

Cheniere Energy Partners, L.P.
Form 424B3
September 13, 2011
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-168942

SUBJECT TO COMPLETION, DATED SEPTEMBER 13, 2011

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated October 12, 2010)

3,000,000 Common Units

Cheniere Energy Partners, L.P.

Representing Limited Partner Interests

We are offering to sell 3,000,000 common units representing limited partner interests of Cheniere Energy Partners, L.P. Our common units trade on the NYSE Amex Equities under the symbol CQP. The last reported trading price of our common units on the NYSE Amex Equities on September 12, 2011 was \$15.65 per common unit.

We have granted the underwriter an option to purchase up to an additional 450,000 common units from us.

Investing in our common units involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement and page 1 of the accompanying prospectus.

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

	<u>Per Common Unit</u>	<u>Total</u>
Public Offering Price	\$	\$
Underwriting Discount	\$	\$
Proceeds to Us (before expenses)	\$	\$

The underwriter expects to deliver the common units to purchasers on or about , 2011 through the book-entry facilities of The Depository Trust Company.

Citigroup

, 2011

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts combined. If information in this prospectus supplement conflicts with information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus that we may authorize be delivered to you that relates to this offering. Neither we nor the underwriter have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the underwriter is making an offer of the securities covered by this prospectus supplement in any state where the offer is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus relating to this offering of common units and any document incorporated by reference is accurate only as of the date on the front cover of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some information contained in this prospectus supplement, the accompanying prospectus and in the documents we incorporate by reference herein may contain certain statements (other than statements of historical fact) that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements generally can be identified by the use of words such as achieve, anticipate, believe, develop, estimate, expect, forecast, intend, plan, potential, project, propose, strategy or similar expressions that convey the uncertainty of events, activities, expectations or outcomes. However, these are not the exclusive means of identifying forward-looking statements.

Where any forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that, while we believe these assumptions or bases to be reasonable and to be made in good faith, assumed facts or bases almost always vary from actual results, and the difference between assumed facts or bases and actual results could be material, depending on the circumstances. It is important to note that actual results could differ materially from those projected by such forward-looking statements.

Although we believe that the expectations in our forward-looking statements are reasonable, we cannot give any assurance that those expectations will be correct. Our operations are subject to numerous uncertainties, risks and other influences, many of which are outside our control and any of which could materially affect our results of operations and ultimately prove the statements we make to be inaccurate.

Factors that could cause our results to differ materially from the results discussed in such forward-looking statements include, but are not limited to, the following:

statements regarding our ability to pay distributions to our unitholders;

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our expected receipt of cash distributions from Sabine Pass LNG, L.P., or Sabine Pass LNG;

statements regarding future levels of domestic natural gas production, supply or consumption; future levels of liquefied natural gas, or LNG, imports into North America; sales of natural gas in North America or other markets; exports of LNG from North America; and the transportation, other infrastructure or prices related to natural gas, LNG or other energy sources;

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statements regarding any financing or refinancing transactions or arrangements, or ability to enter into such transactions or arrangements, whether on the part of Cheniere Energy Partners, L.P. or any subsidiary or at the project level;

statements regarding any commercial arrangements presently contracted, optioned or marketed, or potential arrangements, to be performed substantially in the future, including any cash distributions and revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, liquefaction or storage capacity that are, or may become, subject to such commercial arrangements;

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

statements relating to the construction and operations of our proposed liquefaction project, including statements concerning the completion by certain dates or at all, the costs related thereto and certain characteristics, including amounts of liquefaction capacity and storage capacity and the number of LNG trains;

statements that we expect to receive an order from the Federal Energy Regulatory Commission, or FERC, authorizing us to construct and operate our proposed liquefaction facilities by certain dates, or at all;

statements regarding any business strategy, any business plans or any other plans, forecasts (including the financial forecast included in this prospectus supplement), projections or objectives, including potential revenues and capital expenditures, any or all of which are subject to change;

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

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

Other factors, risks and uncertainties could cause actual results to differ materially from our expectations as discussed under the heading **Risk Factors** below and as otherwise described in our periodic filings with the SEC incorporated by reference herein.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus supplement or, in any document we incorporate by reference, the date of that document. All such forward-looking statements are expressly qualified in their entirety by the cautionary statements in this section, and other than as required under the securities laws, we undertake no obligation to publicly update or revise any forward-looking statements.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference for a more complete understanding of our business and this offering. Unless we indicate otherwise, the information presented in this prospectus supplement assumes that the underwriter's option to purchase additional common units is not exercised and that the common units subject to such option are purchased in the Concurrent Cheniere Offering (as defined below). Please read Risk Factors beginning on page S-8 of this prospectus supplement and included in our Annual Report on Form 10-K/A for the year ended December 31, 2010 for more information about important factors that you should consider before investing in our common units.

Throughout this prospectus supplement, when we use the terms Cheniere Energy Partners, our partnership, we, our, us or similar references, we are referring to Cheniere Energy Partners, L.P. and its consolidated subsidiaries. References in this prospectus supplement to our general partner refer to Cheniere Energy Partners GP, LLC.

Cheniere Energy Partners, L.P.

Overview

We are a Delaware limited partnership formed by Cheniere Energy, Inc., or Cheniere. Through our wholly owned subsidiary, Sabine Pass LNG, L.P., we own and operate the Sabine Pass LNG terminal located in western Cameron Parish, Louisiana on the Sabine Pass Channel.

Our LNG Terminal

Sabine Pass LNG has long-term leases for three tracts of land consisting of 853 acres in Cameron Parish, Louisiana. The Sabine Pass LNG terminal was designed and permitted by the FERC with a regasification capacity of approximately 4.0 Bcf/d (with peak capacity of 4.3 Bcf/d) and aggregate LNG storage capacity of 16.9 Bcf. We achieved full operability of the Sabine Pass LNG terminal in the third quarter of 2009.

