

Letter to Unitholders

Dear unitholders,

We made excellent progress in our first calendar year as a public company. Our goal continues to be to acquire, own and operate best-in-class businesses which will enable us to generate strong long-term compound returns without taking undue risk. Our business has evolved since its creation and most of our value today is generated from diverse services and industrial operations. We expect this trend to continue as we progress on recently announced initiatives and continue to expand.

One of our major advantages is that our permanent capital enables us to build businesses over the long term, both organically and through acquisition. We can also acquire businesses in need of repositioning where our contrarian approach should enable us to buy them at meaningful discounts to intrinsic value. These businesses are often held for a shorter time frame but have the potential to generate substantial returns. And finally, we are not restricted in the form of investment we make. This means we can acquire businesses outright, acquire a partial ownership in a business, both privately or publicly, and we can make loans to companies or acquire their securities in the public markets. The latter will be especially beneficial during periods of capital market dislocation, when debt and equity prices are trading well below the intrinsic value of underlying businesses.

Our objective in all our investments is to create value per unit over time, which means that some of our investments may generate little to no cash flow, or perhaps even incur losses in the early years. The returns from such investments will be generated through capital appreciation rather than consistent cash flow growth. Our income statement will therefore look lumpy from time to time but all with the goal of maximizing wealth creation for unitholders.

During 2017 our unit price appreciated by 43%, reflecting progress in repositioning our overall business but also very strong capital markets. This return is beyond our goal to earn 15%-20% on investments and we are unlikely to replicate this unit price appreciation for extended periods. That said, if we execute successfully, we believe the intrinsic value of our units will continue to increase over the long term.

Overview and 2017 Accomplishments

Brookfield Business Partners had an exciting and productive year. Today, our business has strong fundamentals, greater scale and is more diversified than it was at the outset of the year.

Specifically, we achieved the following during 2017:

- Deployed or committed \$3 billion of capital, successfully executing five transactions to acquire high quality businesses and expand the scale and global footprint of our operations. Of note, we invested in road fuels distribution and marketing, water treatment and distribution, and offshore oilfield

services. We also diversified into new regions; Brazil, the U.K. and India, with the assistance of the broader Brookfield organization which has extensive operations in these regions

- Announced two additional acquisitions with a further \$1.3 billion equity investment immediately following year end
- Enhanced the capability of our emerging businesses, namely GrafTech and North American Palladium, which we expect to be strong cash flow contributors in the future
- Recycled capital by monetizing mature assets such as our bath and shower products operation, Maax, and opportunistic positions in marketable securities where we earned strong returns over a short period of time
- Strengthened our balance sheet by raising approximately \$630 million of capital through an equity raise and increasing debt capacity by \$100 million to a total of \$750 million (all of which remains undrawn). Our total liquidity including cash and a near term distribution to be received from GrafTech (described below) stands at \$1.4 billion.

While our progress was strong on most fronts in 2017, no year is ever perfect. We continue to reposition the operations of our construction business in an industry undergoing regional stress and where we experienced underperformance at select projects. Given our financial capacity, we will come out on top but we do not expect a full recovery until after 2018.

Operating Report

Company Funds from Operations¹ (“Company FFO”) was \$252 million for the year ended December 31, 2017, and net income attributable to unitholders² was \$24 million.

Industrials

We made exceptional progress in our industrials segment during the year but this was only partially reflected in our results toward the end of the year. We expect much better results in 2018. We generated Company FFO of \$132 million including \$84 million of contribution from the sale of Maax in early 2017.

Our graphite electrode operation, GrafTech, reported stronger Company FFO in 2017, driven by increases in both graphite electrode pricing and volume, coupled with cost savings resulting from operational improvements we implemented since acquiring it. In addition, over the last year a global shortage has developed for graphite electrodes and petroleum needle coke (the raw material we produce and use to make graphite electrodes), driving spot prices for graphite electrodes to unprecedented levels. We did not meaningfully benefit from this in 2017 due to contracted pricing which was set in 2016, but expect to generate dramatically higher cashflows for at least the next five years.

As demand for our product improved we adopted a new commercial strategy – the first of its kind for this industry. Given its industrial advantage and strong customer demand, GrafTech has successfully negotiated multi-year take-or-pay agreements for 60% to 65% of its production capacity over the next five years. The weighted average contract price over the next five years for contracted volume is \$9,700 per metric tonne, which is approximately double historical average prices (although for a variety of reasons we expect go forward average pricing to be higher). We have previously provided you with our estimate of the impact pricing has on GrafTech’s earnings, but

¹ Company FFO is presented as a net amount attributable to unitholders, 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 for equity accounted investments.

² Attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders and special limited partnership unitholders.

for the sake of clarity, GrafTech now expects to generate \$260 to \$290 million of EBITDA for the first quarter of 2018, with these contracts locked in for the next five years.

