InfraREIT, Inc.

Q1 2016 Results & Supplemental Information

May 5, 2016

InfraREIT

Safe Harbor

Forward Looking Statements

These presentations contain "forward-looking statements" about the business, financial performance, contracts, leases and prospects of InfraREIT, Inc. (the "Company"). Words such as "could," "will," "may," "assume," "forecast," "position," "predict," "strategy," "guidance," "outlook," "target," "expect," "intend," "plan," "estimate," "anticipate," "believe," "project," "budget," "potential" or "continue" and similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. This presentation also contains forward-looking statements that have previously been publicly disclosed by the Company. These previously disclosed forward-looking statements should not be deemed reaffirmed or updated by their inclusion in this presentation. The Company's actual results, performance or achievements could differ materially from those expressed or implied by any forward-looking statements made in connection with this presentation. The Company's capabilities or performance, stockholder value as well as any other statements that are not historical facts in this presentation are forward-looking statements that involve certain risks and uncertainties, many of which are difficult to predict and beyond the Company's control. Factors that could cause actual results to differ materially from the results contemplated by such forward-looking statements include, without limitation, decisions by regulators or changes in governmental policies or regulations with respect to the Company's permitted capital structure, acquisitions and dispositions of assets, recovery of investments, authorized rate of return and other regulatory parameters; the Company's current reliance on its tenant for all of its revenues and, as a result, the Company's dependency on its tenant's solvency and financial and operating performance; risks that the capital expenditures the Company expects will not materialize for a variety of reasons; risks related to future lease negotiations or non-renewal of leases with the Company's tenant; insufficient cash available to meet distribution requirements; the Company's ability to make strategic acquisitions that add to its rate base; the price and availability of debt and equity financing; the Company's level of indebtedness or debt service obligations; cyber breaches, weather conditions or other natural phenomena; the effects of existing and future tax and other laws and governmental regulations; the Company's failure to qualify or maintain its status as a real estate investment trust (REIT); or changes in the tax laws applicable to REITs; the termination of the Company's management agreement or the loss of the services of the Company's manager or other qualified personnel; and adverse economic developments in the electric power industry or in business conditions generally, particularly in Texas. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in the Company's filings with the U.S. Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. Forward-looking statements speak only as of the date made and reaffirmed, and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

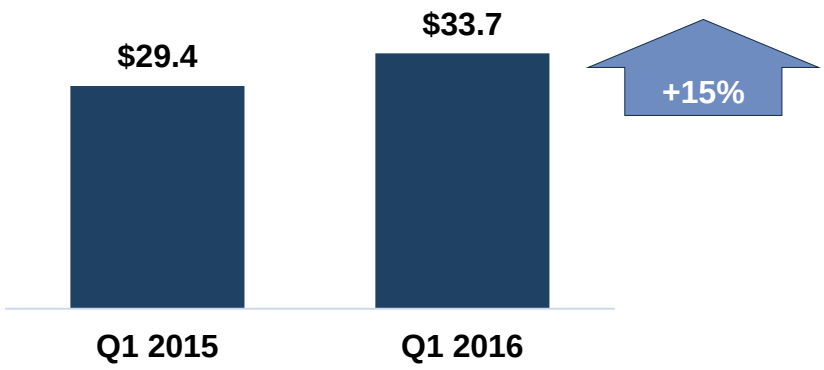
Non-GAAP Legend

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles (GAAP). InfraREIT's management uses non-GAAP measures as important supplemental measures of its operating performance. For example, management uses the cash available for distribution (CAD) measurement when recommending dividends to its Board of Directors. These non-GAAP measures are also presented because management believes they help investors understand InfraREIT's business, performance and ability to earn and distribute cash to its stockholders by providing perspectives not immediately apparent from net income. InfraREIT has a diverse set of investors, including investors that primarily focus on utilities, yieldcos, MLPs or REITs. Management believes that each of these different classes of investors focus on different types of metrics in their evaluation of InfraREIT. For instance, many utility investors focus on EPS and management believes its presentation of non-GAAP earnings per share (Non-GAAP EPS) enables a better comparison to other utilities. Management believes it is appropriate to calculate and provide these measures in order to be responsive to these investors. Including the reporting on these measures in InfraREIT's public disclosures also ensures that this information is available to all of InfraREIT's investors. The presentation of Non-GAAP EPS; CAD; net income (loss) before interest expense, net, income tax expense, depreciation and amortization (EBITDA); Adjusted EBITDA; funds from operations (FFO); and adjusted FFO (AFFO) in this presentation are not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, InfraREIT's method of calculating these measures may be different from methods used by other companies, and, accordingly, may not be comparable to similar measures as calculated by other companies that do not use the same methodology as InfraREIT. Reconciliations of these measures to their most directly comparable GAAP measures are included in the Schedules 1-5 to this presentation.