The entire approximately 4.0 Bcf/d of regasification capacity at the Sabine Pass LNG terminal has been fully reserved under three 20-year, firm commitment terminal use agreements, or TUAs. Unaffiliated third parties have contracted 2.0 Bcf/d and the remaining 2.0 Bcf/d is contracted with one of our wholly owned subsidiaries. Each of the three customers at the Sabine Pass LNG terminal must make the full contracted amount of capacity reservation fee payments under its TUA whether or not it uses any of its reserved capacity. Capacity reservation fee TUA payments are made by Sabine Pass LNG's third-party customers as follows:

Total Gas and Power North America, Inc., or Total, has reserved approximately 1.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$125 million per year for 20 years that commenced April 1, 2009. Total, S.A. has guaranteed Total's obligations under its TUA up to \$2.5 billion, subject to certain exceptions; and

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Chevron U.S.A. Inc., or Chevron, has reserved approximately 1.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$125 million per year for 20 years that commenced July 1, 2009. Chevron Corporation has guaranteed Chevron's obligations under its TUA up to 80% of the fees payable by Chevron.

Our wholly owned subsidiary, Cheniere Energy Investments, LLC, or Cheniere Investments, has reserved the remaining 2.0 Bcf/d and is obligated to make monthly capacity payments aggregating approximately \$250

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million per year through at least September 30, 2028. Such payments do not constitute cash available for distribution to our unitholders. We have guaranteed Cheniere Investments' obligations under its TUA. Cheniere Investments has entered into a variable capacity rights agreement, or VCRA, with Cheniere Marketing, LLC, an affiliate of Cheniere, in order for Cheniere Investments to monetize its capacity at the Sabine Pass LNG terminal. The VCRA will continue until the earliest of (a) the termination of Cheniere Investments' TUA, (b) expiration of the initial term of the TUA, (c) the termination of the VCRA by either party after two years, or (d) the termination of the VCRA as a result of default. Prior to 2018, Cheniere Marketing's termination right is subject to Cheniere Partners having specified levels of cash reserved for distribution to its common unitholders as of the applicable termination date. Under the terms of the VCRA, Cheniere Marketing is responsible for monetizing the capacity at the Sabine Pass LNG terminal held by Cheniere Investments and has the right to utilize all of the services and other rights at the Sabine Pass LNG terminal available under the Cheniere Investments TUA. In consideration of these rights, Cheniere Marketing is obligated to pay Cheniere Investments 80% of the expected gross margin of each cargo of LNG delivered to the Sabine Pass LNG terminal. To the extent payments from Cheniere Marketing to Cheniere Investments under the VCRA increase our available cash in excess of the common unit and general partner distributions and certain reserves, the cash would be distributed to Cheniere in the form of distributions on its subordinated units. During the term of the VCRA, Cheniere Marketing is responsible for the payment of taxes and new regulatory costs under the TUA. Cheniere has guaranteed all of Cheniere Marketing's payment obligations under the VCRA. Cheniere Marketing continues to develop its business, lacks a credit rating and may be limited by access to capital. Cheniere, which has guaranteed the obligations of Cheniere Marketing under the VCRA, has a non-investment grade corporate rating.

Our Liquefaction Project

In June 2010, we initiated a project to add liquefaction services at the Sabine Pass LNG terminal that would transform the terminal into a bi-directional facility capable of liquefying natural gas and exporting LNG in addition to importing and regasifying foreign-sourced LNG. As currently contemplated, the liquefaction project would be designed and permitted for up to four LNG trains, each with a nominal production capacity of approximately 4.0 million metric tons per annum, or mtpa. We anticipate LNG export from the Sabine Pass LNG terminal could commence as early as 2015, and may be constructed in phases, with each LNG train commencing operations approximately six to nine months after the previous LNG train.

We intend for Sabine Liquefaction, LLC, our wholly owned subsidiary, to enter into long-term commercial contracts for at least 3.5 mtpa (approximately 0.5 Bcf/d) per LNG train, before reaching a final investment decision regarding the development of the LNG trains. We are negotiating definitive agreements with potential customers.

In August 2010, Sabine Liquefaction received approval from the FERC to begin the pre-filing process required to seek authorization to commence construction of the liquefaction project. In January 2011, the pre-filing period was completed and therefore Sabine Liquefaction submitted an application to the FERC requesting authorization to site, construct and operate liquefaction and export facilities at the Sabine Pass LNG terminal, which application is currently pending.

In September 2010, the Department of Energy, or DOE, granted Sabine Liquefaction an order authorizing Sabine Liquefaction to export up to the equivalent of approximately 800 Bcf per year (approximately 16 mtpa) of domestically produced LNG from the Sabine Pass LNG terminal to free trade agreement countries for a 30-year term, beginning on the earlier of the date of first export or September 7, 2020. In May 2011, Sabine Liquefaction received an order from the DOE with authorization to export domestically produced natural gas to any country that has, or in the future develops, the capacity to import LNG and with which trade is permissible under applicable law. Under the order, Sabine Liquefaction received long-term, multi-contract authority to export on its behalf, or as agent for others, up to the equivalent of approximately 800 Bcf per year (approximately 16 mtpa) of domestically produced natural gas as LNG. The authorization commences on the earlier of the first export or five

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years from the date of issuance of the authorization. The authorization is conditioned upon the satisfactory date of completion of the FERC review process and upon Sabine Liquefaction commencing export operations within seven years of the issuance of the order.

Sabine Liquefaction has engaged Bechtel Corporation, or Bechtel, to complete front-end engineering and design work and will negotiate a lump-sum, turnkey contract based on an open book cost estimate. We currently estimate that total construction costs will be consistent with other recent liquefaction expansion projects constructed by Bechtel, or approximately \$400 per metric ton of capacity, before financing and owner's costs. We have additional work to complete with Bechtel to be able to make an estimate specific to our site and project. Our cost estimates are subject to change due to factors such as changes in design, increased component and material costs, escalation of labor costs, cost overruns and increased spending to maintain a construction schedule. We intend to use the net proceeds from this offering and the Concurrent Cheniere Offering described below for general business purposes, including development costs of our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal. We intend to finance construction costs for our liquefaction expansion project with future equity and debt financings. We do not currently have a commitment for any such financing.