GrafTech has an advantage which no other large scale graphite electrode producer has, that is, substantial vertical integration in petroleum needle coke production. Petroleum needle coke is produced through the refining of decant oil and is the most critical material used in the production of graphite electrodes. More recently, demand for petroleum needle coke has also increased as it is used in the production of electric vehicle batteries. GrafTech's ownership of a petroleum needle coke plant means our business is the only manufacturer of graphite electrodes that can provide customers surety of long-term electrode supply at fixed prices. We believe both GrafTech and its customers will benefit from the changes to our sales process as long-term contracts offer customers certainty of supply of a high-quality product and GrafTech benefits from a secure cash flow profile by mitigating the risks associated with pricing volatility.

We acquired GrafTech in 2015 at an enterprise value of \$1.3 billion and equity purchase price of \$855 million. Our successful repositioning of GrafTech has created an opportunity for us to start monetizing the business. In mid-January the company announced its intention to complete a debt offering during the first quarter, as well as an initial public offering in the coming months. The debt offering is now committed and will return approximately \$380 million to Brookfield Business Partners. This is in excess of the \$295 million of equity we invested to acquire our approximate 34% stake in the company. Should the IPO be successful we will receive additional proceeds at a valuation which is a multiple of our original investment. These proceeds will fund a meaningful part of our acquisition activity in the coming year, and a public listing of GrafTech gives us liquidity for our shares in the company in case we wish to redeploy capital in the future to fund our growth.

At North American Palladium ("NAP"), our Canadian palladium producer, underground production increased by more than 30% compared with the prior year, a result of the successful implementation of an improved mining method. Palladium prices improved toward the end of the year to over \$1,000 per ounce, and the combination of increased volumes and prices are meaningfully enhancing NAP's results.

BRK Ambiental, our Brazilian water distribution, collection and treatment business servicing approximately 15 million people, began contributing to our results in 2017. With a new management team in place, we have refocused the company to achieve operational excellence, including safety performance and service quality, and continue to benefit from the company's extensive development capabilities. We believe there will be considerable opportunities to expand BRK Ambiental's operations while achieving strong, risk adjusted returns on capital. Since we identified the BRK Ambiental opportunity two years ago, interest rates in Brazil have declined from 14% to 7%, which should ultimately support higher valuations in this sector.

Business Services

Our business services segment generated Company FFO of \$66 million in 2017, with positive contributions from the road fuels marketing and distribution companies that we acquired during the year. We are continuing to build out this new platform with four tuck-in acquisitions including Canadian Operators Petroleum (CAN-OP), a fuel marketer and terminal operator in Ontario, Canada, and Inver Energy, which supplies 10% of the fuel in Ireland and marks our first purchase of gas stations in Europe. Rebranding efforts are underway at our Canadian gas stations to the Mobil fuel brand and we are on target to complete this transition in mid-2018. We are also continuing to grow our facilities management business. This business generates strong recurring cashflows from long-term customer relationships providing critical services to real estate owners. We have been building out the business to handle large multi-site client portfolios and increased specialist technical service capabilities. In this regard, subsequent to the year end we completed a small acquisition to increase our capabilities to provide services to data center owners in the United States. Our real estate brokerage services operations performed well, although results were partially offset by lower results at our financial advisory service business, which experienced slower execution rates over the year.

Construction Services

We are consolidating our construction services operations amidst some industry and select project specific challenges. As a result, we generated only \$26 million of Company FFO in 2017 but given our financial strength we are confident we will continue to succeed with this business. As a general contractor, our business manages the design and build of complex construction projects. We do enter into lump sum, fixed price contracts, assuming the risk of cost escalation, while benefitting from cost minimization.

During 2017 our results were impacted primarily by performance on six projects; three in Australia, two in the Middle East and one in the U.K. The majority of these projects are now complete and the others are expected to reach completion in the first half of 2018.

We are confident in continued success as prior to 2017, our construction business generated approximately \$100 million of Company FFO each year since we acquired it over ten years ago and has returned substantial cash to us. In addition, 95% of our projects have been profitable over these ten years, and we are currently working on 90 projects where, overall, our margins are tracking as expected.

We operate this business with virtually no debt so even during this period of weaker performance the business has considerable financial flexibility. We believe in time the business will return to more historical levels of profitability, but full results will not return until 2019.

The good news is that as one of the strongest operators globally, we continue to win new work and our backlog has increased to \$8.7 billion. We secured five projects during the fourth quarter of 2017, including the first stage of the mixed use Melbourne Square project in Victoria valued at \$380 million and the acute services building of Westmead Hospital for \$361 million in Australia. Our Middle East business signed The Address Residences Jumeirah Gate in Dubai.

Energy

Our energy segment reported Company FFO of \$52 million in 2017. Teekay Offshore, our marine oilfield services company, acquired in the third quarter of 2017, began contributing to our results. As a leading provider of critical transportation and production services to the offshore oil industry, Teekay Offshore has among its customers some of the largest oil companies in the world. As a fee-based business with medium to long-term fixed rate contracts, the company has limited direct commodity exposure.

