

Cheniere Energy Partners, L.P.  
Form S-3  
August 17, 2017  
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As filed with the Securities and Exchange Commission on August 17, 2017

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM S-3**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**Cheniere Energy Partners, L.P.**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**20-5913059**  
**(I.R.S. Employer**  
**Identification Number)**

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**700 Milam Street, Suite 1900**

**Houston, Texas 77002**

**(713) 375-5000**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Michael J. Wortley**

**Executive Vice President and**

**Chief Financial Officer**

**Cheniere Energy Partners GP, LLC**

**700 Milam Street, Suite 1900**

**Houston, Texas 77002**

**(713) 375-5000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copy to:*

**George J. Vlahakos**

**Andrews Kurth Kenyon LLP**

**600 Travis, Suite 4200**

**Houston, TX 7002-3009**

**(713) 220-4200**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act:

|                         |   |                           |
|-------------------------|---|---------------------------|
| Large accelerated filer |   | Accelerated filer         |
| Non-accelerated filer   | (Do not check if a smaller reporting company) | Smaller reporting company |
|                         |   | Emerging growth company   |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

### CALCULATION OF REGISTRATION FEE

| Title of Each Class of<br>Securities to be Registered | Amount<br>to be<br>Registered (1)(2) | Proposed<br>Maximum<br>Offering Price<br>Per Unit (3) | Proposed<br>Maximum<br>Aggregate<br>Offering Price (3) | Amount of<br>Registration Fee (4) |
|---|--------------------------------------|---|--|-----------------------------------|
| Common Units representing limited partner interests   | 202,450,687                          | \$28.08   | \$5,684,815,290.96                                     | \$658,871                         |

- (1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the Securities Act ), the number of common units representing limited partner interests ( Common Units ) in Cheniere Energy Partners, L.P. (the Partnership ) being registered on behalf of the selling unitholders named in this prospectus (the Selling Unitholders ) shall be adjusted to include any additional Common Units that may become issuable as a result of any unit distribution, split, combination or similar transaction.
- (2) The proposed maximum offering price per Common Unit will be determined from time to time in connection with, and at the time of, the sale by the Selling Unitholders.
- (3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of the average of the high and low sales prices of the Common Units on August 16, 2017, of \$28.08, as reported on the NYSE American.
- (4) Calculated in accordance with Rule 457(o) under the Securities Act.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. The securities may not be sold pursuant to this prospectus until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION DATED August 17, 2017**

**PROSPECTUS**

**Cheniere Energy Partners, L.P.**

**202,450,687**

**Common Units Representing Limited Partner Interests**

This prospectus relates to 202,450,687 common units representing limited partner interests (the **Common Units**) in Cheniere Energy Partners, L.P. (the **Partnership**) that were issued to or acquired by the selling unitholders named in this prospectus or in any supplement to this prospectus or any transferee, assignee or other successor-in-interest to the selling unitholders (the **Selling Unitholders**).

**We will not receive any proceeds from the sale of Common Units owned by the Selling Unitholders. For a more detailed discussion of the Selling Unitholders, please read **Selling Unitholders**.**

The Common Units may be offered and sold by each of the Selling Unitholders for its own account from time to time in accordance with the provisions set forth under **Plan of Distribution**. The Selling Unitholders may offer and sell the Common Units to or through one or more underwriters, dealers and agents, who may receive compensation in the form of discounts, concessions or commissions, or directly to purchasers, on a continuous or delayed basis. The Selling Unitholders may offer and sell the Common Units at various times in amounts, at prices and on terms to be determined by market conditions and other factors at the time of such offerings. This prospectus describes the general terms of the Common Units and the general manner in which the Common Units may be offered and sold by the Selling Unitholders. The specific manner in which the Selling Unitholders will offer and sell the Common Units will be described in a supplement to this prospectus, which may also add to, update or change the information contained or incorporated by reference in this prospectus. You should carefully read this prospectus, any applicable prospectus supplement and the documents we refer to under the heading **Where You Can Find More Information** of this prospectus before you purchase any of our Common Units.