Concurrent Transaction

Concurrently with this offering, we are offering to Cheniere Common Units Holding, LLC, a wholly owned subsidiary of Cheniere, 675,000 common units under our existing shelf registration statement, which we refer to as the Concurrent Cheniere Offering. Any common units purchased by Cheniere Common Units Holding, LLC will be acquired directly from us for the same price to the public as set forth on the cover of this prospectus supplement. No commissions or discounts will be paid to the underwriter in connection with the Concurrent Cheniere Offering. We will receive net proceeds, after deducting estimated fees and expenses, of approximately \$ million for the common units sold in the Concurrent Cheniere Offering, along with an additional general partner contribution of \$ million to maintain its 2% general partner interest in us.

In addition, if the underwriter does not exercise in full its option to purchase additional common units in the offering contemplated by this prospectus supplement, Cheniere Common Units Holding, LLC has agreed in the Concurrent Cheniere Offering to purchase such unsold common units. We will receive net proceeds, after deducting estimated fees and expenses, of approximately \$ million for such additional common units sold if the underwriter's option to purchase additional common units is not exercised at all, along with an additional general partner contribution of \$ million to maintain its 2% general partner interest in us.

We cannot give any assurance that the Concurrent Cheniere Offering of our common units will be completed, or that we will complete such offering for the number of common units contemplated. If we increase the number of common units offered by this prospectus supplement, we will reduce the number to be purchased in the Concurrent Cheniere Offering such that the total number of common units to be offered in this offering and the Concurrent Cheniere Offering will be 4,125,000 common units. In that event, the total net proceeds we receive will be reduced as a result of additional underwriter discounts. The completion of the offering contemplated by this prospectus supplement is not contingent upon the completion of the Concurrent Cheniere Offering.

Principal Executive Offices

Our headquarters are located at 700 Milam Street, Suite 800 in Houston, Texas. Our phone number is (713) 375-5000, and our website is accessed at www.cheniereenergypartners.com. Information on our website is not incorporated into this prospectus supplement or our other securities filings and is not a part of this prospectus supplement.

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Organizational Chart

The chart below depicts our organization and ownership structure immediately after giving effect to this offering, the Concurrent Cheniere Offering and the sale of the remaining common units available under our at-the-market program:

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The Offering

Common units offered to the public in this offering 3,000,000 common units (3,450,000 common units if the underwriter exercises its option to purchase additional common units in full).

Common units outstanding after this offering and the Concurrent Cheniere Offering 31,056,023 common units (31,541,357 if the remaining 485,334 common units are sold pursuant to our pending at-the-market program).

Use of proceeds

We will receive net proceeds from this offering, after deducting underwriting discounts and commissions and estimated fees and expenses, of approximately \$ million, including our general partner's proportionate capital contribution of approximately \$ million to maintain its 2% general partner interest in us. If the underwriter exercises its option to purchase the 450,000 additional common units in full, we will receive additional net proceeds of approximately \$ million and an additional general partner contribution of \$ million to maintain its 2% general partner interest in us.

We intend to use the net proceeds from this offering (including any net proceeds from the underwriter's exercise of its option to purchase additional common units) and the net proceeds from the Concurrent Cheniere Offering for general business purposes, including development costs of our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal. See Use of Proceeds.

Cash distributions

We must distribute all of our cash on hand at the end of each quarter, less any reserves established by our general partner. We refer to this as available cash, and we define its meaning in our partnership agreement. Our partnership agreement also requires that we distribute all of our available cash from operating surplus each quarter in the following manner:

first, 98% to the common units and 2% to our general partner, until each common unit has received the initial quarterly distribution of \$0.425 plus any arrearages from prior quarters;

second, 98% to the subordinated units and 2% to our general partner, until each subordinated unit has received the initial quarterly distribution of \$0.425;

third, 98% to all units, pro rata, and 2% to our general partner, until each unit has received an aggregate distribution equal to \$0.489;

fourth, 85% to all unitholders, pro rata, and 15% to our general partner, until each unitholder receives a total of \$0.531 per unit for that quarter;

fifth, 75% to all unitholders, pro rata, and 25% to our general partner, until each unitholder receives a total of \$0.638 per unit for that quarter; and

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thereafter, 50% to all unitholders, pro rata, and 50% to our general partner.

Cash distributions on the common units will generally be made within 45 days after the end of each quarter.

Limited voting rights

Our general partner manages and operates us. Unlike the holders of common stock in a corporation, you will have only limited voting rights on matters affecting our business. You will have no right to elect our general partner or its directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 2/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon completion of this offering and the Concurrent Cheniere Offering, and assuming the remaining common units are sold pursuant to our pending at-the-market program, our general partner and its affiliates will own an aggregate of approximately 88.5% of our outstanding units. Please read **The Partnership Agreement Voting Rights** included in the accompanying prospectus.

Estimated ratio of taxable income to distributions

We estimate that if you purchase common units in this offering and own them through the record date for distributions for the period ending December 31, 2013, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 20% of the amount of cash distributed to you with respect to that period. Please read **Material Tax Consequences** in this prospectus supplement.

Material tax consequences

For a discussion of other material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read **Material Tax Consequences** in this prospectus supplement and in the accompanying prospectus.

NYSE Amex Equities symbol

CQP

Risk factors

Please read **Risk Factors** beginning on page S-8 of this prospectus supplement and included in our Annual Report on Form 10-K/A for the year ended December 31, 2010 for more information about important factors that you should consider before investing in our common units.

