Now (August 2017) and ADP Ascending (October 2017).

# ADP Share Price Performance Since Inception

ADP's share price including dividends increased 14% in 2018 and 14% year-to-date in 2019<sup>1</sup>

ADP share price performance from 5/10/2017 to 2/12/2019



*Note: The performance of ADP's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.*

*(1) As of 2/12/2019*

# Restaurant Brands International (“QSR”)

Restaurant  
Brands  
International

**QSR is a high-quality business with significant long-term growth potential trading at a discounted valuation**

**Continued strong business performance in 2018**

- ▶ **Net unit growth of 5%, including 6% at Burger King<sup>1</sup>**
- ▶ **Healthy same-store-sales growth at Burger King (+2%) and modest growth at Tim Hortons (+1%)<sup>1</sup>**
  - Tim Hortons growth of 2% in Q4 represents accelerating sales momentum
- ▶ **Organic EBITDA growth of 5% and EPS growth in excess of 30%**

**Remains cheap relative to intrinsic value and peers**

- ▶ **Trades at ~22x our estimate of 2019 free cash flow per share, a discount to peers**
- ▶ **Free option on future value-creating acquisitions**

***Inaugural investor day in May to highlight QSR’s unique long-term unit growth opportunity***

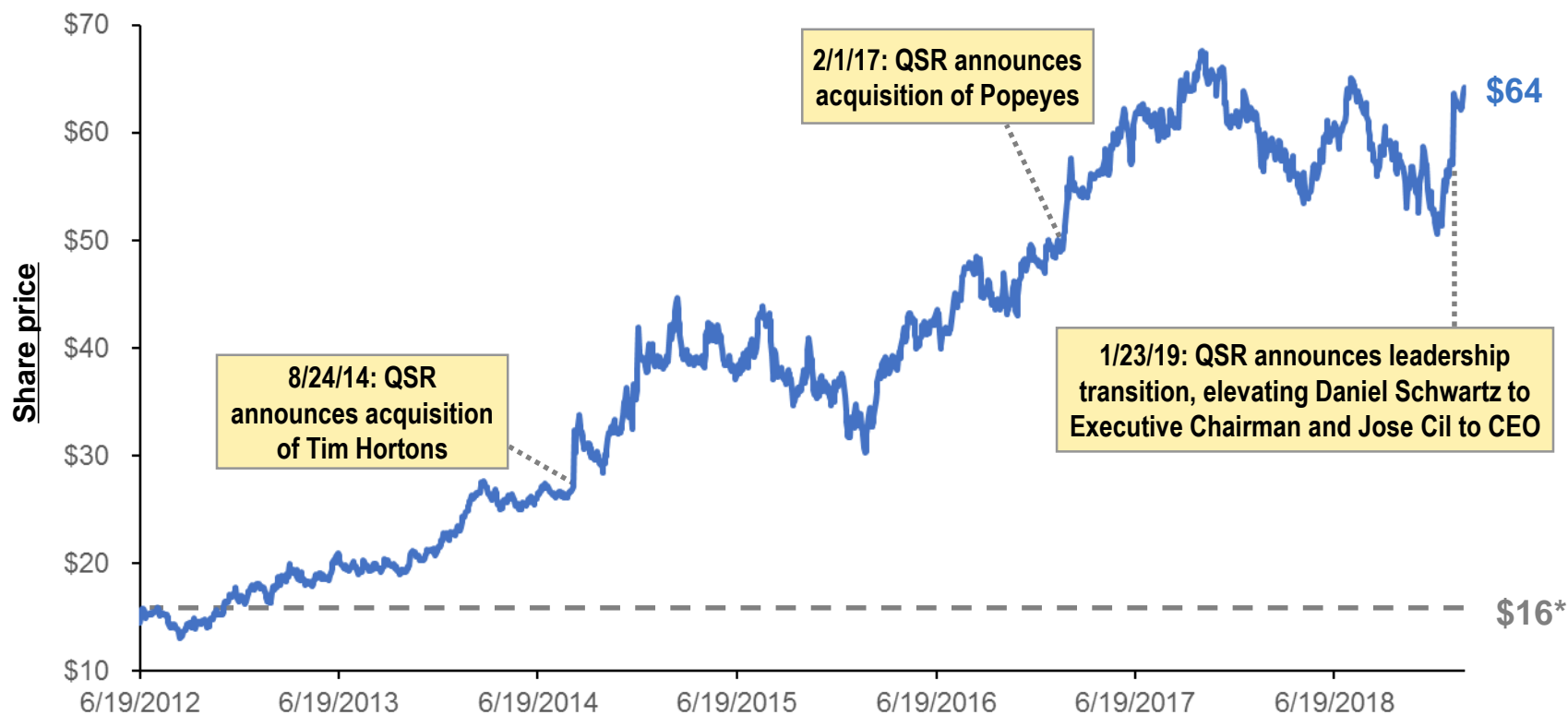
(1) Source: Company filings



# QSR Share Price Performance Since Inception

QSR's share price including dividends decreased 12% in 2018 and increased 23% year-to-date in 2019<sup>1</sup>