Our Common Units are traded on the NYSE American under the symbol **CQP**. The last reported sales price of our Common Units on the NYSE American on August 16, 2017 was \$28.16 per Common Unit.

**Investing in our Common Units involves risks. You should carefully read and consider the risks related to an investment in our Common Units and each of the other risk factors described under Risk Factors on page 1 of this prospectus, in any applicable prospectus supplement and in our periodic reports filed with the Securities and Exchange Commission before you make an investment in our Common Units.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus or any prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is                      , 2017.**

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**In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. Neither we nor any of the Selling Unitholders has authorized anyone to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it.**

**You should not assume that the information contained in this prospectus or in any prospectus supplement is accurate as of any date other than the date on the front cover of those documents. You should not assume that the information contained in the documents incorporated by reference in this prospectus or in any prospectus supplement is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.**

**This prospectus and any prospectus supplement is not an offer to sell, nor a solicitation of an offer to buy, Common Units in any jurisdiction where the offer or sale is not permitted.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-3 that we have filed with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), utilizing a shelf registration process. Under this shelf registration process, the Selling Unitholders may, from time to time, offer and sell up to 202,450,687 Common Units, a portion of which were issued to one of the Selling Unitholders upon conversion of 100,000,000 of the Partnership's Class B units representing limited partner interests (the "Class B Units") on August 2, 2017.

This prospectus provides you with a general description of Cheniere Energy Partners, L.P. and the Common Units that are registered hereunder that may be offered by the Selling Unitholders. Because each of the Selling Unitholders may be deemed to be an underwriter within the meaning of the Securities Act, each time any of the Selling Unitholders offers Common Units with this prospectus, such Selling Unitholder is required to provide you with this prospectus and the related prospectus supplement that will describe, among other things, the specific amounts and prices of the Common Units being offered and the terms of the offering.

The specific manner in which the Common Units may be offered and sold will be described in a supplement to this prospectus or a free writing prospectus. Any prospectus supplement or free writing prospectus may add to, update or change the information contained or incorporated by reference in this prospectus. Any statement made or incorporated by reference in this prospectus will be modified or superseded by any inconsistent statement made in a prospectus supplement or a free writing prospectus. Therefore, you should read this prospectus (including any documents incorporated by reference) and any prospectus supplement or free writing prospectus before you invest in our Common Units.

This prospectus does not contain all of the information set forth in the registration statement, or the exhibits that are a part of the registration statement, parts of which are omitted as permitted by the rules and regulations of the SEC. Additional information, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to our reports filed with the SEC. Please read "Where You Can Find More Information." You are urged to read carefully this prospectus and any attached prospectus supplements relating to the securities offered to you, together with the additional information described under the heading "Where You Can Find More Information," before investing in our Common Units.

Unless the context requires otherwise, as used in this prospectus, "Cheniere Partners," "the Partnership," "we," "our," "us" like terms mean Cheniere Energy Partners, L.P., a Delaware limited partnership, and its subsidiaries. References to our "general partner" refer to Cheniere Energy Partners GP, LLC, the general partner of the Partnership, which effectively manages the business and affairs of the Partnership. References to our "partnership agreement" refer to the Fourth Amended and Restated Agreement of Limited Partnership of the Partnership.

**INDUSTRY AND MARKET DATA**

A portion of the market data and certain other statistical information contained or incorporated by reference in this prospectus is based on independent industry publications, government publications or other published independent sources. Some data is also based on our good faith estimates and our management's understanding of industry conditions. While we are not aware of any misstatements regarding our market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings "Forward-Looking Statements" and "Risk Factors."

**WHERE YOU CAN FIND MORE INFORMATION**



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We have filed a registration statement with the SEC under the Securities Act that registers the Common Units offered by this prospectus. The registration statement, including the attached exhibits, contains additional

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relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

In addition, we file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the operation of the SEC's public reference room. Our SEC filings are available on the SEC's website at <http://www.sec.gov>. We also make available free of charge on our website at <http://www.cheniere.com>, all materials that we file electronically with the SEC, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and amendments to these reports, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC.