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The summary consolidated statement of operations information for the years ended December 31, 2008, 2009 and 2010 and the summary consolidated balance sheet information as of December 31, 2009 and 2010 are derived from Cheniere Partners' audited consolidated financial statements, which are incorporated by reference into this prospectus supplement. The summary consolidated balance sheet information as of December 31, 2008 is derived from Cheniere Partners' audited consolidated financial statements, which are not included or incorporated by reference into this prospectus supplement. The summary consolidated statement of operations information for the six months ended June 30, 2010 and 2011, and the summary consolidated balance sheet data as of June 30, 2011, are derived from Cheniere Partners' unaudited interim financial statements, which are incorporated by reference into this prospectus supplement. The summary consolidated balance sheet data as of June 30, 2010 are derived from Cheniere Partners' unaudited interim financial statements, which are not included or incorporated by reference into this prospectus supplement. In the opinion of management, these unaudited financial statements reflect all adjustments necessary for a fair presentation of Cheniere Partners' results of operations and financial condition. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year. This summary consolidated financial information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Cheniere Partners' consolidated financial statements and the related notes thereto included in Cheniere Partners' Annual Report on Form 10-K/A for the year ended December 31, 2010 and Cheniere Partners' Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, which is incorporated by reference into this prospectus supplement.

	Year ended December 31,			Six months ended June 30,	
	2010	2009	2008	2011	2010
	(in thousands)			(unaudited)	
Statement of Operations Data:					
Revenues (including transactions with affiliates)	\$ 399,282	\$ 416,790	\$ 15,000	\$ 148,058	\$ 260,542
Expenses (including transactions with affiliates)	118,485	88,870	32,141	70,000	56,828
Net income (loss) from operations	280,797	327,920	(17,141)	78,058	203,714
Other expense	173,229	141,008	61,203	87,136	86,519
Net income (loss)	107,568	186,912	(78,344)	(9,078)	117,195
Balance Sheet Data (at end of period):					
Cash and cash equivalents	\$ 53,349	\$ 117,542	\$ 7	\$ 55,327	\$ 60,078
Restricted cash and cash equivalents (current)	13,732	13,732	235,985	13,732	13,732
Non-current restricted cash and cash equivalents	82,394	82,394	137,984	82,394	82,394
Property, plant and equipment, net	1,550,465	1,588,557	1,517,507	1,533,799	1,569,642
Total assets	1,743,492	1,859,473	1,978,835	1,726,645	1,769,503
Long-term debt	2,187,724	2,110,101	2,107,673	2,190,071	2,111,314
Long-term debt related party		72,928	70,661		74,062
Long-term debt affiliate			2,372		
Deferred revenue (long-term)	29,500	33,500	37,500	27,500	31,500
Deferred revenue affiliate (long-term)	9,813	7,360	4,971	12,266	9,813

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RISK FACTORS

The securities offered by this prospectus supplement involve a high degree of risk. You should consider carefully all of the risk factors described below and in our Annual Report on Form 10-K/A for the year ended December 31, 2010, quarterly report on Form 10-Q/A for the quarter ended March 31, 2011 and quarterly report on Form 10-Q for the quarter ended June 30, 2011, together with all other documents incorporated by reference into this prospectus supplement. Our business, financial condition, results of operations or ability to make distributions on our common units could be materially and adversely affected by any of these risks if any of them were to occur. In such case, the trading price of our common units could decline, and you could lose all or part of your investment.

This offering of our common units and the Concurrent Cheniere Offering will increase the risk that we will be unable to make the initial quarterly distribution on our common units.

Upon closing of this offering and the Concurrent Cheniere Offering, we will need to generate \$13.7 million of distributable cash flow each quarter to make the initial quarterly distribution on our common units and the related distribution on the general partner units without utilizing cash balances, assuming all of our remaining common units available under our at-the-market program are sold. The net proceeds that we receive from the common units issued in this offering, the Concurrent Cheniere Offering and the at-the-market program are intended to be used for general business purposes, including development costs of our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal. The liquefaction project will not generate any cash available for distribution for several years, if at all. Accordingly, in the interim, in order to make the initial quarterly distribution on the common units that will be outstanding after this offering, the Concurrent Cheniere Offering and the sale of all units available under our at-the-market program, we will rely on cash receipts from Cheniere Marketing pursuant to the VCRA and from our customers for other services provided at the Sabine Pass LNG terminal, together with cash on hand and potentially the deferral of fees payable to Cheniere for services provided under a services agreement (equal to approximately \$2.5 million per quarter, subject to inflation). As reflected in the financial forecast included in this prospectus supplement, we anticipate having cash available to make the initial quarterly distribution on our common units and the related distribution to the general partner with minimal excess coverage for the four quarters ending December 31, 2012. We may not be successful in our efforts to maintain or increase our cash available for distribution to cover the initial quarterly distribution on our common units. Any reductions in distributions to our unitholders because of a shortfall in cash flow or other events will result in a decrease of the quarterly distribution on our common units below the initial quarterly distribution. Any portion of the initial quarterly distribution that is not distributed on our common units will accrue and be paid to the common unitholders in accordance with our partnership agreement, if at all.

The assumptions and projected cash receipts and cash available for distribution for 2012 are inherently uncertain and may not materialize.

The financial estimates that we have included in this prospectus supplement, including of Other Cash Receipts, Operating and general and administrative expenses and Maintenance capital expenditures under Cash Distribution Policy Financial Forecast, are based upon assumptions and information that we believe are reliable as of today. Any or all of the assumptions and estimates used to prepare the financial estimates in this prospectus supplement are necessarily speculative in nature and may turn out to be inaccurate. Our projections can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond our control. Many factors mentioned in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including the risks outlined in this Risk Factors section and the Risk Factors section of our Annual Report on Form 10-K/A for the year ended December 31, 2010 and the events described under Cautionary Statement Regarding Forward-Looking Statements, will be important in determining future results. As a result of these contingencies, actual future results may vary materially. For example, failure by us to achieve the required level of LNG import and export cargoes and sales of retained LNG at the assumed price, failure to achieve the projected level of revenue from other services or failure to maintain our level of operating and general and administrative expenses may cause a material decrease in our cash available for distribution. If actual results are less favorable than those shown or contained in our

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forecast, or if the assumptions used in formulating the forecast and estimates prove to be incorrect, then our ability to make the initial quarterly distribution on our common units may be impaired. In view of these uncertainties, the inclusion of financial estimates and forecasts in this prospectus supplement should not be regarded as a representation by us or the underwriter or any other person that the estimated or forecasted results will be achieved, and we caution that investors should not place undue reliance on any financial estimates or forecasts.