QSR share price performance from 6/19/2012 to 2/12/2019



*Note: The performance of QSR's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Average cost since it merged with Justice Holdings. Please see the additional disclaimers and notes to performance results at the end of the presentation.*

*(1) As of 2/12/2019*

# Lowe's ("LOW")



**Lowe's is a high-quality business with strong new leadership that is committed to narrowing the performance gap with Home Depot**

**New management team has relevant track record of success**

- ▶ **New CEO Marvin Ellison played important role in turnaround at Home Depot**
- ▶ **New leadership team includes several former Home Depot executives**

**Credible plan to narrow the performance gap with Home Depot**

- ▶ **Lowe's current EBIT margin is 9.3% versus 14.5% at Home Depot<sup>1</sup>**
- ▶ **Management targets a 12% EBIT margin over the medium-term<sup>1</sup>**
- ▶ **We believe further upside to margins and sales productivity is likely over time**

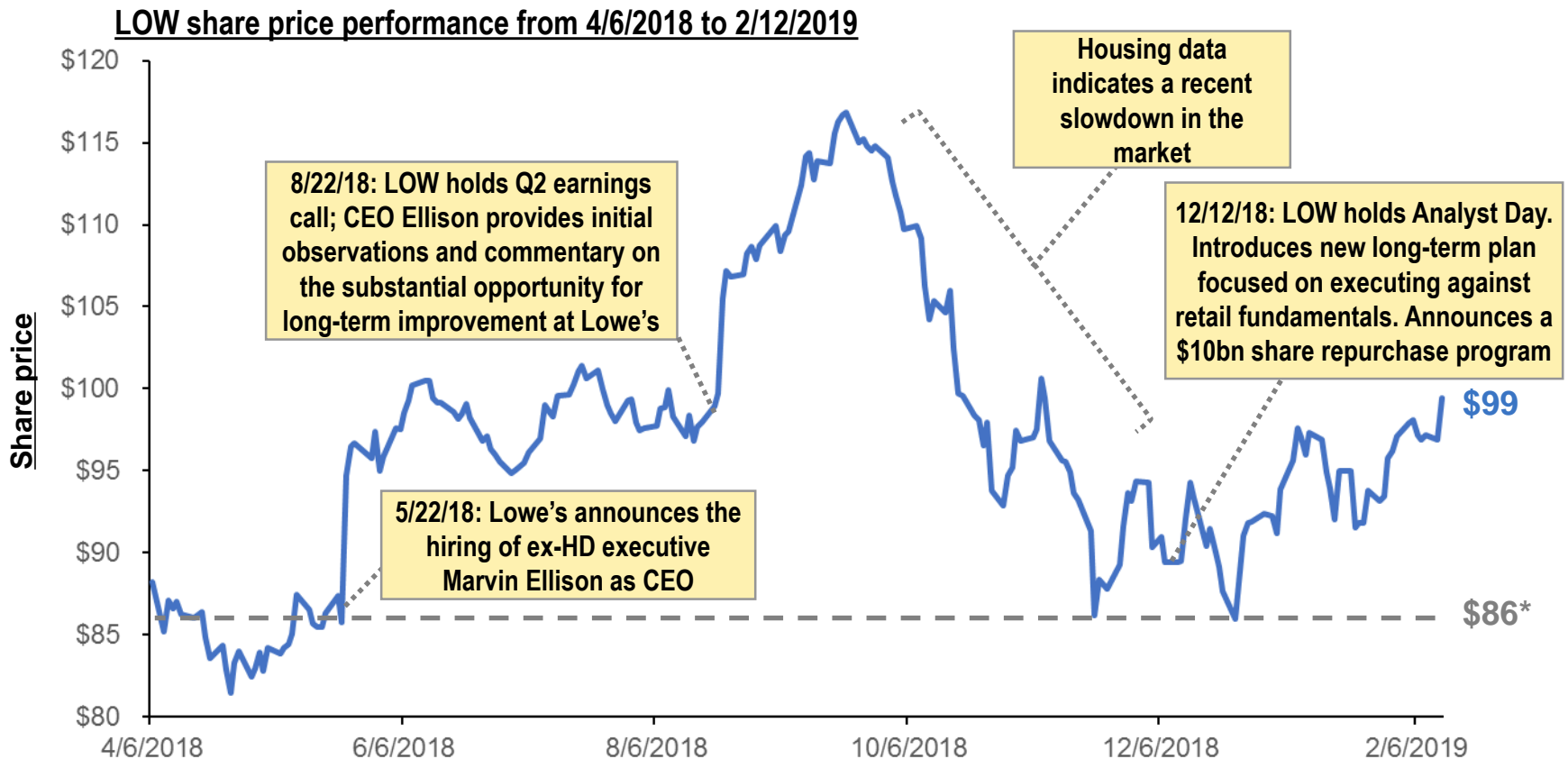
**Secular housing trends support long-term growth and reduce cyclicality**

- ▶ **Key housing metrics remain below long-term average levels**
- ▶ **Aging housing stock (~30yrs) requires significant repair and maintenance**
- ▶ **Lowe's derives a large portion of its revenue from repair and maintenance**

(1) Source: Company filings, Analyst Day Presentation (December 2018)

# LOW Share Price Performance Since Inception

LOW's share price including dividends increased 8% from our average cost at inception to December 31, 2018, and 8% year-to-date in 2019<sup>1</sup>



Note: The performance of Lowe's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.

