

CHENIERE



CHENIERE
ENERGY
PARTNERS, L.P.
2014 ANNUAL REPORT





Dear Shareholders,

2014 was a remarkable period in the global energy markets and a year of notable achievements and transformation for Cheniere Energy Partners as we continue moving forward on the development of our leading Liquefied Natural Gas (LNG) terminal.

Global oil markets have been transformed by U.S. unconventional supply growth. Brent oil prices declined sharply from a range near \$110 per barrel mid-year to approximately \$50 per barrel at year-end. Global crude markets have been up-ended by softer-than-expected economic performance in Europe and Asia, and unabated growth in U.S. crude supply. The U.S. produced approximately 9.1 million barrels per day of crude in December 2014, the highest production levels since 1986 and approximately 1.3 million barrels per day above year-ago levels, according to Energy Information Agency (EIA) data.

We continue to see market dynamics impacted by the expansion of unconventional natural gas and petroleum liquids in the U.S. We anticipate that the recent decline in prices is a harbinger of a period of greater cyclical volatility ahead for global oil prices largely resulting from expected U.S. production growth. We expect crude prices will trade within wider ranges, with higher peaks, deeper troughs and shorter cycles. This is largely due to how responsive the U.S. markets are to price signals. The U.S. rig fleet can be rapidly deployed or idled depending on price expectations, and at a much faster pace than in the rest of the world. As a result, the U.S. is expected to become a swing producer, and we believe this will cause more unpredictability in production patterns and prices.

The U.S. system also has an abundance of natural gas supply due to improved technology, rising productivity and expanding supplies associated with oil drilling. Year after year, U.S. producers have been able to drill wells more quickly and complete them more effectively. Supply is becoming more elastic. The U.S. natural gas market delivered 2.2 trillion cubic feet (Tcf), or 19% more natural gas to consumers over the November 2013 – March 2014 heating season compared to the prior

10-year winter average, according to EIA data. We expect production growth to continue to increase over time, although the pace and magnitude of this growth will be harder to project.

We are making significant progress on our own transformation, developing an LNG export facility and complementary operations to optimize the scalable LNG platform. We are currently developing six liquefaction trains at Sabine Pass with expected aggregate nominal production capacity of approximately 27 million tonnes per annum (mtpa) on LNG, or approximately 3.6 billion cubic feet per day (Bcf/d). Located along the Gulf of Mexico, the most prolific hydrocarbon producing region in the U.S., our facility will provide a global outlet for this abundant supply of natural gas.

Due to the quantities of natural gas we anticipate purchasing for LNG terminal feedstock, we expect to be one of the largest buyers of natural gas in the U.S. To that end, we have been securing long-term and short-term transportation capacity on interstate and intrastate pipelines in order to ensure deliverability and access to natural gas markets. We have been entering into natural gas supply contracts with producers and marketers in the U.S., reaching supply all the way to the Marcellus shale.

Our LNG platform will have limited exposure to the recent decline in oil prices as we have contracted a significant portion of our LNG design production capacity under long-term sale and purchase agreements. These agreements contain fixed fees that are required to be paid even if the customers elect to cancel or suspend delivery of LNG cargoes. Overall we expect to have approximately 80% of the LNG platform design production capacity of the six liquefaction trains sold under long-term contracts.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Chairman's Letter and CQP Highlights sections contain forward-looking statements relating to, among other things, business strategy, performance and expectations for project development. The reader is cautioned not to rely on these statements and should review the section "Cautionary Statement Regarding Forward-Looking Statements" on page 11 of this Annual Report for important information about these statements, including the risks, uncertainties and other factors that could cause actual results to vary materially from the assumptions, expectations, and projections expressed in any forward-looking statements. These forward-looking statements speak only as of the date made, and other than as required by law, we under take no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

Global demand for natural gas and LNG is expected to continue to increase as nations seek more abundant, reliable and environmentally friendly fuel alternatives to oil and coal. The International Energy Agency projects global demand for natural gas to grow by approximately 29 Tcf between 2012 and 2025, with LNG increasing its current share of approximately 10% of the global market. Wood Mackenzie forecasts that global demand for LNG will increase by 85% to 438 mtpa, or 21.4 Tcf, from 2012 to 2025. LNG production from existing facilities and new facilities already under construction is forecasted to supply the market with 337 mtpa in 2025, resulting in a market need for construction of an additional 101 mtpa of LNG production, according to Wood Mackenzie.

We believe the U.S. will fill a significant portion of this demand as the U.S. provides an attractive new source of LNG supply. The recent decline in crude oil prices has created challenges for LNG developments elsewhere in the world where project economics and financing are reliant upon oil-linked LNG contracts. In fact, during the second half of the year, there were a few announcements that proposed LNG projects outside of the U.S. had been cancelled or put on hold. In contrast, the value proposition for U.S. LNG exports remains stable, due to low-cost domestic natural gas, the offer of supply diversity, destination flexibility and favorable contract pricing structure.