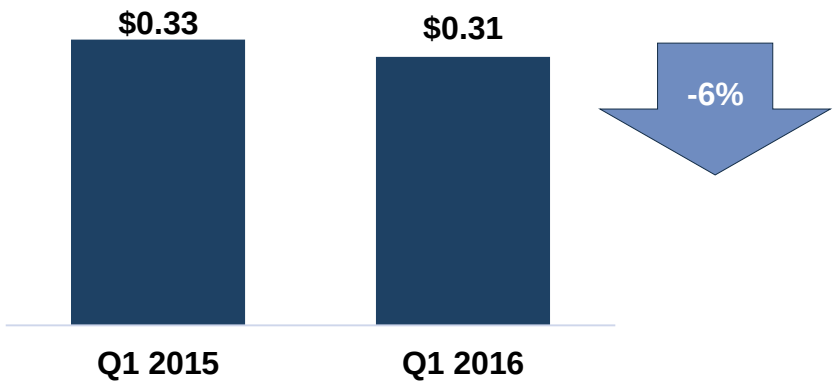
Q1 2016 Performance Summary

$ millions

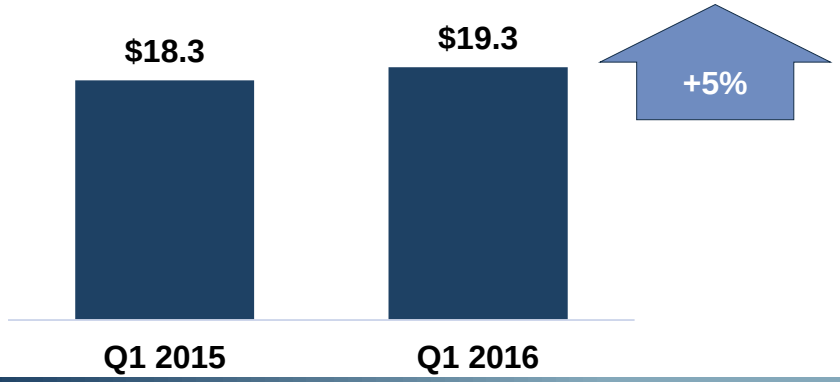
Lease Revenue



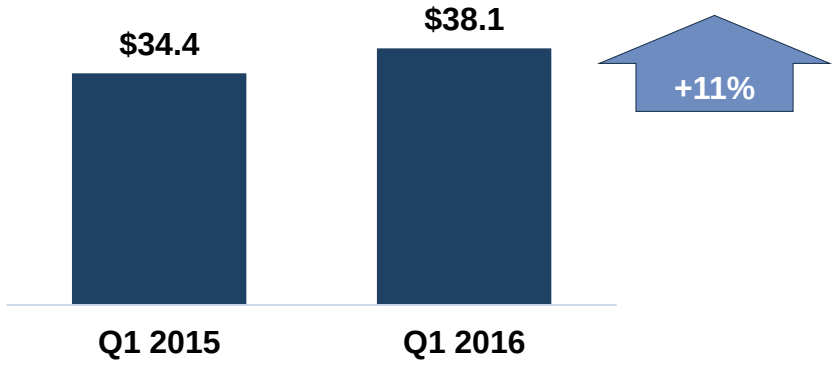
Non-GAAP EPS (1)



Cash Available for Distribution



Adjusted EBITDA



Strong Q1 2016 performance, in line with expectations

(1) Non-GAAP EPS at March 31, 2016 was based on 60.6 million weighted average shares outstanding compared to 55.0 million weighted average shares outstanding during the same period of 2015.

InfraREIT

Summary Income Statement

Q1 2016 vs. Q1 2015

($ thousands)	Q1 2016	Q1 2015	% Change
Lease revenue	$ 33,665	$ 29,372	15%
G&A expense	(5,545)	(48,733)	—
Depreciation	(11,074)	(9,508)	17%
Income (loss) from operations	17,046	(28,869)	—
Interest expense, net	(8,842)	(7,422)	19%
Other income, net	759	626	—
Income tax expense	(186)	(208)	—
Net income (loss)	**$ 8,777**	**$ (35,873)**	—

Net income increased in Q1 2016 based on an increase in lease revenue and removal of IPO related expenses, partially offset by increased G&A and interest expense