\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.

(1) As of 2/12/2019

# Starbucks (“SBUX”)



**We expect Starbucks to compound long-term earnings at a high rate driven by strong secular growth and outstanding unit economics**

**Dominant brand in the growing and attractive specialty coffee category**

- ▶ Loyal customer base with frequent consumption habit and trade-up potential
- ▶ Wide competitive moat with advantages over low-cost and boutique players

**Long runway for reinvesting free cash flow at exceptional rates of return**

- ▶ Pretax returns on new units of ~55% in the U.S. and ~75% in China
- ▶ Long-term HSD revenue growth underpinned by international unit growth

**New leadership is simplifying the business and driving improved results**

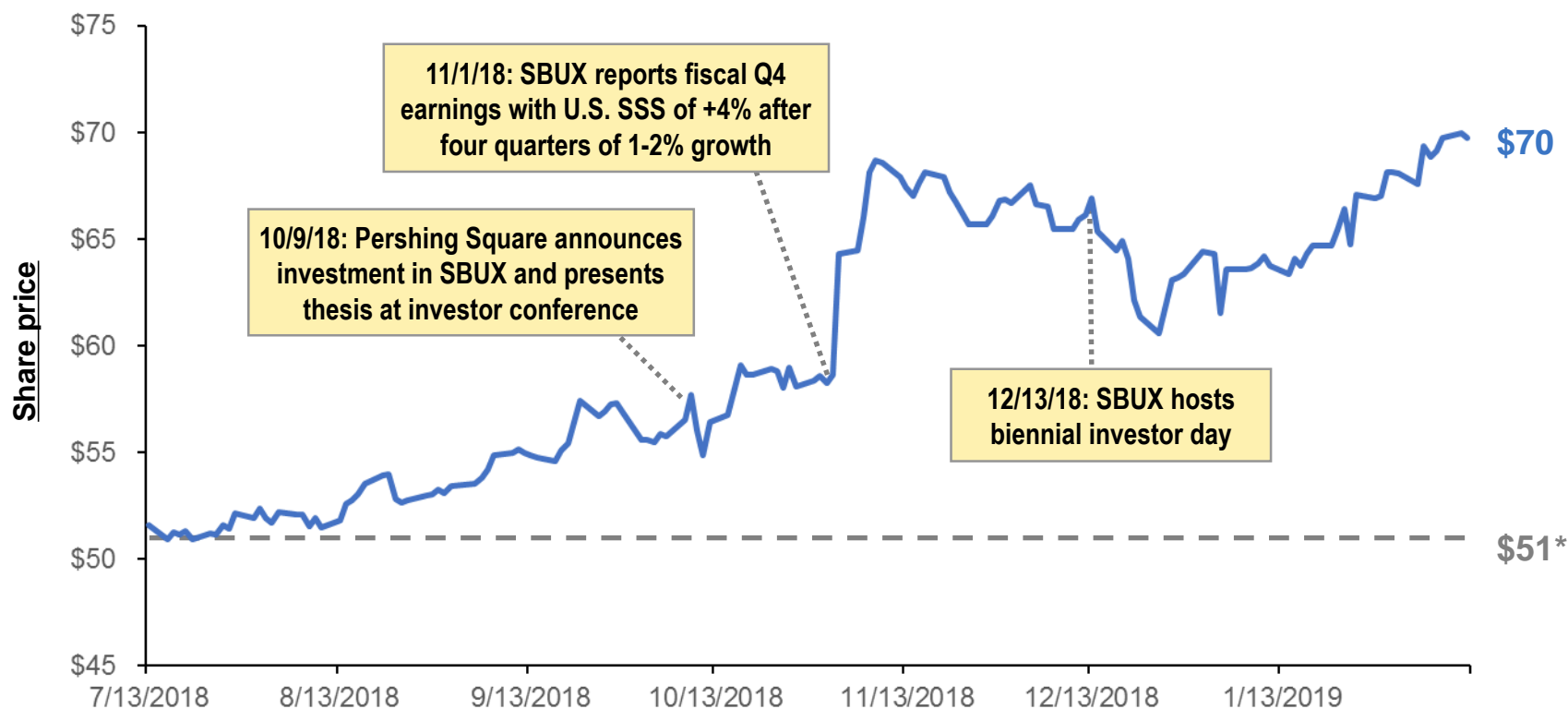
- ▶ Bold actions taken to realign the portfolio, reduce overhead, and return cash
  - Share buybacks of ~\$20bn or ~20% of shares outstanding from 2018-2020
- ▶ Reacceleration in SSS in the last two quarters driven by beverage innovation

***Despite meaningful share price appreciation since our investment, SBUX still trades at a discount to its average valuation over the last several years***

# SBUX Share Price Performance Since Inception

SBUX's share price including dividends increased 27% from our average cost at inception to December 31, 2018, and 9% year-to-date in 2019<sup>1</sup>

**SBUX share price performance from 7/13/2018 to 2/12/2019**



Note: The performance of SBUX's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.