The SEC allows us to incorporate by reference the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents filed separately with the SEC. These other documents contain important information about us, our financial condition and our results of operations. The information incorporated by reference is an important part of this prospectus. Any statement contained or incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, or in any subsequently filed document which also is incorporated by reference herein, modifies or supersedes such earlier statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

**Unless otherwise specified, information contained on, or available by hyperlink from, our website or contained on the SEC's website is not incorporated into this prospectus.**

We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), (excluding any information in those documents that is deemed by the rules of the SEC to be furnished and not filed with the SEC) until all offerings under the registration statement of which this prospectus forms a part are completed or terminated:

our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 24, 2017;

our Quarterly Reports on Form 10-Q for the quarter ended March 31, 2017, filed on May 4, 2017 and for the quarter ended June 30, 2017, filed on August 8, 2017;

our Current Reports on Form 8-K filed on January 20, 2017, February 21, 2017, February 27, 2017, March 6, 2017, April 21, 2017, July 21, 2017 and August 16, 2017; and

the description of our Common Units contained in our registration statement on Form 8-A12B (File No. 001-33366) filed on March 15, 2007.

You may obtain copies of any of the documents incorporated by reference in this prospectus from the SEC through the SEC's website at the address provided above. You also may request a copy of any document incorporated by reference in this prospectus (including exhibits to those documents specifically incorporated by reference in this prospectus), at no cost, by visiting our website at <http://www.cheniere.com>, or by writing or calling us at the following address:

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Cheniere Energy Partners, L.P.

700 Milam Street, Suite 1900

Houston, Texas 77002

(713) 375-5000

Attn: Investor Relations

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**FORWARD-LOOKING STATEMENTS**

This prospectus, any prospectus supplement and the documents we incorporate by reference herein and therein may contain certain statements that are, or may be deemed to be, forward-looking statements. All statements, other than statements of historical or present facts or conditions, included herein or incorporated herein by reference are forward-looking statements. Included among forward-looking statements are, among other things:

statements regarding our ability to pay distributions to our unitholders;

statements regarding our expected receipt of cash distributions from Sabine Pass LNG, L.P. ( SPLNG ), Sabine Pass Liquefaction, LLC ( SPL ) or Cheniere Creole Trail Pipeline, L.P. ( CTPL );

statements that we expect to commence or complete construction of our proposed liquefied natural gas ( LNG ) terminals, liquefaction facilities, pipeline facilities or other projects, or any expansions or portions thereof, by certain dates, or at all;

statements regarding future levels of domestic and international natural gas production, supply or consumption or future levels of LNG imports into or exports from North America and other countries worldwide or purchases of natural gas, regardless of the source of such information, or the transportation or other infrastructure or demand for and prices related to natural gas, LNG or other hydrocarbon products;

statements regarding any financing transactions or arrangements, or our ability to enter into such transactions;

statements relating to the construction of our natural gas liquefaction Trains ( Trains ), including statements concerning the engagement of any engineering, procurement and construction ( EPC ) contractor or other contractor and the anticipated terms and provisions of any agreement with any such EPC or other contractor, and anticipated costs related thereto;

statements regarding any LNG sale and purchase agreement ( SPA ) or other agreement to be entered into or performed substantially in the future, including any revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, natural gas liquefaction or storage capacities that are, or may become, subject to contracts;

statements regarding counterparties to our commercial contracts, construction contracts and other contracts;

statements regarding our planned development and construction of additional Trains;

statements that our Trains, when completed, will have certain characteristics, including amounts of liquefaction capacities;

statements regarding our business strategy, our strengths, our business and operation plans or any other plans, forecasts, projections, or objectives, including anticipated revenues, capital expenditures, maintenance and operating costs and cash flows, any or all of which are subject to change;

statements regarding legislative, governmental, regulatory, administrative or other public body actions, approvals, requirements, permits, applications, filings, investigations, proceedings or decisions; and

any other statements that relate to non-historical or future information.