During the second half of 2017, several of Teekay Offshore's growth projects began to generate cash flows after the company took delivery of an FSO unit in Norway, an FPSO unit in Brazil, two new shuttle tankers in Canada, and three long-haul towage vessels for use in global operations. Together with the company's remaining growth projects, which include an additional FPSO unit in Brazil, a third new shuttle tanker in Canada and a fourth long-haul towage vessel, Teekay Offshore's results should improve in 2018.

Results at our Western Canadian oilfield services business, CWC Energy Services ("CWC"), improved in 2017 through higher utilization rates. During the fourth quarter CWC became the largest active service rig contractor in Canada by completing its acquisition of C&J Energy Services' Canadian division. Concurrently, we increased our ownership in CWC by providing it with equity capital to fund this acquisition and acquiring certain of our institutional partners' interests in CWC.

Company FFO contribution from Ember was up in 2017 with marginally higher gas prices. Quadrant, our Australian oil and gas operation, continued to perform well with its highly contracted natural gas output, offset partly by a one-time loss of \$16 million on the sale of a smaller oil and gas producer in Western Canada.

Strategic Initiatives

Subsequent to the end of the year we reached an agreement to acquire two high quality businesses and closed our transaction with the Ontario Lottery and Gaming Corporation (“OLG”):

- Last month, together with institutional partners, we reached a definitive agreement to acquire an iconic American company, Westinghouse Electric Company (“Westinghouse”), for a purchase price of approximately \$4.6 billion.

Headquartered in Pennsylvania, Westinghouse is a global leader in nuclear energy technology and markets specialized infrastructure services to its utility customers to keep plants safe, reliable and efficient. The company provides utility customers around the world with sophisticated engineering, maintenance, facilities management and repair services, as well as plant components and parts. Westinghouse’s roots in the U.S. go back to the 19th century, and it has been operating in the nuclear energy space for over 50 years, helping the world meet growing electricity demand.

Most of the company’s profit is generated from regularly scheduled services provided under long-term contracts. It generates stable cash flows and its services and products are critical to the success of its customers. Its technology is world class and there are opportunities for growth within both existing and new markets, as well as great opportunities to introduce Westinghouse’s AP1000 design into many regions where nuclear capacity is increasing. Westinghouse does not own or operate any nuclear electricity generation facilities.

In 2008 Westinghouse became involved in the construction of two nuclear electricity generation facilities and subsequently contracted to build these at fixed prices. Due to delays and cost overruns in the billions of dollars, the company became financially insolvent and was forced to seek bankruptcy protection in March 2017. Westinghouse exited the construction business while under bankruptcy protection and the business that we are acquiring will no longer have any obligations with respect to its legacy construction projects, nor will it be in the construction business going forward.

But for the company’s bankruptcy, a business with Westinghouse’s attributes would rarely become available for acquisition. Our goal will be to refocus Westinghouse on its core business of providing services and products to operating facilities. Under our sponsorship, Westinghouse will continue to be a U.S.-based provider of first class infrastructure services and cutting edge nuclear engineering and products to the company’s diverse global customer base.

Closing is expected to occur in the third quarter of 2018, subject to customary closing conditions, including regulatory approvals.

- We reached a definitive agreement together with institutional partners to acquire a 75% controlling interest in Schoeller Allibert Group B.V. (“Schoeller Allibert”) for €205 million. Schoeller Allibert is one of Europe’s largest manufacturers of returnable plastic packaging systems. The company has a product portfolio of over 1,000 types of returnable plastic crates with a strong competitive position serving a diversified customer base in attractive end markets including agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling. We believe the company is well positioned to participate in the returnable packaging industry which is growing from increased global focus on sustainability, waste reduction, e-commerce and logistics automation. We also believe our global platform will help drive value and grow the business. The Schoeller family will continue to hold a 25% interest in the business and upon closing in the second quarter of 2018, we look forward to working with them as a long-term partner. We also hope to replicate this partnership approach with family-owned businesses in Germany, and more broadly in Europe.

- In January, we closed our transaction with the Ontario Lottery and Gaming Corporation in partnership with our institutional partners and our gaming partner, to operate and manage three gaming facilities in the Greater Toronto Area. The total initial equity purchase price was \$135 million. This is the largest gaming concession ever awarded in Canada and currently generates over one billion Canadian dollars of gross gaming revenue. The transaction provides us the exclusive right to operate and improve the existing sites for a minimum period of 22 years, with the option to develop a new site and extend the concession period by 10 years.

As we begin the year we are optimistic for 2018 but with markets at near record highs, will be cautious in our investment approach. We are well positioned for further growth in any environment given our significant liquidity and flexible investment approach, and expect to realize significant profits in our industrials segment, benefiting from the value we have created in these businesses.

In closing, we would like to welcome David Court to our Board of Directors. David is a Director Emeritus at McKinsey & Company and was previously McKinsey's Global Director of Technology, Digitization and Communications. Data analytics impact all our businesses and we believe David's extensive experience in this area will be invaluable as we grow our company.

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

Sincerely,



Cyrus Madon
Chief Executive Officer

February, 2018

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 FORWARD-LOOKING STATEMENTS AND INFORMATION

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 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 in our Form 20-F for the year ended December 31, 2017.