We may not pursue or be able to pursue our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal, and therefore, the investment in development costs for the project may not earn sufficient returns for our unitholders, if at all.

We intend to use the net proceeds from this offering and the Concurrent Cheniere Offering for general business purposes, including development costs of our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal. The investment in the development costs for the expansion project may not earn sufficient returns for our unitholders, if at all. As more fully discussed in the Risk Factors section of our Annual Report on Form 10-K/A for the year ended December 31, 2010, the construction of our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal will be subject to a number of risks, which could prevent commencement of construction, cause cost overruns and delays, or prevent completion of the project. We intend to reach a final investment decision to proceed with the project upon successfully concluding negotiations for at least 3.5 mtpa of commercial agreements per liquefaction train, receiving required regulatory approvals, entering into a lump sum, turn key engineering procurement and construction, or EPC, contract, and financing the construction costs with a combination of debt and equity. We have not entered into any definitive commercial agreements, have not received all of our required regulatory approvals, have not entered into any EPC contract, and do not have any commitments for financing. Our ability to obtain commercial agreements, regulatory approvals, EPC contracts and financing is subject to a number of industry, market and other conditions, and may not be attainable at all.

As of December 31, 2010 and March 31, 2011, we had a material weakness in our internal controls. If we fail to maintain an effective system of internal controls, we may not be able to provide timely and accurate financial statements.

As more fully described in our Annual Report on Form 10-K/A for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2011, we have restated our consolidated financial statements for such periods only to present the earnings per common unit instead of the combined earnings per limited partner unit in our consolidated statements of operations and related notes. For the year ended December 31, 2010, the earnings per common unit of \$1.70 on our consolidated statements of operations are greater than our historical presentation of combined earnings per limited partner unit of \$0.65 even though our total earnings have not changed. For the three months ended March 31, 2011, the earnings per common unit of \$0.35 on our consolidated statements of operations are greater than our historical presentation of combined (loss) per limited partner unit of (\$0.01) even though our total earnings (loss) have not changed. For the years ended December 31, 2009 and 2008 and the three months ended March 31, 2010, the amounts disclosed were unchanged.

As of December 31, 2010 and March 31, 2011, we had a material weakness in our internal controls, which were not effective as of those dates. If we fail to maintain an effective system of internal controls, we may not be able to provide timely and accurate financial statements, which could have a material adverse effect on our business and prospects.

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USE OF PROCEEDS

We will receive net proceeds from the sale of 3,000,000 common units in this offering of approximately \$ million, after deducting estimated underwriting discounts and commissions and estimated offering fees and expenses. In addition, we expect to receive \$ million from our general partner pursuant to its right to maintain its 2% general partner interest in us. If the underwriter exercises its option to purchase additional common units in full, we will receive additional net proceeds of approximately \$ million, including our general partner's contribution.

We intend to use the net proceeds from this offering for general business purposes, including development costs of our expansion project to add liquefaction capacity at the Sabine Pass LNG terminal. Pending the use of such proceeds for such purposes, we intend to invest the net proceeds from this offering in short-term liquid investment grade securities.

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CAPITALIZATION

The following table sets forth our cash, cash equivalents and capitalization as of June 30, 2011:

on an actual basis;

on an as adjusted basis, reflecting the issuance of 3,000,000 common units in this offering, the receipt of net proceeds therefrom and the receipt of our general partner's proportionate capital contribution, as described under "Use of Proceeds"; and

on an as further adjusted basis, reflecting the issuance of 1,125,000 common units in the Concurrent Cheniere Offering, the receipt of net proceeds therefrom and the receipt of our general partner's proportionate capital contribution, as described under "Summary Concurrent Transaction."

You should read this table in conjunction with "Summary Concurrent Transaction" and "Use of Proceeds" above and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto, each of which is contained in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 and is incorporated by reference into this prospectus supplement.

	June 30, 2011		
	Actual	As Adjusted	As Further Adjusted
(Amounts in thousands, except unit data)			
Cash and cash equivalents	\$ 55,327	\$	\$
Restricted cash and cash equivalents	13,732	13,732	13,732
Total	\$ 69,059	\$	\$
Long-term debt, net of discount	\$ 2,190,071	\$ 2,190,071	\$ 2,190,071
Deferred revenue	27,500	27,500	27,500
Deferred revenue - affiliate	12,266	12,266	12,266
Other non-current liabilities	322	322	322
Commitments and contingencies			
Partners' deficit			
Common unitholders (26,931,023 actual, 29,931,023 as adjusted and 31,056,023 as further adjusted)	(84,236)		
Subordinated unitholders (135,383,831 actual, as adjusted and as further adjusted)	(461,333)	(461,333)	(461,333)
General partner interest (2% interest with 3,312,548 actual, 3,373,773 as adjusted and 3,396,732 as further adjusted)	(13,389)		
Total partners' deficit	(558,958)		
Total capitalization	\$ 1,740,260	\$	\$

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Our common units are traded on the NYSE Amex Equities under the symbol CQP. The following table sets forth, for the periods indicated, the high and low closing sales price for our common units, as reported on the NYSE Amex Equities, and cash distributions paid per common unit for the periods indicated.

	Price Range		Cash Distributions Per Common Unit
	High	Low	
Fiscal year ended December 31, 2011			
Third Quarter (through September 12, 2011)	\$ 19.46	\$ 12.07	\$ (1)
Second Quarter	19.32	16.37	0.425
First Quarter	24.29	15.31	0.425
Fiscal year ended December 31, 2010			
Fourth Quarter	\$ 21.31	\$ 18.69	\$ 0.425
Third Quarter	19.09	16.16	0.425
Second Quarter	19.10	14.14	0.425
First Quarter	16.38	13.28	0.425
Fiscal year ended December 31, 2009			
Fourth Quarter	\$ 13.30	\$ 9.27	\$ 0.425
Third Quarter	9.95	6.95	0.425
Second Quarter	7.99	6.03	0.425
First Quarter	7.10	4.32	0.425

(1) We anticipate declaring our third quarter distribution within 45 days after the end of the quarter.