All of these types of statements, other than statements of historical or present facts or conditions, are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as may, will, could, should, expect, plan, project, intend, anticipate, believe, estimate, predict, potential, pursue, negative of such terms or other comparable terminology. The forward-looking statements contained in this prospectus, any prospectus supplement and the

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documents incorporated herein and therein are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on known market conditions and other factors at the time of the statement. Although we believe that such estimates are reasonable, they are inherently uncertain and involve a number of risks and uncertainties beyond our control. In addition, assumptions may prove to be inaccurate. We caution that the forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference herein and therein are not guarantees of future performance and that such statements may not be realized or the forward-looking statements or events may not occur. Actual results may differ materially from those anticipated or implied in forward-looking statements as a result of a variety of factors described in this prospectus, any prospectus supplement and the documents incorporated by reference herein and therein and in the other reports and other information that we file with the SEC, including those discussed under **Risk Factors** . All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. These forward-looking statements speak only as of the date made, and other than as required by law, we undertake no obligation to update or revise any forward-looking statement or provide reasons why actual results may differ, whether as a result of new information, future events or otherwise.

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**ABOUT CHENIERE ENERGY PARTNERS, L.P.**

We are a publicly traded Delaware limited partnership formed by Cheniere Energy, Inc. ( Cheniere ). Our vision is to be recognized as the premier global LNG company and provide a reliable, competitive and integrated source of LNG to our customers while creating a safe, productive and rewarding work environment for our employees. The liquefaction of natural gas into LNG allows it to be shipped economically from areas of the world where natural gas is abundant and inexpensive to produce to other areas where natural gas demand and infrastructure exist to economically justify the use of LNG. Through our wholly owned subsidiary, SPL, we are developing, constructing and operating natural gas liquefaction facilities (the Liquefaction Project ) at the Sabine Pass LNG terminal located in Cameron Parish, Louisiana, on the Sabine-Neches Waterway less than four miles from the Gulf Coast. We plan to construct up to six Trains, which are in various stages of development, construction and operations. Trains 1 through 3 are operational, Train 4 is undergoing commissioning, Train 5 is under construction and Train 6 is being commercialized and has all necessary regulatory approvals in place. Each Train is expected to have a nominal production capacity, which is prior to adjusting for planned maintenance, production reliability and potential overdesign, of approximately 4.5 mtpa of LNG. Through our wholly owned subsidiary, SPLNG, we own and operate regasification facilities at the Sabine Pass LNG terminal, which includes existing infrastructure of five LNG storage tanks with capacity of approximately 16.9 Bcfe, two marine berths that can accommodate vessels with nominal capacity of up to 266,000 cubic meters and vaporizers with regasification capacity of approximately 4.0 Bcf/d. We also own a 94-mile pipeline that interconnects the Sabine Pass LNG terminal with a number of large interstate pipelines through our wholly owned subsidiary, CTPL.

Our Common Units have been publicly traded since March 21, 2007 and are traded on the NYSE American under the symbol CQP. Our principal executive offices are located at 700 Milam Street, Suite 1900, Houston, Texas 77002, and our telephone number is (713) 375-5000.

**RISK FACTORS**

An investment in our Common Units involves risks. Before you invest in our Common Units, you should consider carefully the risk factors in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, and our other reports filed from time to time with the SEC, which are incorporated by reference into this prospectus, as the same may be amended, supplemented or superseded from time to time by our filings under the Exchange Act, as well as those that may be included in any applicable prospectus supplement. Before making an investment decision, you should carefully consider these risks as well as all of the other information included or incorporated by reference in this prospectus, any applicable prospectus supplement and the documents we incorporate by reference.

If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, our ability to make distributions to our unitholders may be reduced, the trading price of our Common Units could decline and you could lose all or part of your investment.

**USE OF PROCEEDS**

We will not receive any proceeds from the sale of Common Units by the Selling Unitholders. The Selling Unitholders will receive all of the net proceeds from the sale of Common Units.

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**CASH DISTRIBUTION POLICY AND RESTRICTIONS ON DISTRIBUTIONS**

**General**

***Rationale for Our Cash Distribution Policy***

Our cash distribution policy reflects a basic judgment that our unitholders will be better served by our distributing our cash available after expenses and reserves rather than retaining it. Because we are not subject to entity level federal income tax, we will have more cash to distribute to our unitholders than would be the case were we subject to tax. Our cash distribution policy is consistent with the terms of our partnership agreement, which requires that we distribute all of our available cash quarterly.

