

Letter to Unitholders

Dear unitholders,

Overview

We had an active second quarter. We closed the acquisitions of BRK Ambiental in Brazil and Greenergy Fuels Holdings Ltd (“Greenergy”) in the UK and have been integrating these companies into our broader business. Following the quarter end, we closed the acquisition of Loblaw’s gas station operations in Canada and signed an agreement to acquire Teekay Offshore Partners L.P. (“Teekay Offshore”).

We continue to remake our portfolio and are pleased with our progress since launch. Company Funds from Operations¹ (“Company FFO”) totaled \$43 million or \$0.40 per unit for the period ended June 30, 2017, and net loss attributable to unitholders was \$6 million or \$0.06 per unit.

Operating Report

Business Services

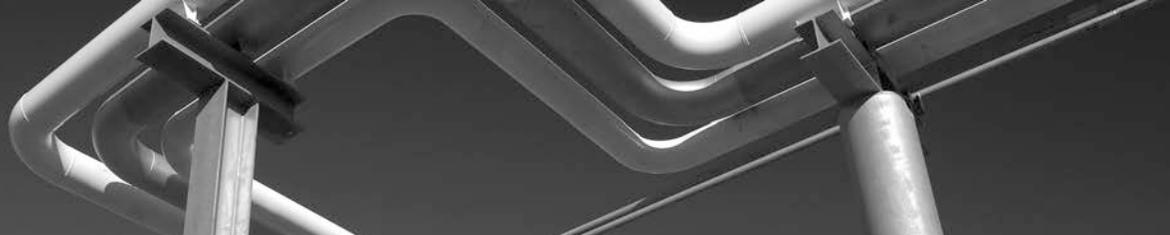
Our business services segment generated Company FFO of \$17 million in the second quarter of 2017, supported by the addition of Greenergy and continued strength of the North American housing market. Greenergy is a leading provider of road fuels in the UK and with significant import and storage infrastructure, an extensive distribution network, and long-term diversified customer relationships, it possesses the attributes to be a strong free cash flow generating business over the long-term.

Our residential real estate brokerage operations had strong results both in the U.S. and Canada. In the U.S. we have a joint venture with Berkshire Hathaway called Berkshire Hathaway HomeServices, which operates a network of more than 29,000 agents operating in 28 states. In Canada we have a network of more than 18,000 agents operating through four brands, the largest of which is Royal LePage. We operate in both countries through owned brokerages and franchise operations. Over the years we have found this business to be remarkably stable and from time to time opportunities arise to expand our business both organically and through acquisition. During the quarter, we completed a small acquisition in Quebec to enhance our market position and network of agents in the province.

Construction Services

Our construction services segment generated \$12 million of Company FFO in the quarter. Contributions from our diversified portfolio were offset primarily by a loss on a project in Australia, which is nearing completion. As we complete projects, we work through settlement of final accounts

¹ Company FFO is presented as a net amount attributable to unitholders and is a non-IFRS measure and is calculated as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, non-cash gains or losses and other items. When determining Company FFO, we include our proportionate share of Company FFO of equity accounted investments.



with clients and subcontractors which leads to greater certainty on final project costs and the ability to secure more revenue. From time to time this process results in lower, or higher, project profits than originally anticipated and may create variability in our results.

During the quarter we secured six new projects for a total value of about \$1 billion, including two office properties in Australia. Our backlog at quarter end remained largely unchanged at over \$7 billion. Subsequent to quarter end we have continued to secure additional work, including One Nine Elms, a \$1 billion mixed use development in the UK which, upon completion in 2019, will be one of the tallest residential developments in London.

We have a high number of repeat clients across our operations. Discipline around client selection, maintaining standard risk profiles and targeted margins has generated our successful track record over the past 55 years and we believe remains critical to our success.