The last reported sales price of our common units on the NYSE Amex Equities on September 12, 2011 was \$15.65 per common unit. As of September 12, 2011, there were 11 holders of record of common units, including Cede & Co., as nominee for The Depository Trust Company, which held of record 26,931,023 common units. In addition, all of the subordinated units are held of record by Cheniere Subsidiary Holdings, LLC, a wholly owned subsidiary of Cheniere. We have not paid any distributions on our subordinated units since distribution made with respect to the quarter ended March 31, 2010.

Table of Contents**CASH DISTRIBUTION POLICY**

The following discussion about our cash distribution policy supplements the information set forth in the accompanying prospectus under the heading "Cash Distribution Policy and Restrictions on Distributions," which you should read for additional information. In addition, you should read "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" in this prospectus supplement for information regarding statements that do not relate strictly to historical or current facts and certain risks inherent in our business.

Overview

The amount of the initial quarterly distribution on our common units is \$0.425 per unit, or \$1.70 per year. The amount of cash needed to pay the initial quarterly distribution on all of the common units and general partner units to be outstanding immediately after this offering (assuming that all of the common units offered hereby, in the Concurrent Cheniere Offering and in our pending at-the-market program were sold at such time) for one quarter and for four quarters ending December 31, 2012 will be approximately:

	Number of Units	One Quarter	Four Quarters
Public Common Units	19,525,000	\$ 8,298,125	\$ 33,192,500
Cheniere Affiliate Common Units	12,016,357	5,106,952	20,427,808
General Partner Units	3,406,636	273,573	1,094,292
Total	34,947,993	\$ 13,678,650	\$ 54,714,600

During the subordination period, holders of subordinated units will not be entitled to receive any distributions on the subordinated units until after the common units have received the initial quarterly distribution plus any arrearages from prior quarters. See "How We Make Cash Distributions Subordination Period" in the accompanying prospectus. In the event that holders of subordinated units become entitled to receive distributions on the subordinated units, the amount of additional cash that would be needed to make a distribution on the 135,383,831 subordinated units currently outstanding would be \$57,538,128 per quarter, or \$230,152,513 per year. We do not anticipate having sufficient distributable cash flow for the foreseeable future to make any such distribution on the subordinated units in full and, accordingly, any distributions on the common units beyond the initial quarterly distribution.

Our Initial Distribution Rate

We believe that we will have sufficient available cash to allow us to pay the full initial quarterly distribution on all of our outstanding common units, as well as the related distributions on the general partner units, following completion of this offering and the Concurrent Cheniere Offering and the sale of all common units remaining available under our pending at-the-market-program for at least the next twelve months. 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 (for which there currently are none). As a result of the assignment of the TUA from Cheniere Marketing, LLC to our wholly owned subsidiary last year, our available cash for distributions was reduced. Therefore, we have not paid any distributions on our subordinated units since the distribution made with respect to the quarter ended

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March 31, 2010. The end of the subordination period and conversion of the subordinated units into common units will depend upon future business development. Please read "How We Make Cash Distributions" "Subordination Period" in the accompanying prospectus.

As of the date of this prospectus supplement, our general partner will be entitled to 2% of all distributions that we make prior to our liquidation. The general partner's initial 2% interest in these distributions may be

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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 initial 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. We anticipate that our general partner will contribute a proportionate amount of capital to us in connection with this offering and the Concurrent Cheniere Offering to maintain its 2% general partner interest.

Financial Forecast

Set forth below is a financial forecast of the expected cash receipts and cash flows available for distribution for Cheniere Energy Partners, L.P. for 2012 (assuming that all of the common units offered hereby, in the Concurrent Cheniere Offering and in our pending at-the-market program were sold). Our financial forecast presents, to the best of our knowledge and belief, the expected cash receipts and cash flows available for distribution for Cheniere Energy Partners, L.P. for the forecast period. The financial forecast does not include the use of any proceeds received in this offering or the Concurrent Cheniere Offering.

Our financial forecast reflects our judgment as of the date of this prospectus supplement of conditions that we expect to exist and the course of action that we expect to take through December 31, 2012. However, this forecast is inherently subject to significant business, economic and other uncertainties, many of which are beyond our control. Financial estimates are necessarily speculative in nature, and you should expect that some or all of the assumptions will not materialize. Actual results will probably vary from the estimates, and the variations will likely be material and are likely to increase over time. Consequently, the inclusion of estimates in this prospectus supplement should not be regarded as a representation by us or the underwriter or any other person that the estimated results will actually be achieved. Moreover, we do not intend to update or otherwise revise the estimates to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events. Undue reliance should not be placed on the estimates contained in this prospectus supplement. If the forecast is not achieved, we may not be able to pay cash distributions on our common units at the initial distribution rate. See **Risk Factors** and **Cautionary Statement Regarding Forward-Looking Statements**.

The operating expenses set forth in the table below for the four quarters ending December 31, 2012 may be higher in later years due to numerous factors, such as increased maintenance costs of the Sabine Pass LNG terminal as the facility ages or the expansion of services provided at the facility. Furthermore, the forecast of cash available for distribution does not include certain services fees accrued for 2012 (as described in footnote 3 below), development capital expenditures and other non-operating items, including liquefaction project development costs, that require cash expenditures, which over time may be material to our business and may have a significant negative impact on our cash available for distribution. As a result, the forecast may not be indicative of the cash available for distribution that may be achieved in the future.