***Limitations on Our Ability to Pay Quarterly Distributions***

There is no guarantee that unitholders will receive quarterly distributions from us. Our distribution policy may be changed at any time and is subject to certain restrictions and uncertainties, including:

Our ability to pay distributions to our unitholders will depend on the performance of us and our subsidiaries, and their ability to make distributions to us, which may be limited by the terms of our and their indebtedness.

We may lack sufficient cash to pay distributions to our unitholders due to a number of factors that could adversely affect us. Please read [Risk Factors](#).

Our general partner has broad discretion to establish reserves for the prudent conduct of our business, and the establishment of those reserves could result in a reduction of our cash distributions to you from levels we currently anticipate pursuant to our stated distribution policy.

Even if our cash distribution policy is not modified, the amount of distributions that we pay under our cash distribution policy and the decision to pay any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement.

Although our partnership agreement requires us to distribute our available cash, our partnership agreement may be amended. During the subordination period, with certain exceptions, our partnership agreement may not be amended without the approval of a majority of nonaffiliated common unitholders. However, our partnership agreement can be amended with the consent of our general partner and the approval of a majority of the outstanding common units, after the subordination period has ended. Affiliates of our general partner own approximately 30.0% of our common units outstanding as of August 3, 2017. If the subordinated units were converted into common units, affiliates of our general partner would own approximately 49.6% of our common units outstanding as of August 3, 2017.



Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets.

***Our Cash Distribution Policy May Limit Our Ability to Grow***

We will distribute all of our available cash to our unitholders. As a result, we expect to rely primarily upon external financing sources, including commercial borrowings and issuances of debt or equity securities of us or our subsidiaries, to fund our acquisition and capital investment expenditures. The incurrence of additional commercial borrowings or other debt to finance our operations would result in increased interest expense, which in turn may impact the available cash that we have to distribute to our unitholders. If we are unable to finance growth externally, our cash distribution policy could significantly impair our ability to grow.

After the subordination period, there are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. To the extent we issue additional units, the

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payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level, which in turn may impact the available cash that we have to distribute on each unit.

***Cash Distributions***

The amount of the initial quarterly distribution on our common units is \$0.425 per unit, or \$1.70 per year. Until the end of the subordination period, before we make any quarterly distributions to subordinated unitholders, our common unitholders are entitled to receive payment of the full initial quarterly distribution plus any arrearages from prior quarters. Please read *How We Make Cash Distributions Subordination Period*.

Our general partner is entitled to 2% of all distributions that we make prior to our liquidation. The general partner's 2% interest in these distributions may be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its 2% general partner interest. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest.

***Distributions on the Class B Units***

In 2012, we issued Class B Units, a new class of equity interests representing limited partner interests in us, in connection with the development of our project to add liquefaction capabilities adjacent to the Sabine Pass LNG terminal. The Class B Units were not entitled to cash distributions except in the event of our liquidation (or merger, combination or sale of substantially all of our assets). The Class B Units were subject to conversion, mandatorily or at the option of the holders of the Class B Units under specified circumstances, into a number of common units based on the then-applicable conversion value of the Class B Units. On a quarterly basis beginning on the initial purchase of the Class B Units, and ending on the conversion date of the Class B Units, the conversion value of the Class B Units increased at a compounded rate of 3.5% per quarter. The holders of Class B Units had a preference over the holders of the subordinated units in the event of our liquidation (or merger, combination or sale of substantially all of our assets). On August 2, 2017, all of our outstanding Class B Units mandatorily converted into common units.

In this section, references to unitholders made in the context of the recipients of quarterly cash distributions refer to our common unitholders and subordinated unitholders.

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**HOW WE MAKE CASH DISTRIBUTIONS**

**Distributions of Available Cash**

***General***

Our partnership agreement requires that, within 45 days after the end of each quarter, we distribute all of our available cash to unitholders of record on the applicable record date. In this section, references to unitholders refer to our common unitholders and subordinated unitholders.