Non-GAAP EPS

Q1 2016 vs. Q1 2015

($ thousands)	Q1 2016 Amount	Q1 2016 Per Share	Q1 2015 Amount	Q1 2015 Per Share
Net income (loss) attributable to InfraREIT, Inc.	$ 6,315	$ 0.15	$ (26,873)	$ (0.65)
Net income (loss) attributable to noncontrolling interest	2,462	0.14	(9,000)	(0.65)
Net income (loss)	**8,777**	**0.15**	**(35,873)**	**(0.65)**
Non-cash reorganization structuring fee	—	—	44,897	0.82
Reorganization expenses	—	—	333	—
Percentage rent adjustment	6,990	0.11	6,464	0.12
Base rent adjustment	3,035	0.05	2,063	0.04
Non-GAAP net income (1)	**$ 18,802**	**$ 0.31**	**$ 17,884**	**$ 0.33**

Non-GAAP EPS decreased 6%, reflecting net income drivers and higher weighted average shares outstanding during Q1 2016 due to the timing of our IPO

(1) Non-GAAP EPS at March 31, 2016 was based on 60.6 million weighted average shares outstanding compared to 55.0 million weighted average shares outstanding during the same period of 2015.

Cash Available For Distribution

Q1 2016 vs. Q1 2015

($ thousands, except share amounts)	Q1 2016		Q1 2015		Increase $	Increase %
Net income (loss)	$ 8,777		$ (35,873)			
Depreciation	11,074		9,508			
Non-cash reorganization structuring fee	—		44,897			
Percentage rent adjustment	6,990		6,464			
Base rent adjustment	3,035		2,063			
Amortization of deferred financing costs	1,003		912			
Reorganization expenses	—		333			
Non-cash equity compensation	292		123			
Other income, net	(759)		(626)			
Capital expenditures to maintain net assets	(11,074)		(9,508)			
Cash Available For Distribution (CAD)	**$ 19,338**		**$ 18,293**		**$ 1,045**	**5%**
Shares (in millions)	60.6	(1)	60.6	(2)		
CAD Per Share	**$ 0.32**		**$ 0.30**			

2016 CAD grew by 5% over 2015, reflecting growth in lease revenue

(1) Weighted average shares outstanding during the quarter ended March 31, 2016
(2) Shares outstanding at March 31, 2015

Adjusted EBITDA

Q1 2016 vs. Q1 2015

($ thousands)	Q1 2016	Q1 2015	Increase $	Increase %
Lease revenue	$ 33,665	$ 29,372		
G&A expense	(5,545)	(48,733)		
Other income, net	759	626		
EBITDA	**28,879**	**(18,735)**		
Non-cash reorganization structuring fee	—	44,897		
Percentage rent adjustment	6,990	6,464		
Base rent adjustment	3,035	2,063		
Reorganization expenses	—	333		
Other income, net	(759)	(626)		
Adjusted EBITDA	**$ 38,145**	**$ 34,396**	**$ 3,749**	**11%**

2016 adjusted EBITDA exceeded 2015 adjusted EBITDA by 11%, driven by growth in lease revenue

Debt Obligations and Available Liquidity

$ millions

Long-Term Debt (rate / maturity)	Outstanding As of March 31, 2016
TDC – Senior Secured Notes (8.50% / December 30, 2020)	$ 18.4
SDTS – Senior Secured Notes (5.04% / June 20, 2018)	60.0
SDTS – Senior Secured Notes, Series A (3.86% / December 3, 2025)	400.0
SDTS – Senior Secured Notes, Series B (3.86% / January 16, 2026)	100.0
SDTS – Senior Secured Notes (7.25% / December 30, 2029)	44.0
SDTS – Senior Secured Notes (6.47% / September 30, 2030)	100.6
Total (1)	**$ 723.1**

Liquidity Facilities	Amount	Outstanding As of March 31, 2016	Available
InfraREIT Partners Revolver	$ 75.0	$ —	$ 75.0
SDTS Revolver	250.0	—	250.0
Total	**$ 325.0**	**$ —**	**$ 325.0**
Cash (as of March 31, 2016)			13.4
Total Available Liquidity			**$ 338.4**

(1) The sum of the Long-Term Debt Total may not equal due to rounding

Financing Strategy

- Construct Footprint Projects
- Acquire Hunt projects
- Opportunistically acquire T&D assets

- Maintain significant liquidity to support capex plan and financial flexibility
- Maintain 55% debt to capitalization at our regulated subsidiary, SDTS
- Target consolidated credit metrics of 60% debt to capitalization and 12% AFFO to debt