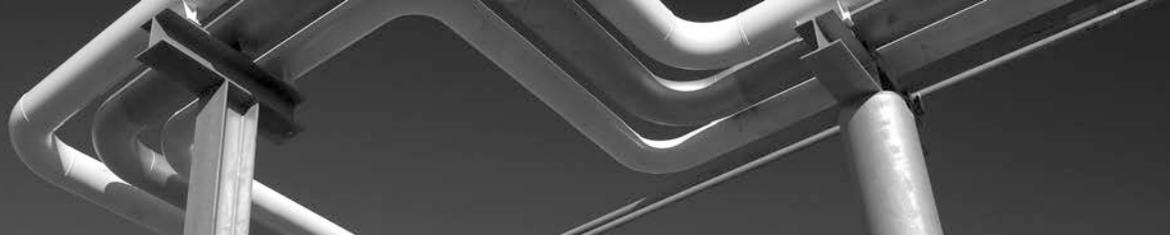
Energy

Our energy segment generated Company FFO of \$11 million during the quarter. These operations are focused around two oil and gas exploration and production operations, one in Western Canada and one in Australia.

Our Canadian operations benefitted from slightly higher commodity prices during the quarter and a hedging program that reduces volatility in cash flows caused by fluctuations in natural gas prices. The duration of the hedges is between six and 36 months and is rolled forward on a quarterly basis. As we move forward in the current energy environment, we continue to focus our business on lower cost operations with long-life resources and contracted cash flows. We recently signed an agreement to sell Insignia Energy Ltd., a small oil and gas producer in Western Canada, which is expected to close in the third quarter. While the sale resulted in a small impairment, we decided this was a better outcome for us than committing the additional capital this operation would have needed to maintain production.

Ember Resources Inc. (“Ember”) is Canada’s leader in Coal Bed Methane (“CBM”) production with over 10,000 wells of predictable and scalable low-cost CBM production with a current production base of approximately 280 million cubic feet per day. Ember benefits from low cost shallow drilling with long life reserves. Its CBM drilling is quick, efficient and has minimal land disturbance. Drilling to shallow depths of 650 to 1,200 meters in an average of two days costs approximately \$175,000 per well compared to several million dollars for conventional gas wells. New wells produce at initial rates of approximately 90 thousand cubic feet per day of natural gas and produce for 25 to 30 years. As a result, the company has a very low production decline rate of less than 5%, which we believe to be among the lowest decline rates for natural gas producers in Western Canada. Ember’s low cost structure positions it to withstand periods of low prices. Ember’s all-in unlevered break-even cost is C\$1.63 per thousand cubic feet equivalent (including transportation costs to AECO, operating costs and G&A expense but before royalties estimated at 6% of AECO pricing).

Our Australian operation, Quadrant Energy (“Quadrant”), continues to benefit from its long-term fixed price customer contracts for natural gas, and its hedge position for oil. Quadrant is a large-scale, low-cost oil and gas company operating offshore on the Northwest Shelf area of Western Australia. Quadrant is one of the largest and most active Australian oil and gas companies, accounting for approximately 22 percent of domestic gas production in Western Australia last year.



Industrial Operations

Our industrial operations segment generated Company FFO of \$8 million during the second quarter. While our graphite electrode operation reported a small contribution for the quarter, as expected, it is a significant improvement over the same period in 2016, reflecting a \$200 per metric ton reduction in average manufacturing cost at the operation due to our cost containment efforts. Although much of 2017 production was contracted at the end of 2016, in response to the current tight market and sharply rising spot prices for graphite electrodes, the company successfully raised prices with approximately one quarter of their customers during the quarter. This should improve results through the remainder of the year and if industry pricing remains strong results should be dramatically stronger in 2018.

Our palladium operations, North American Palladium, also posted improved results with increased sales volumes and the benefit of the increased market price of palladium metal. During the quarter, the company filed an updated Life-of-Mine technical report with a significant increase to mineral reserves and a longer mine life, and subsequently announced its plans for increased production.