***Definition of Available Cash***

We define available cash in our partnership agreement, and it generally means, for each fiscal quarter, the sum of all cash and cash equivalents on hand at the end of the quarter:

less the amount of cash reserves established by our general partner to:

provide for the proper conduct of our business;

comply with applicable law, any of our debt instruments, or other agreements; and

provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters;

plus all additional cash and cash equivalents on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to partners and with the intent of the borrower to repay such borrowings within 12 months.

***Minimum Quarterly Distribution***

We will distribute to the holders of common units and subordinated units on a quarterly basis at least the minimum quarterly distribution of \$0.425 per unit, or \$1.70 per year, to the extent that we have sufficient cash from our operations after establishment of cash reserves and payment of fees and expenses, including payments to our general partner. However, there is no guarantee that we will pay the minimum quarterly distribution on the units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement. Please see [Cash Distribution Policy and Restrictions on Distributions](#) for a discussion of the restrictions that may restrict our ability to make distributions.

***General Partner Interest and Incentive Distribution Rights***

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Our general partner is currently entitled to 2% of all quarterly distributions that we make prior to our liquidation. This general partner interest is represented by 9,877,523 general partner units as of August 3, 2017. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest. The general partner's 2% interest in these distributions may be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its 2% general partner interest.

Our general partner also currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 50%, of the cash that we distribute from operating surplus (as defined below) in excess of \$0.489 per unit per quarter. Please see [Incentive Distribution Rights](#) for additional information.

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**Operating Surplus and Capital Surplus**

*Overview*

All cash distributed to unitholders will be characterized as either operating surplus or capital surplus. We treat distributions of available cash from operating surplus differently than distributions of available cash from capital surplus.

*Definition of Operating Surplus*

We define operating surplus in our partnership agreement, and for any period it generally means:

\$30 million (as described below); plus

all of our cash receipts, excluding cash from:

borrowings that are not working capital borrowings,

sales of equity securities and debt securities,

sales or other dispositions of assets outside the ordinary course of business,

the termination of commodity hedge contracts or interest rate swap agreements prior to the termination date specified therein,

capital contributions received, and

corporate reorganizations or restructurings; plus

working capital borrowings made after the end of a quarter but on or before the date of determination of operating surplus for the quarter; plus

cash distributions paid on equity issued in connection with the construction or development of a capital improvement or replacement asset during the period beginning on the date that we enter into a binding commitment to commence the construction or development of such capital improvement or replacement asset and ending on the earlier to occur of the date the capital improvement or replacement asset is placed into service and the date that it is abandoned or disposed of; less

all of our operating expenditures (as defined below); less

the amount of cash reserves established by our general partner to provide funds for future operating expenditures; less

all working capital borrowings not repaid within twelve months after having been incurred or repaid within such twelve-month period with the proceeds of additional working capital borrowings.

If a working capital borrowing, which increases operating surplus, is not repaid during the twelve month period following the borrowing, it will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital is in fact repaid, it will not be treated as a reduction in operating surplus because operating surplus will have been previously reduced by the deemed repayment.

We define operating expenditures in our partnership agreement, and it generally means all of our expenditures, including, but not limited to, taxes, payments to our general partner, reimbursements of expenses incurred by our general partner on our behalf, non-pro rata repurchases of units, repayment of working capital borrowings, debt service payments, interest payments, payments made in the ordinary course of business under commodity hedge contracts and maintenance capital expenditures, provided that operating expenditures will not include, among others, the following:

repayment of working capital borrowings deducted from operating surplus pursuant to the last bullet point of the definition of operating surplus above when such repayment actually occurs;

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payments (including prepayments) of principal of and premium on indebtedness other than working capital borrowings;

expansion capital expenditures;

investment capital expenditures;

payment of transaction expenses (including taxes) relating to interim capital transactions;

distributions to our partners;

non-pro rata repurchases of units of any class made with the proceeds of an interim capital transaction (as defined below); and

cash expenditures made to acquire, own, operate or maintain the operating capacity of the Creole Trail Pipeline prior to the date of first commercial delivery under the SPA with Gas Natural Fenosa.