- Sign multi-year leases that reflect regulated rate structure
- Minimize regulatory lag with prudent rate case / TCOS filings
- 80% - 90% long-term CAD payout ratio

Q1 2016 Highlights

- Solid Q1 2016 performance; in line with expectations
  - Increase in revenue, CAD and Adjusted EBITDA
  - $54 million of capital expenditures (accrual basis)
  - Issued $100 million in 10-year senior secured notes, completing the $500 million private placement
- Hunt Projects update
  - Golden Spread interconnection (GS) and Cross Valley transmission line (CV) projects
    - GS completed and owned by Sharyland
    - CV expected completion in late Q2 or early Q3 2016 with Sharyland as expected owner
  - Southline Transmission project
    - Open solicitation process launched end of Q1 2016

Our Tenant's Rate Case

- Filed with the PUCT on April 29, 2016 under Docket No. 45414
- Requested allowed regulatory returns
  - 10.0% return on equity
  - 4.97% cost of debt
  - 55% debt / 45% equity capital structure
  - Consolidation of tariffs and cost-based rate setting
- Significant capital expenditures to update and modernize infrastructure and support 15% annual load growth in West Texas from 2011 to 2015

Forward Outlook

- Reaffirming FY 2016 guidance metrics based on footprint capital expenditures
  - CAD per share range $1.15 - $1.25
  - Non-GAAP EPS range $1.15 - $1.25
  - Dividends per share $1.00
- Estimate for footprint capital expenditure for 2016 – 2018 in the range of $640 million - $740 million
- Projected three-year compound annual growth rate (CAGR) range of dividends per share of 8% - 10% from 2015 through 2018
  - Targeted payout ratio of 80% - 90% of CAD

2016E - 2018E Footprint Capital Expenditures (1)

