Letter to Unitholders

Dear unitholders,

Overview

We are pleased to report that the Brookfield Business Partners (or "BBU") spin-off occurred June 20th and our units are now trading on both the New York and Toronto stock exchanges. Our business benefits from global scale, a strong balance sheet and ample liquidity which positions us well to capitalize on opportunities. Our business service operations have had a positive start to the year, and commodity markets, which have been a headwind for our energy and other industrial segments during the first half of the year, have recovered modestly from earlier lows this year.

Results of Operations

We generated Company Funds from Operations ("Company FFO[1]") totaling $58 million for the quarter ending June 30, 2016, supported by robust activity in our business services operations, and a net loss attributable to unitholders of $33 million, primarily related to an impairment taken at our graphite electrode manufacturing business related to a repositioning of the business that we had planned at the time we acquired it.

Our construction services segment is focused on delivering high quality landmark projects in Australia, the Middle East, U.K., Canada and India. With approximately $25 million of Company FFO in the second quarter, our construction services segment remains on track for a strong year. We signed more than $1 billion of construction projects during the quarter in Australia and the U.K., including six residential and commercial developments and one mixed-use project. We have a strong pipeline and successful track record of maintaining a rate of contract wins that replenishes work performed. Our current backlog is over $7 billion, which translates to a weighted average of just under two years of activity across approximately 100 projects.

Our other business services segment generated Company FFO of $15 million during the quarter, primarily from our real estate services and facilities management businesses. In furtherance of our strategy to expand the global footprint and scale of our facilities management operations, we secured two long-term global contracts and executed two acquisitions at attractive valuations. This includes entering into an agreement to acquire a U.S.-based data center facilities management company, marking a key milestone of our entry into the U.S. market. In addition, we entered into an agreement to acquire a Canadian

[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.*

facilities management business with approximately 50 million square feet of managed real estate. While these acquisitions are relatively modest in size, they will assist to increase the scale, reach and efficiency of our operations and increase the value of our business.

Our energy segment generated $17 million of Company FFO during the second quarter of 2016 as a result of continued solid performance at our Western Australian operations and gains realized on opportunistic investments. Earlier this year we took advantage of the selloff in high yield debt and acquired debt securities at attractive valuations in a number of energy related businesses with high quality assets and solid long-term fundamentals. Our view was that we could make investments that may ultimately lead to potential acquisition opportunities and generate attractive returns in the event sentiment were to recover. Given the recent rally in both energy and the broader U.S. markets, our investments increased in value and we exited one of our larger positions during the quarter. Against the backdrop of weak oil and gas prices, our Western Australian operations continued to generate solid Company FFO given that substantially all our production is sold at fixed prices under long-term contracts, we have an effective hedging program and we executed on a number of cost saving initiatives.

Our other industrials segment had a challenging quarter, with Company FFO of $2 million generated by strong performance at our bath and shower products manufacturer but offset by weakness at our graphite electrode producer and palladium mine. Our bath and shower products manufacturer is benefitting from the steady recovery in the U.S. housing sector and the successful launch of a new product line. Results from our graphite electrode operations continue to be under pressure primarily due to weak pricing partially offset by lower operating costs during the quarter. Similarly, results from our palladium mine have been impacted by low palladium prices and operational changes are being made at the mine in order to improve production efficiency over the long term.

Value Creation

Our goal is to acquire and manage businesses with high barriers to entry, low production costs and the potential to benefit from Brookfield's global expertise as an owner and operator of real assets. Our investment objective is to generate long-term returns without taking undue risk, and we seek overall returns of 15% to 20% on our investments.

The performance of a number of our businesses can vary with business and economic cycles, and we expect certain of them to have some volatility in earnings. We also buy underperforming or distressed companies which we believe can be turned around through operational or financial restructuring, or through other management initiatives. Such businesses generate minimal or even negative earnings at the outset but have the potential to generate substantial gains over the longer term. In essence, we are happier earning a bumpy 20% internal rate of return instead of a steady 15%.