***Capital Expenditures***

Maintenance capital expenditures are those capital expenditures required to maintain, including over the long-term, our operating capacity or asset base. Maintenance capital expenditures include interest (and related fees) on debt incurred and distributions on equity issued to finance the construction or development of a replacement asset during the period from the date we enter into a binding obligation to commence constructing or developing a replacement asset until the earlier to occur of the date any such replacement asset is placed into service and the date that it is abandoned or disposed.

Expansion capital expenditures are those capital expenditures that we expect will increase our operating capacity or asset base. Expansion capital expenditures include interest (and related fees) on debt incurred and distributions on equity issued to finance the construction or development of a capital improvement during the period from the date we enter into a binding commitment to commence construction or development of a capital improvement until the earlier to occur of the date any such capital improvement is placed into service and the date that it is abandoned or disposed.

Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures. Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of a capital asset for investment purposes, but which is not expected to expand our asset base for more than the short-term.

Neither investment capital expenditures nor expansion capital expenditures are subtracted from operating surplus. Because maintenance capital expenditures and expansion capital expenditures include interest payments (and related fees) on debt incurred and distributions on equity issued to finance the construction or development of a capital improvement or replacement asset during the period from such financing until the earlier to occur of the date any such capital improvement or replacement asset is placed into service or the date that it is abandoned or disposed, such

interest payments and equity distributions are also not subtracted from operating surplus (except, in the case of maintenance capital expenditures, to the extent such interest payments and distributions are included in maintenance capital expenditures).

Capital expenditures that are made in part for maintenance capital purposes and in part for investment capital or expansion capital purposes will be allocated as maintenance capital expenditures, investment capital expenditures or expansion capital expenditures by our general partner, based upon its good faith determination, subject to concurrence by our conflicts committee.



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### ***Definition of Capital Surplus***

We also define capital surplus in our partnership agreement and in Characterization of Cash Distributions below, and it will generally be generated only by the following, which we call interim capital transactions:

borrowings other than working capital borrowings;

sales of debt and equity securities;

sales or other dispositions of assets for cash, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of normal retirements or replacements of assets;

the termination of commodity hedge contracts or interest rate swap agreements prior to the termination date specified therein;

capital contributions received; and

corporate reorganizations or restructurings.

### ***Characterization of Cash Distributions***

Our partnership agreement requires that we treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since we began operations equals the operating surplus as of the most recent date of determination of available cash. We will treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As reflected above, operating surplus includes a \$30 million basket. This amount does not reflect actual cash on hand that is available for distribution to our unitholders. It is instead a provision that enables us, if we choose, to distribute as operating surplus up to \$30 million of cash that we may receive from interim capital transactions that would otherwise be distributed as capital surplus. We do not anticipate that we will make any distributions from capital surplus.

### **Subordination Period**

#### ***General***

During the subordination period, the common units will have the right to receive distributions of available cash from operating surplus in an amount equal to the initial quarterly distribution of \$0.425 per quarter, plus any arrearages in the payment of the initial quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Cheniere Energy Partners LP Holdings, LLC ( Cheniere Holdings ) owns all of the 135,383,831 subordinated units in us as of the date of this prospectus. These units are deemed subordinated because for a period of time, referred to as the subordination period, the subordinated units will not be entitled to receive any distributions until after the common units have received the initial quarterly distribution plus any arrearages from prior quarters. Furthermore, no arrearages will be paid on the subordinated units.

The practical effect of the subordination period is to increase the likelihood that during this period there will be sufficient available cash to pay the initial quarterly distribution on the common units.

***Definition of Subordination Period***

The subordination period will extend until the first business day following the distribution of available cash to partners in respect of any quarter that each of the following occurs:

distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and any other outstanding units that are senior or equal in right of distribution to the subordinated units equaled or exceeded the initial quarterly distribution for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date;

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the adjusted operating surplus (as defined below) generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of the initial quarterly distributions on all of the outstanding common units, subordinated units, general partner units and any other outstanding units that are senior or equal in right of distribution to the subordinated units during those periods on a fully diluted basis; and

there are no arrearages in payment of the initial quarterly distribution on the common units.