(1) As of 2/12/2019

# Hilton Worldwide (“HLT”)

**Hilton**

**Hilton is a high-quality, asset-light, high-margin business with significant growth potential led by a superb management team**

- ▶ **Collection of scaled brands and loyalty program create strong network effects for consumers and cost and revenue advantages for hotel owners**
- ▶ **Industry-leading development pipeline amounts to 40% of current rooms<sup>1</sup>**
- ▶ **6% to 7% annual net unit growth allows for earnings growth even if RevPar temporarily declines**
- ▶ **Strong secular trends towards travel underpin long-term RevPar growth**

## **Attractive relative and absolute valuation**

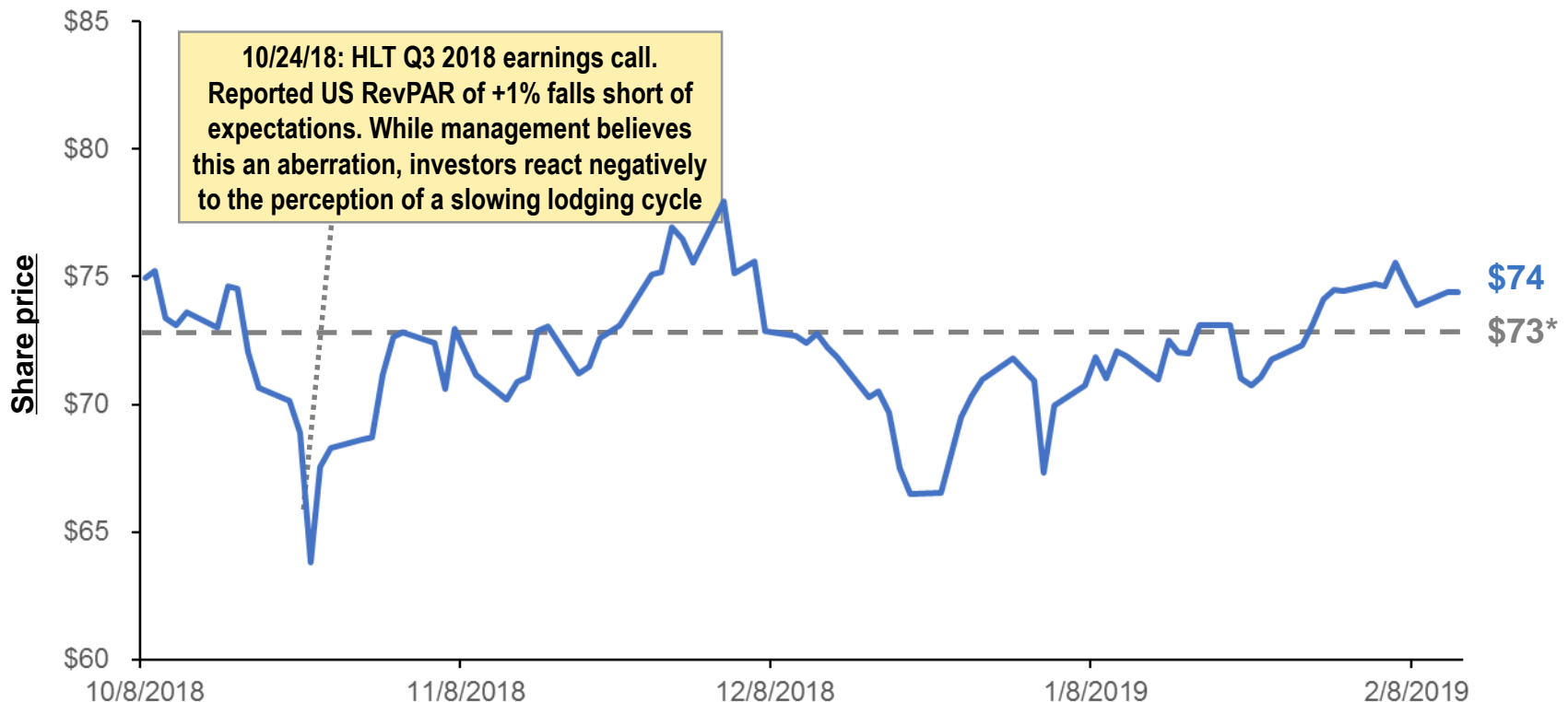
- ▶ **Hilton trades at ~22x 2019 free cash flow, a modest valuation in light of high business quality and mid-teens long-term earnings growth profile**
- ▶ **Current valuation near the lowest valuation since the spin-off in early 2017**