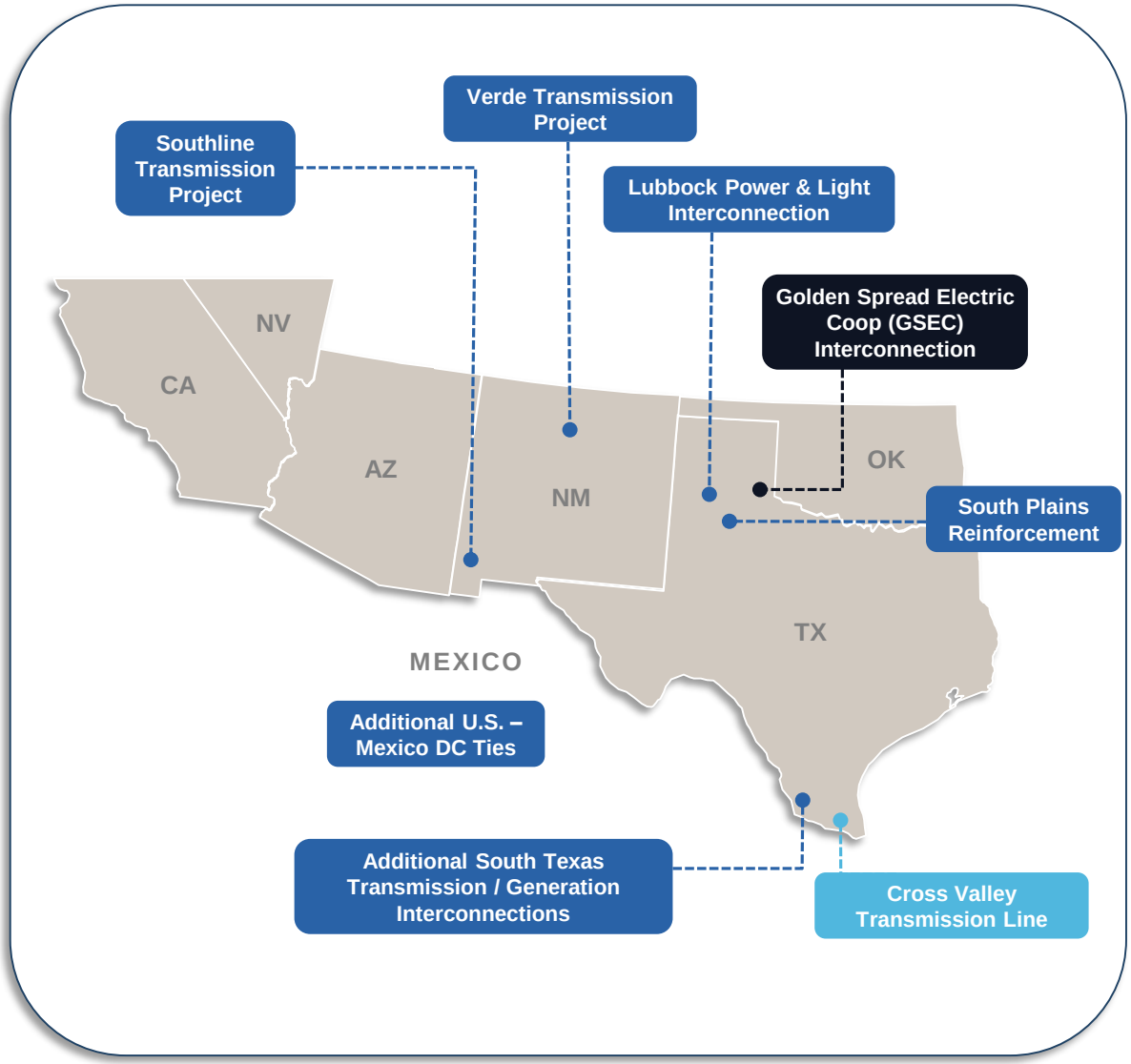
$ millions

	2016	2017	2018
Base Distribution	$70 - $75	$85 - $95	$70 - $90
Base Transmission	$130 - $135	$70 - $80	$75 - $95
Base Footprint Capex	**$200 - $210**	**$155 - $175**	**$145 - $185**
Synchronous Condensers	$10 - $15	$45 - $50	$20 - $25
Second Circuit	$10 - $15	$50 - $55	$5 - $10
Total Footprint Capex	**$220 - $240**	**$250 - $280**	**$170 - $220**

Reaffirming forecast range of $640 million - $740 million for 2016 – 2018

(1) Footprint Projects are transmission or distribution projects primarily situated within our distribution service territory, or that physically hang from our existing transmission assets

Pipeline of Hunt Transmission Projects



- Operational
- Under Construction
- Under Development

Hunt Transmission Projects

As of May 5, 2016

Project	State	Estimated Costs [1]	Status
Golden Spread	TX	Cost of Completion ~$85 mm - $90 mm (incl. financing)	• Energized late March 2016; now owned by Sharyland [2] • Hunt expects to offer to InfraREIT in the future
Cross Valley	TX	$160 mm - $185 mm (incl. financing)	• Anticipate completion in late Q2 or early Q3 2016; expected to be owned by Sharyland • Hunt expects to offer to InfraREIT in the future
Southline	AZ NM	~ $800 mm (excl. financing)	• Final EIS (Environmental Impact Statement) issued in November 2015 • Achieved Phase 3 status in WECC ratings process in March 2015 • FERC granted a PDO (Petition for Declaratory Order) in September 2015 • Three month open solicitation process launched March 31, 2016
Verde	NM	$60 mm - $80 mm (excl. financing)	• Easement agreements reached with three Native American Pueblos

(1) Includes estimated financing costs for the Golden Spread Project and Cross Valley Project. For Southline and Verde, Hunt may opt to partner with other parties in the development of projects depending on their scope, location and cost.

(2) Sharyland Utilities, L.P. is privately-owned by Hunter L. Hunt and other members of the family of Ray L. Hunt, and is managed by Hunter L. Hunt

Questions

Reg G Reconciliation

Schedule 1:

Reconciliation of Non-GAAP EPS

Q1 2016 vs. Q1 2015

Non-GAAP EPS

InfraREIT defines non-GAAP net income as net income (loss) adjusted in a manner the Company believes is appropriate to show its core operational performance, including: (a) adding back the non-cash reorganization structuring fee, (b) adding back the reorganization expense related to the Company's IPO and related reorganization transactions, (c) adding back the expense related to the contingent consideration issued as deemed capital credits, (d) a quarterly, not annual, adjustment for the difference between the amount of percentage rent payments that the Company expects to receive with respect to the applicable period and the amount of percentage rent the Company recognizes under GAAP during the period and (e) an adjustment for the difference between the amount of base rent payments that the Company receives with respect to the applicable period and the amount of straight-line base rent recognized under GAAP. The Company defines Non-GAAP EPS as non-GAAP net income (loss) divided by the weighted average shares outstanding calculated in the manner described in the footnotes below.