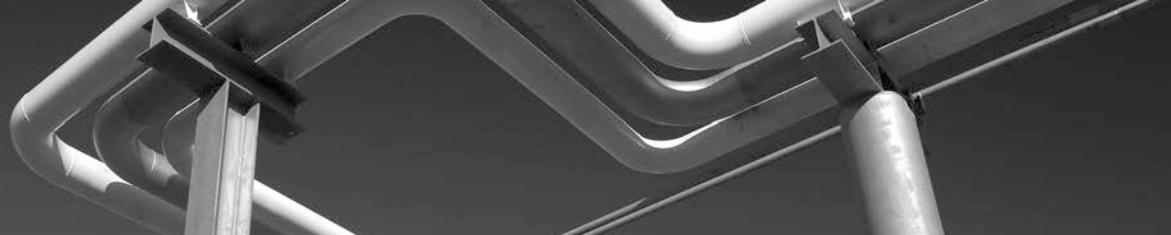
Our results have started to benefit from the close of our newly renamed company BRK Ambiental, the Brazilian water and sewage treatment operations that we acquired in April. This business had a small Company FFO contribution this quarter due to the recognition of transaction costs, but we expect the contribution to be more meaningful in future quarters. The company has long-term, inflation-adjusted concession contracts with municipalities and we expect to generate stable long term cash flows. Over the next 25 years, the company will invest significantly to improve and expand its networks as part of the agreements with the municipalities it serves. As the Brazilian government moves on plans to extensively improve water and sewage services over the next two decades, we expect BRK Ambiental to gain a growing share of these improvements.

Growing Platforms

Brookfield Business Partners enjoys wide flexibility in its mandate compared to most businesses, and as a result we have few constraints in relation to the industries, geography, time horizon or form of investment we can pursue. During our first year as a public company we have completed, or are in the process of completing, four new business acquisitions and four tuck-in acquisitions within our operations, with a total value of almost \$3 billion. We pursue a wide variety of investments with an over-riding objective of acquiring high quality businesses for value, meaning at a discount to a business' intrinsic value.

This can include acquiring underperforming businesses where our operational expertise can improve a business, like GrafTech. We may also acquire businesses where our global presence and real asset expertise enables them to grow. We call these “platform companies”, and they include BRK Ambiental and more recently, our acquisitions of Greenergy and the gas station operations of Loblaw. It is possible that a platform company may grow substantially in which case it could form a business segment within Brookfield Business Partners in its own right.

In the case of Greenergy, we are working with management to grow and further develop the business. In this respect we see opportunities to grow the Greenergy footprint into large, growing markets, such as Brazil, where as a boarder organization we have extensive operations to assist with this growth. Additionally, there are many tuck in opportunities for Greenergy, one of which we just completed in Ireland, where we acquired Inver Energy (“Inver”), an Irish-based independent fuel supplier, giving it a



presence in the growing Irish market for the first time. Inver's business activities include import and storage facilities, as well as fuel supply operations in Ireland, and a retail dealer network operating under the growing Inver brand.

In the case of the Loblaw gas stations and associated convenience kiosks, we have acquired a business with significant scale, strong customer loyalty through the PC Plus loyalty program and opportunities for further growth. We believe we can grow this business through rebranding of existing stations, adding stations to the Loblaw grocery store network and adding value-added services. Furthermore, our ownership of Greenergy gives us strong insight into fuel retail opportunities, and the combination of the two businesses will form a fuel distribution and marketing platform with international scope and growth potential.

We expect each of these businesses to generate strong free cash flow and that we will recover our capital invested within five to six years. This has enabled us to get comfortable with the impact that increased consumer use of electric vehicles will have. We believe our forecasts for these businesses reflect reasonable demand outlooks that include the projected effects of continued vehicle efficiency, hybridization of drive trains, and electrification of vehicles.

Greenergy also plays a role in supplying sustainable resources as the UK's largest producer of biodiesel, with ownership of over 300 kilotonnes of biodiesel production capacity. These waste-based fuels provide a low-cost and sustainable supply of biofuel with which Greenergy can meet the UK's supply regulations requiring that 4.75% of every liter of gasoline or diesel sold contains green renewable fuels. Greenergy's biodiesel operations also serve an important environmental role by recycling used cooking oils from the food processing and production industry.