***Expiration of the Subordination Period***

When the subordination period expires, each outstanding subordinated unit will convert into one common unit and will then participate pro rata with the other common units in distributions of available cash. In addition, if the unitholders remove our general partner other than for cause and units held by the general partner and its affiliates are not voted in favor of such removal:

the subordination period will end and each subordinated unit will immediately convert into one common unit;

any existing arrearages in payment of the initial quarterly distribution on the common units will be extinguished; and

the general partner will have the right to convert its general partner units and its incentive distribution rights into common units or to receive cash in exchange for those interests.

***Early Conversion of Subordinated Units***

The subordination period will automatically terminate and all of the subordinated units will convert into common units on a one-for-one basis on the first business day following the distribution of available cash to partners in respect of any quarter that each of the following occurs:

in connection with distributions of available cash from operating surplus, the amount of such distributions constituting contracted adjusted operating surplus (as defined below) on each outstanding common unit, subordinated unit and any other outstanding unit that is senior or equal in right of distribution to the subordinated units equaled or exceeded \$0.638 (150% of the initial quarterly distribution) for each quarter in the four-quarter period immediately preceding that date;

the contracted adjusted operating surplus generated during each quarter in the four-quarter period immediately preceding that date equaled or exceeded the sum of a distribution of \$0.638 (150% of the initial quarterly distribution) on all of the outstanding common units, subordinated units, general partner units, any other units that are senior or equal in right of distribution to the subordinated units, and any other equity securities that are junior to the subordinated units that the board of directors of our general partner deems to be appropriate for the calculation, after consultation with management of our general partner, on a fully

diluted basis; and

there are no arrearages in payment of the initial quarterly distribution on the common units.

***Definition of Adjusted Operating Surplus***

We define adjusted operating surplus in our partnership agreement, and for any period, it generally means:

operating surplus generated with respect to that period; less

any net increase in working capital borrowings with respect to that period; less

any net reduction in cash reserves for operating expenditures with respect to that period not relating to an operating expenditure made with respect to that period; plus

any net decrease in working capital borrowings with respect to that period; plus

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any net increase in cash reserves for operating expenditures with respect to that period required by any debt instrument for the repayment of principal, interest or premium.

Adjusted operating surplus is intended to reflect the cash generated from operations during a particular period and therefore excludes the \$30 million operating surplus basket, net increases in working capital borrowings, net drawdowns of reserves of cash generated in prior periods.

### ***Definition of Contracted Adjusted Operating Surplus***

We define contracted adjusted operating surplus in our partnership agreement and it generally means:

adjusted operating surplus derived solely from SPAs and terminal use agreements ( TUA ), in each case, with a minimum term of three years with counterparties who are not affiliates of Cheniere; and

excludes revenues and expenses attributable to the portion of payments made under the LNG sale and purchase agreements related to the final settlement price for the New York Mercantile Exchange's Henry Hub natural gas futures contract for the month in which the relevant cargo's delivery window is scheduled.

### **Distributions of Available Cash from Operating Surplus During the Subordination Period**

We will make distributions of available cash from operating surplus for any quarter during the subordination period in the following manner:

*First*, 98% to the common unitholders, pro rata, and 2% to our general partner, until we distribute for each outstanding common unit an amount equal to the initial quarterly distribution for that quarter;

*Second*, 98% to the common unitholders, pro rata, and 2% to our general partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the initial quarterly distribution on the common units for any prior quarters during the subordination period;

*Third*, 98% to the subordinated unitholders, pro rata, and 2% to our general partner, until we distribute for each outstanding subordinated unit an amount equal to the initial quarterly distribution for that quarter; and

*Thereafter*, in the manner described in Incentive Distribution Rights below.

The preceding discussion is based on the assumptions that our general partner maintains its 2% general partner interest and that we do not issue additional classes of equity securities.

### **Distributions of Available Cash from Operating Surplus After the Subordination Period**

We will make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner:

*First*, 98% to all unitholders, pro rata, and 2% to the general partner, until we distribute for each outstanding unit an amount equal to the initial quarterly distribution for that quarter; and

*Thereafter*, in the manner described in Incentive Distribution Rights below.  
The preceding discussion is based on the assumptions that our general partner ma