The following table sets forth a reconciliation of net income (loss) attributable to InfraREIT, Inc. per diluted share to Non-GAAP EPS per share for the three months ended March 31, 2016 and 2015:

($ thousands, except share amounts)	Q1 2016 Amount	Q1 2016 Per Share [3]	Q1 2015 Amount	Q1 2015 Per Share [4]
Net income (loss) attributable to InfraREIT, Inc.	$ 6,315	$ 0.15	$ (26,873)	$ (0.65)
Net income (loss) attributable to noncontrolling interest	2,462	0.14	(9,000)	(0.65)
Net income (loss)	**8,777**	**0.15**	**(35,873)**	**(0.65)**
Non-cash reorganization structuring fee	—	—	44,897	0.82
Reorganization expenses	—	—	333	—
Percentage rent adjustment [1]	6,990	0.11	6,464	0.12
Base rent adjustment [2]	3,035	0.05	2,063	0.04
Non-GAAP net income	**$ 18,802**	**$ 0.31**	**$ 17,884**	**$ 0.33**

Schedule 1:

Reconciliation of Non-GAAP EPS

(1) Represents the difference between the amount of percentage rent payments and the amount recognized during the applicable period, if any. Although the Company receives percentage rent payments related to each quarter, it does not recognize lease revenue related to these percentage rent payments until the Company's tenant's annual gross revenues exceed minimum specified annual breakpoints under the leases.

(2) This adjustment relates to the difference between the timing of cash based rent payments made under the Company's leases and when the Company recognizes base rent revenue under GAAP. The Company recognizes base rent on a straight-line basis over the applicable term of the lease commencing when the related assets are placed in service, which is frequently different than the period in which the cash rent becomes due.

(3) The weighted average common shares outstanding of 43.6 million was used to calculate net income attributable to InfraREIT, Inc. per diluted share. The weighted average redeemable partnership units outstanding of 17.0 million was used to calculate the net income attributable to noncontrolling interest per share. The combination of the weighted average common shares and redeemable partnership units outstanding of 60.6 million was used for the remainder of the per share calculations for the three months ended March 31, 2016.

(4) The weighted average shares outstanding of 41.2 million was used to calculate net loss attributable to InfraREIT, Inc. per diluted share. The weighted average redeemable partnership units outstanding of 13.8 million was used to calculate the net loss attributable to noncontrolling interest per share. The combination of the weighted average shares and redeemable partnership units outstanding of 55.0 million was used for the remainder of the per share calculations for the three months ended March 31, 2015.

Schedule 2:

Explanation and Reconciliation of CAD

Q1 2016 vs. Q1 2015

CAD

The Company defines CAD in a manner that it believes is appropriate to show its core operational performance, which includes a deduction of the portion of capital expenditures needed to maintain its net assets which equals depreciation expense within the applicable period. The portion of the capital expenditures in excess of depreciation, which the Company refers to as growth capital expenditures, will increase the Company's net assets. The CAD calculation also includes various other adjustments from net income, as outlined below and described in more detail on Schedules 1, 3 and 4.

The following sets forth a reconciliation of net income (loss) to CAD for the three months ended March 31, 2016 and 2015:

($ thousands, except share amounts)	Three Months Ended March 31,			
	2016		**2015**	
Net income (loss)	$ 8,777		$ (35,873)	
Depreciation	11,074		9,508	
Non-cash reorganization structuring fee	—		44,897	
Percentage rent adjustment (1)	6,990		6,464	
Base rent adjustment (2)	3,035		2,063	
Amortization of deferred financing costs	1,003		912	
Reorganization expenses	—		333	
Non-cash equity compensation	292		123	
Other income, net (3)	(759)		(626)	
Capital expenditures to maintain net assets	(11,074)		(9,508)	
CAD	**$ 19,338**		**$ 18,293**	
Shares (mm of shares) (4)	**60.6**	(5)	**60.6**	(6)
CAD Per Share	**$ 0.32**		**$ 0.30**	

Schedule 2:

Explanation and Reconciliation of CAD

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS

(2) See footnote (1) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS

(3) Includes allowance for funds used during construction (AFUDC) on other funds of $0.8 million and $0.5 million for the three months ended March 31, 2016 and 2015, respectively.

(4) As of March 31, 2016, the Company changed the share amount from an outstanding share amount at the end of the respective time period to the weighted average shares outstanding during the respective time period to be consistent with the Company's other per share calculations. Calculations prior to March 31, 2016 will continue using the shares outstanding at the end of the respective time period.

(5) Consists of 43.6 million weighted average common shares outstanding and 17.0 million weighted average redeemable partnership units outstanding as of March 31, 2016.

(6) Consists of 43.6 million outstanding shares and 17.0 million redeemable partnership units outstanding as of March 31, 2015.