(1) Source: Company filings

# HLT Share Price Performance Since Inception

HLT's share price including dividends decreased 2% from our average cost at inception to December 31, 2018, and increased 4% year-to-date in 2019<sup>1</sup>

HLT share price performance from 10/8/2018 to 2/12/2019



*Note: The performance of HLT's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.*

(1) As of 2/12/2019

# United Technologies (“UTX”)



**High-quality industrial conglomerate with market-leading businesses in aerospace, elevators and HVAC**

**Undergoing transformative change**

- ▶ Recently announced three-way business separation likely to occur in 1H 2020
- ▶ Recently acquired Rockwell Collins, creating the premiere aerospace supplier

**Highly-defensible business portfolio generated strong growth in 2018**

- ▶ 8% organic revenue growth and 14% EPS growth<sup>1</sup>
- ▶ Multi-year order backlog and long-term service contracts underpin future growth and moderate cyclicalality
- ▶ Limited impact to input costs from recent tariffs

**Significantly undervalued relative to peers and intrinsic value**

- ▶ Current sum-of-the-parts discount: ~30%<sup>2</sup>
- ▶ Trades at only 14x P/E<sup>3</sup> despite double-digit long-term EPS growth and high business quality

***Upcoming business separation should be a catalyst for significant share price appreciation***

(1) Source: Company filings

(2) Weighted by profit exposure; peers include: Honeywell, Safran, Transdigm, Rolls-Royce, Schindler, Kone, Ingersoll-Rand, Lennox and Johnson Controls

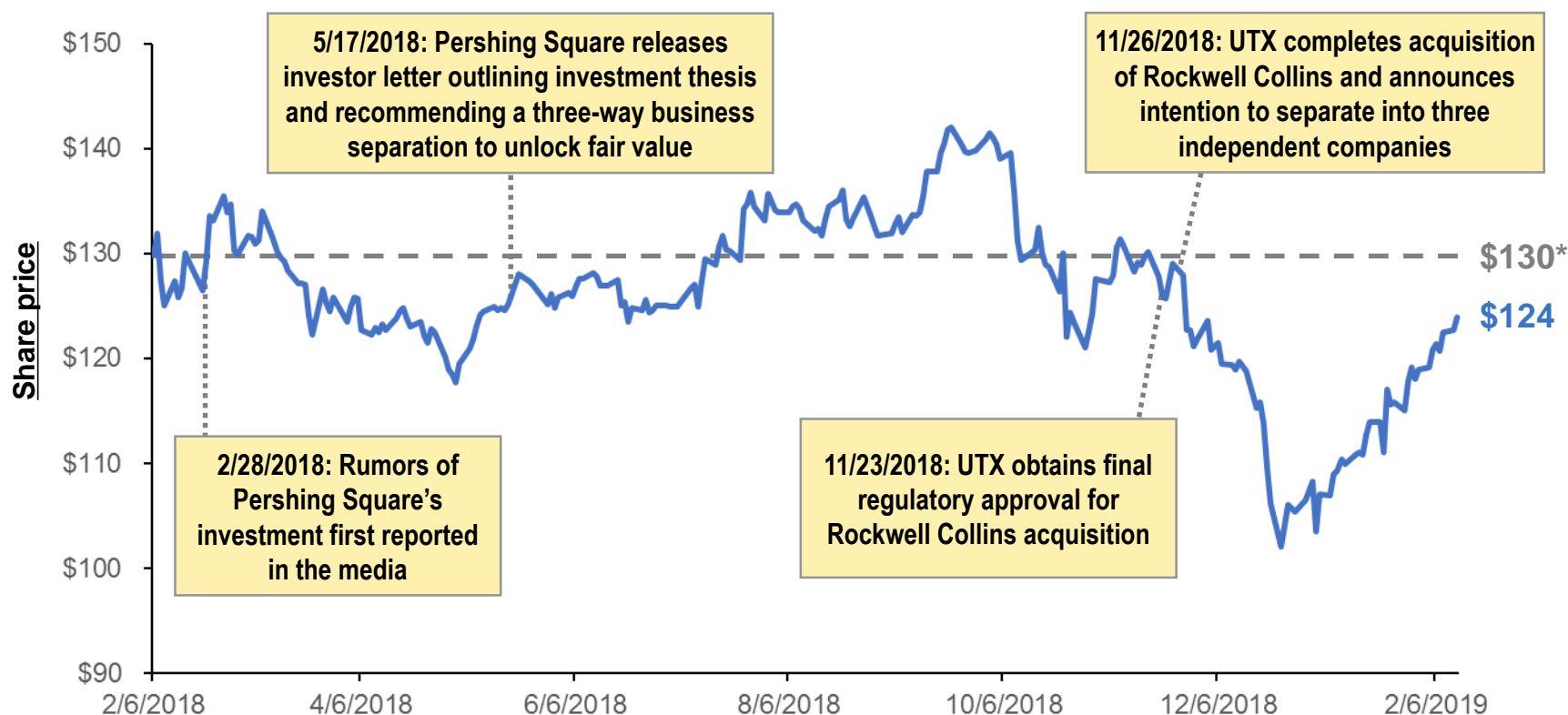
(3) Pro Forma for Rockwell Collins synergies and excluding amortization of acquisition-related intangibles