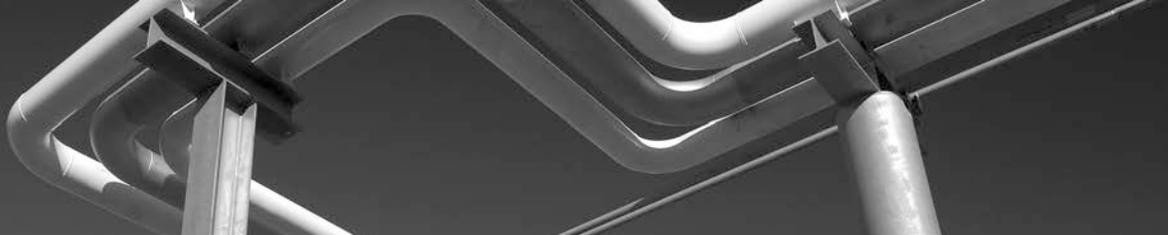
New Initiatives

Subsequent to the quarter end we announced that, together with institutional partners, we entered into an agreement to acquire 60% of Teekay Offshore, which is a subsidiary of Teekay Corporation, one of the world's largest marine energy transportation, storage and production companies. Teekay Offshore provides a wide range of marine services including transportation, oil production, storage, towing and offshore installation, maintenance and safety services to the oil industry, primarily focusing on the offshore oil regions of the North Sea, Brazil and the East Coast of Canada.

Teekay Offshore has a substantial portfolio of medium to long term, fixed rate contracts with high quality, primarily investment grade counterparties and several growth projects in late stages of completion, which will contribute to near-term cash flow growth. As a fee-based business focused on critical transportation and production services, it has limited direct commodity exposure. Our investment represents an opportunity to acquire a high quality, contracted cash flow business with presence in attractive markets, and will enable Teekay Offshore to strengthen its capital structure and continue growing.

Looking Forward

Looking forward to the balance of the year, our outlook continues to be positive with the strengthening of markets, particularly those impacting our industrial operations segment. Our liquidity remains strong, with \$750 million of available capital after funding the closing of the BRK Ambiental, Greenergy and Loblaw gas station acquisitions.



With these, along with the Teekay Offshore acquisition, Brookfield Business Partners has become more diversified by industry and geography, and our organic growth opportunities are meaningfully higher. We continue to actively manage our current operations and develop prospects for organic growth. In addition we continue to pursue acquisitions which will strengthen our business segments.

We would like to welcome Denis Turcotte to our operating team as he steps down from our Board of Directors to take on a senior management role. We would also like to welcome to our Board of Directors, Anthony Gardner, who was most recently the U.S. Ambassador to the European Union.

On behalf of everyone at Brookfield Business Partners, I would like to thank you for your ongoing interest and support.

Sincerely,

Cyrus Madon
Chief Executive Officer

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This letter to unitholders contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Brookfield Business and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could”.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield Business Partners to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behavior of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; ability to collect amounts owed; catastrophic events, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, Brookfield Business Partners undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS MEASURES

This letter to unitholders contains references to Company FFO. When determining Company FFO, we include our unitholders' proportionate share of Company FFO for equity accounted investments. Company FFO is not a generally accepted accounting measure under IFRS and therefore may differ from definitions of Company FFO or Funds from Operations used by other entities. We believe that this is a useful supplemental measure that may assist investors in assessing the financial performance of Brookfield Business Partners and its subsidiaries. Company FFO should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our financial statements prepared in accordance with IFRS.

References to Brookfield Business Partners or BBU are to Brookfield Business Partners L.P. together with its subsidiaries unless the context reflects otherwise. More detailed information on certain references made in this letter to unitholders will be available in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the Second Quarter 2017.