

Letter to Unitholders

Dear unitholders,

Overview

We are pleased to report that Brookfield Business Partners made significant progress on a number of operating initiatives during the quarter. We generated Company Funds from Operations (“Company FFO¹”) totaling \$50 million for the quarter ending September 30, 2016, and net income attributable to unitholders of \$20 million. This was supported by continued progress in our business services, energy and other industrials operations.

Subsequent to the end of the quarter, as a part of the growth of our industrials business, we signed an agreement to acquire the largest private water distribution, collection and treatment business in Brazil. This acquisition should add meaningfully to our value per unit over the longer term and is an exciting first major transaction after our launch as a public partnership.

Results of Operations

Our business services segment generated Company FFO of \$18 million during the quarter, primarily from the real estate services and facilities management businesses. Within our real estate brokerage business we continued to benefit from the strong North American housing markets. Our global relocation services business won several new contracts including renewal of our contract with the Government of Canada. Our facilities management operation has generated strong growth from existing clients in both North America and Australia. We are focused on successfully integrating our recent acquisition of a data center facilities management company, marking a key milestone of our entry into the U.S. and supporting further expansion in this business with servicing the cloud as a major growth area for us.

Our construction services segment contributed \$16 million of Company FFO in the third quarter. Our margins and results in this business may differ from quarter to quarter based on the completion of projects, supply chain performance and other factors. During the quarter we brought to completion over \$800 million of residential, office and retail projects and secured approximately \$300 million of new work. Our current backlog is approximately \$6.6 billion and we expect this backlog to remain strong for the balance of the year, given advanced negotiations on several new contracts. Geographic and sector diversification across our workbook is one of our primary goals and our focus remains on key clients who are looking to build high quality residential, office, retail, student accommodation and hotel projects.

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 investment.*

Our energy segment generated \$12 million of Company FFO during the third quarter of 2016 as a result of continued solid performance at our operations. North American natural gas supply has begun to decline due to reduced drilling activity and warmer weather on the east coast. Spot pricing improved marginally during the quarter compared to earlier in the year. Production in our Canadian operation continues to outperform original third party engineering forecasts, and active cost management and operational improvements over the last few years have reduced operating costs.

From time to time we will lock in forward prices with hedges to increase cash flow certainty. Our Australian operation is largely insulated from commodity price volatility due to its large hedge position for oil and customer contracts for gas. In addition, in both Australia and Canada we are involved in ongoing exploration and development initiatives to enhance base production and solidify future growth.

Our other industrials segment performance continued to improve with Company FFO of \$11 million generated by gains realized on the sale of securities and strong performance at our bath and shower products manufacturer, partially offset by negative results at our graphite electrode operation. Our bath and shower products manufacturer continues to benefit from the steady recovery in the U.S. housing sector and the successful launch of new products. As a result, we recently implemented price increases on many of our products, supported by improved market conditions and demand for new products.

The losses at our graphite electrode business are as expected, but we continue to implement our operational turnaround plan. The order book for this business is firming and three plants are operating at near full capacity following the temporary closure of our U.S. facility last quarter. We remain focused on operating improvements at these plants to reduce costs and increase efficiency. Our palladium mining operation continues to execute on its operational improvement plan, having started a lower cost underground mining method during the quarter which should lead to increased production volumes. With the market price of palladium metal having rebounded during the quarter, we are working to hedge a portion of future production.

Liquidity

In late August, we secured a \$150 million revolving facility from a group of banks, further strengthening our balance sheet. We ended the third quarter of 2016 with approximately \$800 million of liquidity at the corporate level, consisting of our new revolving facility, our \$500 million facilities with Brookfield Asset Management and approximately \$200 million in cash. This liquidity is targeted to fund acquisitions and shorter-term working capital needs whereas our longer-term financing is at the operating company level. Our consolidated net debt to capitalization is 23%.

Growth Initiatives

Our operations, and the wider Brookfield firm, provide us the ability to invest globally. In addition to North America, Europe and Australia, we are actively reviewing opportunities in Brazil and India. We continue to believe in Brazil's long-term potential and that the current scarcity of capital makes for an attractive investment environment.

We recently announced that Brookfield Business Partners together with institutional clients of Brookfield Asset Management entered into a definitive agreement to acquire a 70% controlling stake in Odebrecht

Ambiental, Brazil's largest private water distribution, collection and treatment company. The transaction includes the core water, wastewater and industrial water treatment businesses of Odebrecht Ambiental.

Odebrecht Ambiental is an exciting opportunity for us to invest in a water services platform in an emerging market with leading scale and growth potential, particularly its municipal water and wastewater business. It is a great addition to our diversified portfolio of high quality businesses with solid fundamentals and is backed by our long-time expertise in the Brazilian market. Given Odebrecht Ambiental's operational footprint and technical capabilities, we believe it is well positioned to provide a growing share of the water and sewage improvements planned in Brazil over the next two decades and will enable us to generate strong and stable long-term returns for Brookfield Business Partners.

The transaction provides for an initial purchase price of US\$768 million, with an additional US\$125 million of capital contributed to the business to fund working capital requirements and support the expected growth of the business. Brookfield Business Partners' share of the purchase price and additional capital for the business is US\$400 million and US\$65 million, respectively, and we may syndicate some of this total commitment to our institutional partners, while retaining an ownership of at least 30% in the Brookfield led consortium stake.

In India, banks are taking a hard line on underperforming loans given regulatory pressure, and this should create opportunities for us. This quarter Brookfield Business Partners, together with institutional clients of Brookfield Asset Management, committed to a \$68 million secured loan to Peninsula Land Ltd ("PLL"), a leading Indian homebuilder and part of the Ashok PIRAMAL Group. PLL is a publicly listed company and has a leadership position in the high end Central Mumbai market. While this was a relatively small investment, we believe it is only the start of what we may be able to pursue in India.

We believe great opportunities lie ahead, as our business is well-positioned with permanent capital, a global footprint and diversified operations. On behalf of the board and management of Brookfield Business Partners, I would like to thank all our unitholders for your ongoing interest and support.

Sincerely,



Cyrus Madon

Chief Executive Officer

November 7, 2016

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 is available in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Third Quarter 2016.