Neither our independent registered public accounting firm, nor any other registered public accounting firm, has compiled, examined or performed any procedures with respect to the prospective financial information contained below, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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Forecast of Cash Available for Distribution

Four Quarters Ending December 31, 2012

(in millions)

Cash Receipts	
TUAs ⁽¹⁾	\$ 252.9
Other ⁽²⁾	16.0
Total cash receipts	268.9
Cash Outlays	
Operating and general and administrative expenses ⁽³⁾	(47.0)
Maintenance capital expenditures	(1.5)
Interest on Sabine Pass LNG Notes ⁽⁴⁾	(164.8)
Cash available for distribution⁽⁵⁾	55.6
Annual distributions to:	
Publicly held common units	(33.2)
Common units held by affiliates of our general partner	(20.4)
Subordinated units held by affiliates of our general partner ⁽⁶⁾	
General partner units held by our general partner	(1.1)
Total annual distributions	(54.7)
Surplus	\$ 0.9

- (1) Consists of fixed capacity reservation fees from Chevron and Total TUAs, including an operating fee component subject to adjustment for annual consumer price index inflation (assumed to be 2.5% annually). We received a total of \$251.5 million and \$126.8 million of cash for such reservation fees for the year ended December 31, 2010 and the six months ended June 30, 2011, respectively.
- (2) We have assumed that during 2012 our customers will deliver in aggregate approximately ten cargoes to the Sabine Pass LNG terminal, approximately six of these cargoes will be re-exported, and Sabine Pass LNG will retain two percent of the imported volumes. As a result, cash available for distribution is expected to be generated from gas retainage sales, payments received under the VCRA for cargoes delivered by Cheniere Marketing and fees charged to customers for re-export services. The average volume per cargo is assumed to be 3.5 Bcf. Assumed margins are based on the 2012 forward curves for NYMEX Henry Hub and ICE NBP as of August 29, 2011. For comparison purposes, for the six months ended June 30, 2011, five cargoes were delivered to the Sabine Pass LNG terminal and six cargoes were re-exported. Other cash receipts for the year ended December 31, 2010 and six months ended June 30, 2011 were \$10.6 million and \$19.7 million, respectively.
- (3) Includes \$8.0 million for Sabine Pass LNG's operation and maintenance and management services agreements. Assumes deferral of up to an estimated \$11 million of fees accrued but unpaid in 2012 to Cheniere for services provided under a services agreement, as permitted under the agreement. Such fees are payable on a quarterly basis equal to the lesser of (i) \$2.5 million (subject to inflation) or (ii) such amount of our unrestricted cash and cash equivalents as remains after we have distributed in respect of each quarter for each common unit then outstanding an amount equal to the initial quarterly distribution and the related general partner distribution and adjusting for any cash needed to provide for the proper conduct of our business, other than Sabine Pass LNG operating cash flows reserved for distributions in respect of the next four quarters. Any unpaid services fee is accrued up to \$20 million. For the year ended December 31, 2010 and the six months ended June 30, 2011, we paid cash for aggregate operating and general and administrative expenses, which includes fees under the services agreement, of \$42.6 million and \$25.6 million, respectively.
- (4) Assumes total debt consists solely of the \$2,215.5 million of the Sabine Pass LNG notes, which have a weighted-average fixed interest rate of 7.4% paid semi-annually.
- (5) We rely on cash distributions from Sabine Pass LNG in order to make distributions to our unitholders. Under the indenture governing the Sabine Pass LNG notes, Sabine Pass LNG may not make distributions to us until certain conditions are satisfied. The indenture requires that Sabine Pass LNG apply its net operating cash flow first to fund an interest payment reserve account that is sufficient to pay the next

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semi-annual interest payment (on a pro-rated basis by month since the last payment), and second, to fund a permanent debt service reserve fund in an amount equal to one semi-annual interest payment of \$82.4 million. Distributions are permitted only after satisfying the foregoing funding requirements, a fixed charge coverage ratio test of 2:1 and other conditions specified in the indenture governing the Sabine Pass LNG notes. See **Risk Factors** The fixed charge coverage ratio test contained in the Sabine Pass Indenture could prevent Sabine Pass LNG from making cash distributions to us. As a result, we may be prevented from making distributions to our unitholders, which could materially and adversely affect the market price of our common units in our Annual Report on Form 10-K/A for the year ended December 31, 2010.

- (6) We do not expect to make any distributions on our subordinated units with respect to the four quarters ending December 31, 2012. See **How We Make Cash Distributions** **Subordination Period** in the accompanying prospectus.

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MATERIAL TAX CONSEQUENCES

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. For a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units, please read **Material Tax Consequences** in the accompanying prospectus. Please also read **Item 1A. Risk Factors Risks Relating to Tax Matters** in our Annual Report on Form 10-K/A for the year ended December 31, 2010, and **Risk Factors** beginning on page 1 of the accompanying prospectus for a discussion of the tax risks related to purchasing and owning our common units. The following discussion is limited as described under the caption **Material Tax Consequences** in the accompanying prospectus. You are urged to consult with your own tax advisor about the federal, estate or gift, state, local and foreign tax consequences particular to your circumstances.

Partnership Status

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS with respect to our partnership status. In order to be treated as a partnership for federal income tax purposes, at least 90% of our gross income must be from specific qualifying sources, such as the transportation, storage, and processing of crude oil, natural gas and products thereof or other passive types of income such as interest and dividends. We believe based upon our current operations that we are treated as a partnership for federal income tax purposes. For a more complete description of this qualifying income requirement, please read **Material Tax Consequences Partnership Status** in the accompanying prospectus.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Ratio of Taxable Income to Distributions

We estimate that if you purchase common units in this offering and own them through the record date for distributions for the period ending December 31, 2013, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 20% of the amount of cash distributed to you with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. These estimates are based upon assumptions with respect to capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we will adopt and with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct. The actual ratio of taxable income to distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering could be higher, and perhaps substantially higher, than our estimate with respect to the period described above if:

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gross income from operations exceeds the amount required to make the initial quarterly distributions on all units, yet we only distribute the initial quarterly distributions on all units; or

we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness

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outstanding at the time of this offering or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of this offering.

Tax Rates

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 35% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, gains from the sale or exchange of certain investment assets held for more than one year) of individuals is 15%. However, absent new legislation extending the current rates, beginning January 1, 2013, the highest marginal U.S. federal income tax rate applicable to ordinary income and long-term capital gains of individuals will increase to 39.6% and 20%, respectively. Moreover, these rates are subject to change by new legislation at any time.