Looking beyond the development of LNG export facilities, our core competencies, scale, and first-mover advantage provide an industry-leading platform to capitalize on additional opportunities. Our LNG platform will enable opportunistic investments for vertical integration into upstream, midstream or downstream markets. As we pursue future investments, our core focus will be on cash flow per share for our investors.

Sincerely,



Charif Souki
Chairman and CEO

CQP Highlights

2014 was an important year for developing our LNG project and platform. Construction on our Sabine Pass Liquefaction (SPL) project is moving on an accelerated schedule.

- As of March 2015, the project completion for Trains 1 and 2 was approximately 87%. Based on our current construction schedule, we anticipate that Train 1 will produce LNG by late 2015.
- Construction on Trains 3 and 4 began in May 2013, and as of March 2015, the project was approximately 63% complete. We expect Trains 3 and 4 at SPL to become operational in late 2016 and 2017, respectively.
- Continued progress on development of Trains 5 and 6. We are in the final stages of the permitting process and expect to reach Final Investment Decision (FID) on Train 5 in mid-2015.

We continue to secure our gas procurement position.

- We have secured pipeline capacity to provide long-term access to diverse natural gas supply sources.
- We have entered into several natural gas supply contracts to source feedstock for SPL.



A Responsible Community Leader



Cheniere is a responsible corporate citizen committed to service in the communities where we operate and our employees live. In 2014, Cheniere expanded its community outreach and initiated new efforts in Louisiana and Texas.

Our commitment begins with the Cheniere Ambassador Grant program, which has flourished into an impactful program that connects our employees to communities across the Gulf Coast. The Cheniere Ambassador Grant program provided over \$62,000 in charitable contributions to 80 charities and civic organizations in 2014. The program allows each employee the opportunity to direct a \$200 corporate contribution to a charity of his or her choice in their community. In 2014, a group of five employees joined together to make a \$1,000 donation to the Overseas China Education Foundation, located in Houston, Texas. The Foundation helps underprivileged children in impoverished rural areas of China receive a quality education.

Cheniere's Community Investment Council also reflects our commitment to local service. The Council, comprised of local employees in southwestern Louisiana and southeast Texas, can identify and respond quickly to community needs. In 2014, over \$130,000 was distributed to local schools, universities and civic organizations. Causes supported by the Council include junior achievement, a veteran's fundraising drive, a benevolent fund for fire fighters and police officers, a children's museum and a holiday toy drive, among many others.

As part of our investment in youth and education, Cheniere has launched the Youth Leadership Enrichment and Development (LEAD) Program in both Texas and Louisiana. Each LEAD Council, consisting of 12 high school students, brings together the next generation of community leaders and engages them in public service. Cheniere has provided \$20,000 to each LEAD Council to help identify, fund and organize local community service projects.

Cheniere is honored to be a part of the communities where we operate and our families live. We look forward to building upon our commitment to service and responsible corporate citizenship.



"The leadership skills and ability to work together for the greater good of their communities has allowed the Youth LEAD Council program to thrive in 2014."

- LEAD Program Director
Laura Ferrell

Corporate Information



BOARD OF DIRECTORS & OFFICERS

Charif Souki
Director, Chairman and
Chief Executive Officer

James R. Ball
Director

Meg A. Gentle
Director and Senior Vice President

Sean T. Klimczak
Director

Lon McCain
Independent Director

Philip Meier
Director

John-Paul R. Munfa
Director

Vincent Pagano, Jr.
Independent Director

Oliver G. Richard, III
Director

Len Travis
Chief Accounting Officer

R. Keith Teague
Director, President and
Chief Operating Officer

Michael J. Wortley
Director, Senior Vice President
and Chief Financial Officer

Daniel Belhumeur
Vice President and General Tax Counsel

Sean Bunk
Assistant Secretary

Cara E. Carlson
Corporate Secretary

Lisa Cohen
Vice President & Treasurer

Greg W. Rayford
Assistant Secretary

Khaled Sharafeldin
Vice President, Internal Audit

CONTACTS & ADVISORS

Corporate Office
Cheniere Energy Partners, L.P.
700 Milam, Suite 1900
Houston, Texas 77002
Telephone: (713) 375-5000
Facsimile: (713) 375-6000

Stock Exchange Listing:
NYSE MKT: CQP

Investor Relations
Telephone: (713) 375-5100
Email: info@cheniere.com
www.cheniere.com

Transfer Agent
Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078
Telephone: (800) 962-4284
Facsimile: (303) 262-0600

Independent Accountants
KPMG, Houston, Texas



Cheniere Energy Partners, L.P. is currently developing a liquefaction project at our Sabine Pass LNG terminal adjacent to the existing regasification facilities with up to six liquefaction trains and expected aggregate nominal production capacity of approximately 27 mtpa.