

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

and the public. We also own 100% of the general partner interest and the incentive distribution rights in Cheniere Partners. Cheniere Partners is accounted for as a consolidated variable interest entity.

Cheniere Partners is a limited partnership formed by us in 2006 to own and operate the Sabine Pass LNG terminal and related assets. Our subsidiary, Cheniere Partners GP, is the general partner of Cheniere Partners. In 2012, Cheniere Partners, Cheniere and Blackstone CQP Holdco entered into a unit purchase agreement whereby Cheniere Partners sold 100.0 million Class B units to Blackstone CQP Holdco in a private placement. The board of directors of Cheniere Partners GP was modified to include three directors appointed by Blackstone CQP Holdco, four directors appointed by us and four independent directors mutually agreed upon by Blackstone CQP Holdco and us and appointed by us. In addition, we provided Blackstone CQP Holdco with a right to maintain one board seat on our Board of Directors (our “Board”). A quorum of Cheniere Partners GP directors consists of a majority of all directors, including at least two directors appointed by Blackstone CQP Holdco, two directors appointed by us and two independent directors. Blackstone CQP Holdco will no longer be entitled to appoint Cheniere Partners GP directors in the event that Blackstone CQP Holdco’s ownership in Cheniere Partners is less than 20% of outstanding common units and subordinated units.

We have determined that Cheniere Partners GP is a VIE and that we, as the holder of the equity at risk, do not have a controlling financial interest due to the rights held by Blackstone CQP Holdco. However, we continue to consolidate Cheniere Partners as a result of Blackstone CQP Holdco’s right to maintain one board seat on our Board which creates a de facto agency relationship between Blackstone CQP Holdco and us. GAAP requires that when a de facto agency relationship exists, one of the members of the de facto agency relationship must consolidate the VIE based on certain criteria. As a result, we consolidate Cheniere Partners in our Consolidated Financial Statements.

The following table presents the summarized assets and liabilities (in millions) of Cheniere Partners, our consolidated VIE, which are included in our Consolidated Balance Sheets. The assets in the table below may only be used to settle obligations of Cheniere Partners. In addition, there is no recourse to us for the consolidated VIE’s liabilities. The assets and liabilities in the table below include third-party assets and liabilities of Cheniere Partners only and exclude intercompany balances that eliminate in consolidation.

	December 31,	
	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,781	\$ —
Restricted cash	181	1,541
Accounts and other receivables	297	348
Other current assets	184	125
Total current assets	2,443	2,014
Property, plant and equipment, net	16,368	15,390
Other non-current assets, net	309	228
Total assets	<u>\$ 19,120</u>	<u>\$ 17,632</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	\$ 709	\$ 821
Other current liabilities	210	197
Total current liabilities	919	1,018
Long-term debt, net	17,579	16,066
Other non-current liabilities	104	18
Total liabilities	<u>\$ 18,602</u>	<u>\$ 17,102</u>