# UTX Share Price Performance Since Inception

UTX's share price including dividends decreased 16% from our average cost at inception to December 31, 2018, and increased 16% year-to-date in 2019<sup>1</sup>

UTX share price performance from 2/6/2018 to 2/12/2019



*Note: The performance of UTX's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.*

(1) As of 2/12/2019

# Howard Hughes Corporation (“HHC”)



**Self-funded, fully integrated real estate developer with seasoned management team, proven track record, and world-class assets**

## Master Planned Communities (“MPC”)

- ▶ **Controlled MPCs in desirable locations create substantial cash flow from ongoing residential land sales**
- ▶ **Recently reported the highest MPC residential land sales in HHC’s history**

## Strategic Developments

- ▶ **50 million square feet of development entitlements within existing portfolio**
- ▶ **Since launching Ward Village pre-sales in 2014, sold more than 1,900 condo units with total proceeds of over \$2.2 billion at projected 30% gross margins**
- ▶ **Nearing completion of vision for the Seaport District as one of NYC’s most vibrant fashion and entertainment destinations**

## Operating Assets

- ▶ **Highly diversified portfolio of operating assets provide consistent cash flows**
- ▶ **Increased Operating Asset net operating income 25% from Q417 to 3Q18<sup>1</sup>**

***Despite significant business progress and record land sales, HHC’s share price underperformed in 2018 (like homebuilders) as the market focused on potential housing headwinds***

# HHC Share Price Performance Since Inception

HHC's share price decreased 26% in 2018 and increased 14% year-to-date in 2019<sup>1</sup>

HHC's share price performance from 11/9/2010 to 2/12/2019



*Note: The performance of HHC's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.*

*\*Average cost at announcement date. Please see the additional disclaimers and notes to performance results at the end of the presentation.*

*(1) As of 2/12/2019*

# Fannie Mae (“FNMA”) and Freddie Mac (“FMCC”)



**We believe that there is near-term potential for a favorable resolution of the status of Fannie and Freddie**

- ▶ **Recent developments have increased the likelihood of a resolution**
  - Treasury Secretary Mnuchin has cited GSE reform as a priority for 2019
  - Taxpayer investment of \$191bn fully repaid with 10%+ annual return
  - Newly divided Congress increases the odds of administration-led reform
  - New Trump-appointed leadership at FHFA, with Joseph Otting serving as Acting Director while Mark Calabria awaits Senate confirmation
  
- ▶ **These developments have driven a sharp recovery in Fannie and Freddie shares in 2019**
  - Common and preferred shares now trade roughly in-line with year-end 2017 levels
  - Last year's weakness was primarily driven by investor frustration at the lack of progress on housing finance reform efforts in Congress
  - Additional headwinds in 2018 from forced selling by certain investment firms that wound down operations, as well as tax loss selling at year-end