Schedule 3:

Explanation and Reconciliation of EBITDA and Adjusted EBITDA

Q1 2016 vs. Q1 2015

EBITDA and Adjusted EBITDA

InfraREIT defines EBITDA as net income (loss) before interest expense, net; income tax expense; depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted in a manner the Company believes is appropriate to show its core operational performance, including: (a) adding back the non-cash reorganization structuring fee, (b) a quarterly, not annual, adjustment for the difference between the amount of percentage rent payments that the Company expects to receive with respect to the applicable period and the amount of percentage rent the Company recognizes under GAAP during the period, (c) an adjustment for the difference between the amount of base rent payments that the Company receives with respect to the applicable period and the amount of straight-line base rent recognized under GAAP, (d) adding back the reorganization expense related to the Company's IPO and related reorganization transactions and (e) adjusting for other income (expense), net.

The following table sets forth a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the three months ended March 31, 2016 and 2015:

($ thousands)	Three Months Ended March 31,	
	2016	**2015**
Net income (loss)	$ 8,777	$ (35,873)
Interest expense, net	8,842	7,422
Income tax expense	186	208
Depreciation	11,074	9,508
EBITDA	**28,879**	**(18,735)**
Non-cash reorganization structuring fee	—	44,897
Percentage rent adjustment (1)	6,990	6,464
Base rent adjustment (2)	3,035	2,063
Reorganization expenses	—	333
Other income, net (3)	(759)	(626)
Adjusted EBITDA	**$ 38,145**	**$ 34,396**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(2) See footnote (2) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(3) See footnote (3) on Schedule 2 on Explanation and Reconciliation of CAD

Schedule 4:

Explanation of FFO and AFFO

FFO and AFFO

The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as net income (computed in accordance with GAAP), excluding gains and losses from sales of property (net) and impairments of depreciated real estate, plus real estate depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. Applying the NAREIT definition to the Company's consolidated financial statements, which is the basis for the FFO and the reconciliations below, results in FFO representing net income (loss) before depreciation, impairment of assets and gain (loss) on sale of assets. FFO does not represent cash generated from operations as defined by GAAP and it is not indicative of cash available to fund all cash needs, including distributions.

AFFO is defined as FFO adjusted in a manner the Company believes is appropriate to show its core operational performance, including: (a) adding back the non-cash reorganization structuring fee, (b) a quarterly, not annual, adjustment for the difference between the amount of percentage rent payments that the Company expects to receive with respect to the applicable period and the amount of percentage rent the Company recognizes under GAAP during the period, (c) an adjustment for the difference between the amount of base rent payments that the Company receives with respect to the applicable period and the amount of straight-line base rent recognized under GAAP, (d) adding back the reorganization expense related to the Company's IPO and related reorganization transactions and (e) adjusting for other income (expense), net.

Schedule 4:

Reconciliation of FFO and AFFO

Q1 2016 vs. Q1 2015

FFO and AFFO

The following table sets forth a reconciliation of net income to FFO and AFFO for the three months ended March 31, 2016 and 2015:

($ thousands)	Three Months Ended March 31,	
	2016	**2015**
Net income (loss)	$ 8,777	$ (35,873)
Depreciation	11,074	9,508
FFO	**19,851**	**(26,365)**
Non-cash reorganization structuring fee	—	44,897
Percentage rent adjustment (1)	6,990	6,464
Base rent adjustment (2)	3,035	2,063
Reorganization expenses	—	333
Other income, net (3)	(759)	(626)
AFFO	**$ 29,117**	**$ 26,766**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(2) See footnote (2) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(3) See footnote (3) on Schedule 2 on Explanation and Reconciliation of CAD

Schedule 5:

Forecasted Guidance for 2016

Reconciliation of GAAP to Non-GAAP

Forecasted Guidance for 2016

The Company provides yearly guidance for the supplemental financial measures it uses in evaluating the Company's operating performance. These metrics include: Non-GAAP EPS and CAD per share. The financial measures help the Company and investors better understand the Company's business, performance and ability to earn and distribute cash to stockholders by providing perspectives not immediately apparent from net income.