Recently enacted legislation will impose a 3.8% Medicare tax on certain net investment income earned by individuals, estates and trusts for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a unitholder's allocable share of our income and gain realized by a unitholder from a sale of common units. In the case of an individual, the tax will be imposed on the lesser of (1) the unitholder's net investment income or (2) the amount by which the unitholder's modified adjusted gross income exceeds \$250,000 (if the unitholder is married and filing jointly or a surviving spouse), \$125,000 (if the unitholder is married and filing separately) or \$200,000 (in any other case).

Nominee Reporting

Persons who hold an interest in us as a nominee for another person are required to furnish to us:

- (a) the name, address and taxpayer identification number of the beneficial owner and the nominee;
- (b) a statement regarding whether the beneficial owner is:
 - 1. a non-U.S. person;
 - 2. a non-U.S. government, an international organization or any wholly owned agency or instrumentality of either of the foregoing; or
 - 3. a tax-exempt entity;
- (c) the amount and description of units held, acquired or transferred for the beneficial owner; and
- (d) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

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Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on units they acquire, hold or transfer for their own account. A penalty of \$100 per failure, up to a maximum of \$1.5 million per calendar year, is imposed by the Internal Revenue Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the units with the information furnished to us.

Tax Exempt Organizations and Other Investors

Ownership of common units by tax-exempt entities, regulated investment companies and non-U.S. investors raises issues unique to such persons. Please read **Material Tax Consequences** **Tax-Exempt Organizations and Other Investors** in the accompanying prospectus.

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UNDERWRITING

Citigroup Global Markets Inc. is acting as sole book-running manager of the offering. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, Citigroup Global Markets Inc. has agreed to purchase, and we have agreed to sell to it, 3,000,000 common units.

The underwriting agreement provides that the obligations of the underwriter to purchase the common units included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriter is obligated to purchase all of the common units (other than those covered by the option to purchase additional common units described below) if it purchases any of the common units.

Common units sold by the underwriter to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any common units sold by the underwriter to securities dealers may be sold at a discount from the initial public offering price not to exceed \$ _____ per common unit. If all of the common units are not sold at the initial offering price, the underwriter may change the offering price and the other selling terms.

If the underwriter sells more common units than the total number set forth in the table above, we have granted to the underwriter an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 450,000 additional common units at the public offering price less the underwriting discount. Any common units issued or sold under the option will be issued and sold on the same terms and conditions as the other common units that are the subject of this offering.

We, our general partner and our subsidiary Cheniere Investments have agreed that, for a period of 60 days from the date of this prospectus supplement, we and they will not, without the prior written consent of Citigroup, dispose of any common units or any securities convertible into or exchangeable for our common units, except for (i) the common units that may be sold in the Concurrent Cheniere Offering and (ii) entering into an agreement to sell our securities in connection with any financing of the construction costs of our proposed liquefaction project. In addition, Cheniere will not and will cause its subsidiaries owning our common units and subordinated units not to, and our general partner's officers and directors will not, subject to certain exceptions and otherwise without the prior written consent of Citigroup, dispose of or hedge any common units or any securities convertible into or exchangeable for our common units during the same period of time. Citigroup in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The common units are listed on the NYSE Amex Equities under the symbol CQP.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriter in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriter's option to purchase additional common units.

	No Exercise	Full Exercise
Per common unit	\$ _____	\$ _____
Total	\$ _____	\$ _____

We estimate that our portion of the total out-of-pocket fees and expenses of this offering will be approximately \$200,000.

In connection with the offering, the underwriter may purchase and sell common units in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the option to purchase additional common units, and stabilizing purchases.

Short sales involve secondary market sales by the underwriter of a greater number of common units than it is required to purchase in the offering.

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Covered short sales are sales of common units in an amount up to the number of common units represented by the underwriter's option to purchase additional common units.

Naked short sales are sales of common units in an amount in excess of the number of common units represented by the underwriter's option to purchase additional common units.

Covering transactions involve purchases of common units either pursuant to the underwriter's option to purchase additional common units or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriter must purchase common units in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the common units in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriter must purchase common units in the open market after the distribution has been completed or must exercise the option to purchase additional common units. In determining the source of common units to close the covered short position, the underwriter will consider, among other factors, the price of common units available for purchase in the open market as compared to the price at which it may purchase common units through the option to purchase additional common units.

Stabilizing transactions involve bids to purchase common units so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriter for its own account, may have the effect of preventing or retarding a decline in the market price of the common units. They may also cause the price of the common units to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriter may conduct these transactions on the NYSE Amex Equities, in the over-the-counter market or otherwise. If the underwriter commences any of these transactions, it may discontinue them at any time.

Because the Financial Industry Regulatory Authority, or FINRA, views our common units as interests in a direct participation program, the offering is being made in compliance with Rule 2310 of the FINRA Rules. Investor suitability with respect to the common units will be judged similarly to the suitability with respect to the other securities that are listed for trading on a national securities exchange.

The underwriter is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriter and its affiliates have in the past performed commercial banking, investment banking and advisory services for us and our affiliates from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of its business for which it may receive customary fees and reimbursement of expenses. In the ordinary course of its various business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

We, our general partner and Cheniere Investments have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make because of any of those liabilities.

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Notice to Prospective Investors in the EEA

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of securities described in this prospectus may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of securities shall require us or the underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and includes any relevant implementing measure in each relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on their behalf, other than offers made by the underwriter with a view to the final placement of the securities as contemplated in this prospectus. Accordingly, no purchaser of the securities, other than the underwriter, is authorized to make any further offer of the securities on behalf of us or the underwriter.

Notice to Prospective Investors in the United Kingdom

Our partnership may constitute a collective investment scheme as defined by section 235 of the Financial Services and Markets Act 2000 (FSMA) that is not a recognized collective investment scheme for the purposes of FSMA (CIS) and that ha