# FNMA and FMCC: Path Towards Reform



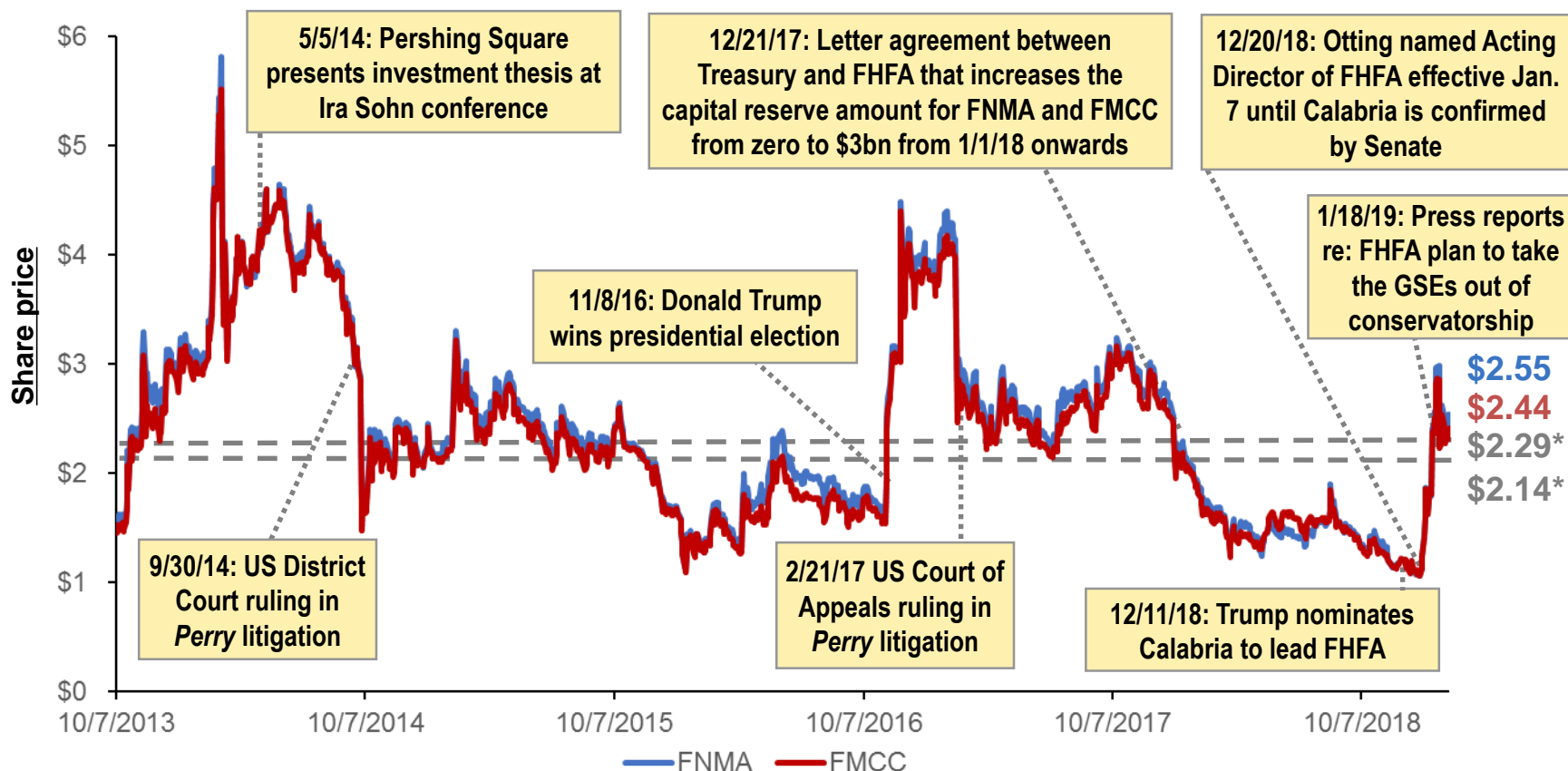
**The dialogue around GSE reform in both the administration and Congress has intensified over the last few weeks**

- ▶ **We continue to believe that any proposal for housing finance reform must satisfy the following conditions in order to succeed**
  - Simplicity to ensure broad support and minimize systemic risk
  - Appealing investment proposition to raise new private capital, including visibility into long-term earnings power
  - Fair treatment of current investors in Fannie and Freddie in order for new private capital to be raised
- ▶ **We believe the administration will act expeditiously while the window of opportunity for GSE reform remains open**
  - Robust economy with ~3% GDP growth, unemployment at record lows, and national home prices above the 2006 peak
  - Stock market indices near all-time highs, even after late 2018 declines
  - Presidential election year in 2020
  - Opportunity for Treasury to exercise its warrants and utilize the ~\$150bn+ of future proceeds to fund key priorities

# FNMA and FMCC Performance Since Inception

FNMA and FMCC share prices decreased 60% and 58%, respectively, in 2018 and increased 141% and 130%, respectively, year-to-date in 2019<sup>1</sup>

FNMA and FMCC share price performance from 10/7/2013 to 2/12/2019



Note: The performance of FNMA's and FMCC's share prices is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square funds.  
 \*Average cost at announcement date of \$2.29 for FNMA and \$2.14 for FMCC. Please see the additional disclaimers and notes to performance results at the end of the presentation.  
 (1) As of 2/12/2019

# The Pershing Square Portfolio:

## *We Believe Our Portfolio Has Substantial Upside*

Company	Summary Investment Thesis
	✓ Capital-light, growing royalty stream from leading restaurant brands with high long-term unit growth
	✓ Defensive, high-growth business with substantial margin expansion with business transformation underway
	✓ New world-class management team in the early innings of executing on the brand's vast unrealized growth potential
	✓ High-quality business narrowing the performance gap with Home Depot, which should drive significant earnings growth and potential multiple expansion
	✓ Category killer in specialty coffee with high long-term earnings growth, supported by strong secular growth and outstanding unit economics
	✓ High-quality, asset-light business with long-term earnings growth, driven by strong secular trends in travel and embedded unit growth
	✓ Trading at ~30% discount to peers on a sum-of-the-parts basis despite upcoming business separation and strong underlying business performance
	✓ Trading at >30% discount to the average Wall Street analyst's price target with continued strong business progress
	✓ Common and preferred shares trade roughly in-line with year-end 2017 levels despite recent developments that have increased the likelihood of GSE reform

Note: The companies shown on this page reflect all of the companies in the portfolio of PSH as of February 12, 2019 that have been publicly disclosed through regulatory filings or otherwise.