Our graphite electrode manufacturing operation, GrafTech International Ltd. ("GrafTech"), is an example of an acquisition we recently made that generates little to no cash flow today but believe will have a very profitable outcome for us. Graphite electrodes are used in the steel making process, and specifically for electrical arc furnaces ("EAF"). In the developed world, EAF steelmaking is far more efficient than making steel with blast furnaces, which is the conventional method of making steel. Blast furnaces use iron ore, metallurgical coal and other ingredients in the steel making process. EAF's, on the other hand, melt scrap steel using a high voltage electrical current delivered from the graphite electrodes.

We, along with our institutional partners, acquired GrafTech for $1.25 billion in August of last year during the worst pricing environment in 15 years for the company's core product. In addition, GrafTech was over-leveraged and needed to raise capital. Our plan was, and continues to be, to refocus the operations on its core graphite electrode business, drive operational improvement by concentrating production at the lowest cost facilities, reduce corporate costs, improve product quality, and sell non-core assets. Since acquiring this business we have reduced annual operating costs by approximately $50 million and believe we can generate at least $50 million in additional annual operating margin through further cost reduction and production efficiency.

We believe the combination of our operational improvement plan, electrode industry rationalization and an increase in EAF utilization rates should enable GrafTech's results to improve substantially. If this investment works out as planned, we will have acquired GrafTech for four to five times our view of normalized EBITDA[2] and earn an attractive return on our investment. That said, we expect to suffer weak and even negative earnings along the path to profitability, but we believe the potential outcome is worth the effort and earnings volatility until such time.

Looking Forward to 2017

As you are no doubt aware, the U.K. recently voted to exit the E.U. Our exposure in the U.K at this time is related primarily to our construction business, with approximately one-third of that business derived from the U.K. However, our risk in the near term is mitigated as our U.K. construction business has a remaining weighted average contract life of approximately two years. Having lived through a number of these events over the years, we do believe that the U.K. will continue to be one of the great financial centers in the world. The U.K. is in a central time zone, has excellent rule of law, a strong tax regime and a culture of respect for capital. We believe that the negotiations with the E.U. will eventually lead to strong relationships as these markets are inextricably linked. As a result, we believe that this will all sort itself out over time and London will remain one of the leading global financial centers in the world, and while there may be a period of softer construction activity in the near term that longer term fundamentals will remain strong.

Our structure, and the Brookfield platform, provide us the ability to invest across the globe. 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 in the country creates an optimal market for us to invest. In India, banks are taking a hard line on underperforming loans given regulatory pressure, and this should create opportunities for us.

We believe great opportunities lie ahead, as our business is well-positioned with permanent capital, a global footprint and diversified operations. We anticipate that the cash flow and asset coverage from our operating segments will allow us to maintain a strong balance sheet, ample liquidity, and a prudent capital structure. To fund acquisitions, we will evaluate a variety of capital sources including cash generated from our operations, proceeds from the sale of mature assets, and equity and debt financings over the longer term.

[2] *EBITDA is defined as net income before interest, taxes, depreciation and amortization*

Long-Term Plans

Our longer term goal is to create new operating platforms which we can grow over many years.

As an example, our facilities management operations were started by us approximately 20 years ago and we now are the leading player in Canada and Australia with a foot-hold in the U.S. This business has a strong track record of growth and given the global presence of our organization, we believe that this business can continue to grow for many years to come. This business today looks after over 300 million square feet of premises globally and we have been rapidly growing that number.

We are continuing to look for other best-in-class businesses which we can acquire with management teams that wish a home to execute their business plans on a permanent basis. What we can offer management groups is the stability which we bring to ownership, capital availability to grow, and global relationships. This does not mean that we will never sell these businesses, it merely means that our tendency is to hold for longer periods of time and usually we sell when our management teams decide it is the right time to sell a part or all of a business, not when they are “forced” to sell by some outside influence.

Our target for these acquisitions are family owned companies where one owner may need liquidity, public companies where short-term investors want to compel management to sell the company or carve outs from broader businesses. Should you have any ideas for us we would welcome the opportunity to discuss those with you.

On behalf of the board and management of Brookfield Business Partners L.P., I would like to thank all our unitholders for their ongoing interest and support.

Sincerely,

Cyrus Madon

Chief Executive Officer

August 2, 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 Second Quarter 2016.