**Q&A**



# Additional Disclaimers and Notes to Performance Results

The performance results of PSH and Pershing Square, L.P., the Pershing Square fund with the longest performance track record, included in this presentation are presented on a gross and net-of-fees basis. Gross and net performance include the reinvestment of all dividends, interest, and capital gains, and reflect the deduction of, among other things, brokerage commissions and administrative expenses. Net performance reflects the deduction of management fees and accrued performance fee/allocation, if any. All performance provided herein assumes an investor that has been in the Pershing Square funds since their respective inception dates and participated in any "new issues," as such term is defined under Rules 5130 and 5131 of FINRA. Depending on timing of a specific investment and participation in "new issues," net performance for an individual investor may vary from the net performance as stated herein. Performance data for 2018 is estimated and unaudited.

Pershing Square, L.P.'s net returns for 2004 were calculated net of a \$1.5 million (approximately 3.9%) annual management fee and performance allocation equal to 20% above a 6% hurdle, in accordance with the terms of the limited partnership agreement of Pershing Square, L.P. 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 Pershing Square, L.P. set out in this document 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 Pershing Square, L.P. which have not been taken into account in determining Pershing Square, L.P.'s net returns. To the extent such overhead expenses had been included in fund expenses, net returns would have been lower.

The market index shown in this presentation, the S&P 500, has been selected for purposes of comparing the performance of an investment in 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 the Pershing Square funds are subject. The funds are not restricted to investing in those securities which comprise this index, their performance may or may not correlate to the index and it should not be considered a proxy for the 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 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 & Poors. 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 to the gross returns provided on pages 16 and 17 are for illustrative purposes only. On page 16, each position with contribution to returns of at least 50 basis points (when rounded to the nearest tenth) is shown separately. Positions with smaller contributions are aggregated. On page 17, each position detracting 50 basis points (when rounded to the nearest tenth) or more from returns is shown separately. Positions detracting less than 50 basis points are aggregated. Returns were calculated taking into account currency hedges, if any. 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 the company in which the Pershing Square funds are invested. Unless otherwise noted herein, gross returns include (i) only returns on the investment in the underlying company and the hedge positions that directly relate to the securities that reference the underlying company (e.g., if Pershing Square, L.P. was long Company A stock and also purchased puts on Company 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 company (e.g., if Pershing Square, L.P. was long Company A stock and short Company B stock, the profit/loss on the Company B stock is not included in the gross returns attributable to the investment in Company A); and (iii) do not reflect the cost/benefit of portfolio hedges. These gross returns do not reflect deduction of management fees and accrued performance fee/allocation. These returns (and attributions) do not reflect certain other fund expenses (e.g., administrative expenses). Inclusion of such fees/allocation and expenses would produce lower returns than presented here. Please refer to the net performance figures presented on page 11 of this presentation.

Share price performance data takes into account the issuer's dividends, if any. Share price performance data is provided for illustrative purposes only and is not an indication of actual returns to the Pershing Square funds over the periods presented or future returns of the funds. Additionally, it should not be assumed that any of the changes in shares prices of the investments listed herein 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. All share price performance data calculated "to date" is calculated through February 12, 2019.

Average cost basis is determined using a methodology that takes into account not only the cost of outright purchases of stock (typically over a period of time) but also a per share cost of the shares underlying certain derivative instruments acquired by Pershing Square to build a long position. "Average Cost" reflects the average cost of the position that has been built over time as of the "Announcement Date" which is the date the position was first made public.

The average cost basis for long positions has been calculated based on the following methodology:

- (a) the cost of outright purchase of shares of common stock is the price paid for the shares on the date of acquisition divided by the number of shares purchased;
- (b) the cost of an equity swap is the price of the underlying share on the date of acquisition divided by the number of underlying shares;
- (c) the cost of an equity forward is the reference price of the forward on the date of acquisition divided by the number of underlying shares;
- (d) the cost of call options that were in the money at the time of announcement is (except when otherwise noted) (i) the option price plus the strike price less any rebates the Pershing Square funds would receive upon exercise divided by (ii) the number of shares underlying the call options;
- (e) call options that are out of the money at the time of announcement are disregarded for purposes of the calculation (i.e., the cost of the options acquired are not included in the numerator of the calculation and the underlying shares are not included in the denominator of the calculation);
- (f) the cost of shares acquired pursuant to put options sold by the Pershing Square funds, where the underlying stock was put to the Pershing Square funds prior to the time of announcement, is (i) the strike price of the put options paid when the shares were put to the Pershing Square funds less the premium received by the Pershing Square funds when the put was sold divided by (ii) the number of shares received upon exercise of the put options; and
- (g) premium received from put options written by the Pershing Square funds where the underlying stock was not put to the Pershing Square funds, and the option was out-of-the-money at the time of announcement are included in the numerator of the calculation.

# Additional Disclaimers and Notes to Performance Results

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Past performance is not necessarily indicative of future results. All investments involve the possibility of profit and the risk of loss, including the loss of principal. This presentation does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision. All information is current as of the date hereof and is subject to change in the future.

## Forward-Looking Statements

This presentation 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 Pershing Square funds, 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;
- PSH is exposed to changes in tax laws or regulations, or their interpretation; and
- PSH may invest in United States real property holding corporations which could cause PSH to be subject to tax under the United States Foreign Investment in Real Property Tax Act.