The following table sets forth a reconciliation of the forecasted GAAP net income attributable to InfraREIT, Inc. per share to Non-GAAP EPS per share and CAD per share for the year ending December 31, 2016:

(per share amounts)	Low	High
Net income attributable to InfraREIT, Inc.	$ 1.02	$ 1.12
Net income attributable to noncontrolling interest	1.02	1.12
Net income	**1.02**	**1.12**
Base rent adjustment	0.13	0.13
Non-GAAP net income	**1.15**	**1.25**
Depreciation	0.81	0.81
Amortization of deferred financing costs	0.03	0.03
Non-cash equity compensation	0.01	0.01
Other income, net	(0.04)	(0.04)
Capital expenditures to maintain net assets	(0.81)	(0.81)
CAD	**$ 1.15**	**$ 1.25**

Appendix

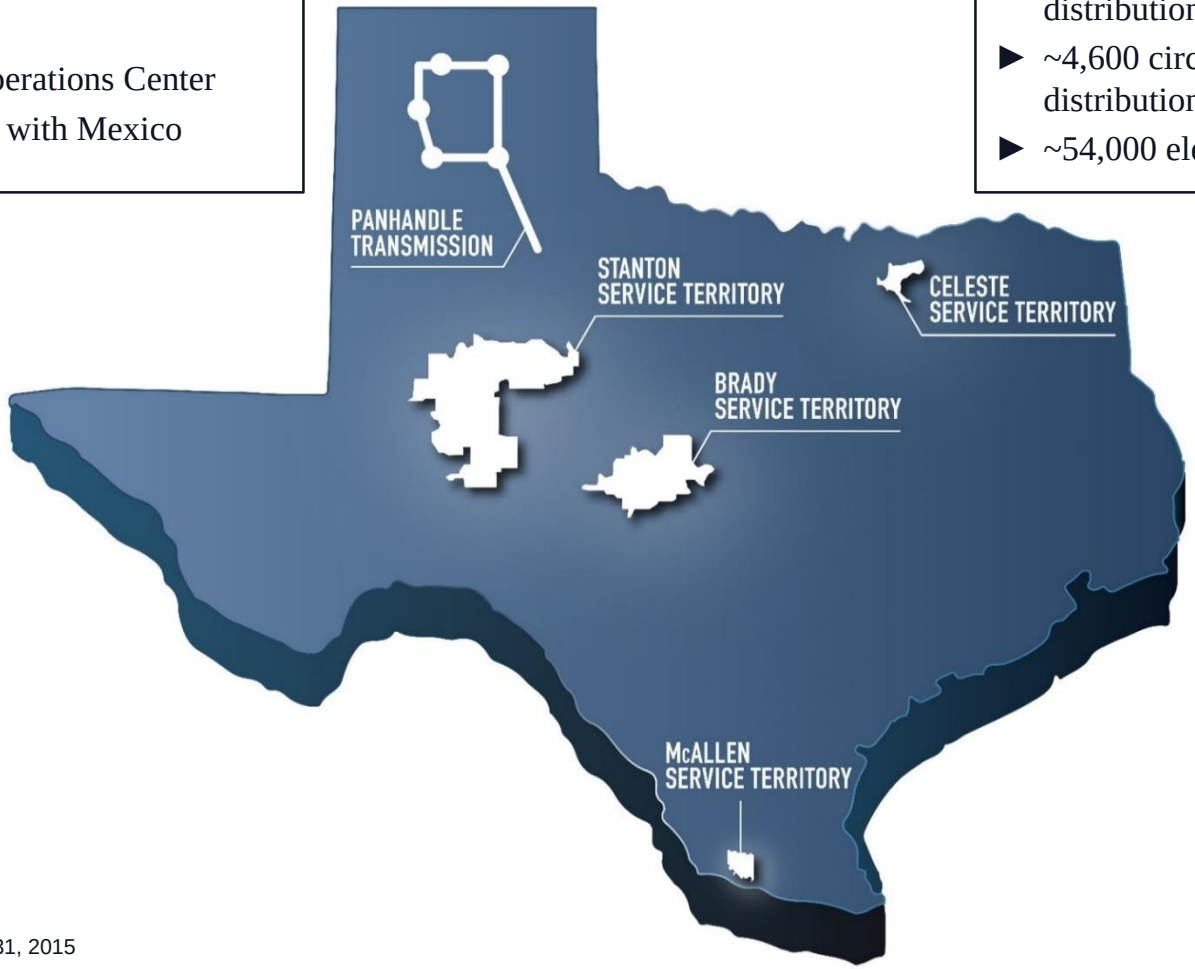
Attractive Asset Profile

Transmission

- ~75% of our rate base is transmission
- ~848 circuit miles of transmission lines
- Transmission Operations Center
- Railroad DC Tie with Mexico (300 MW)

Distribution

- ~25% of our rate base is distribution
- ~35,300 circuit miles of overhead distribution lines
- ~4,600 circuit miles of underground distribution lines
- ~54,000 electric delivery points



As of December 31, 2015

Disciplined, Multifaceted Pursuit of Growth

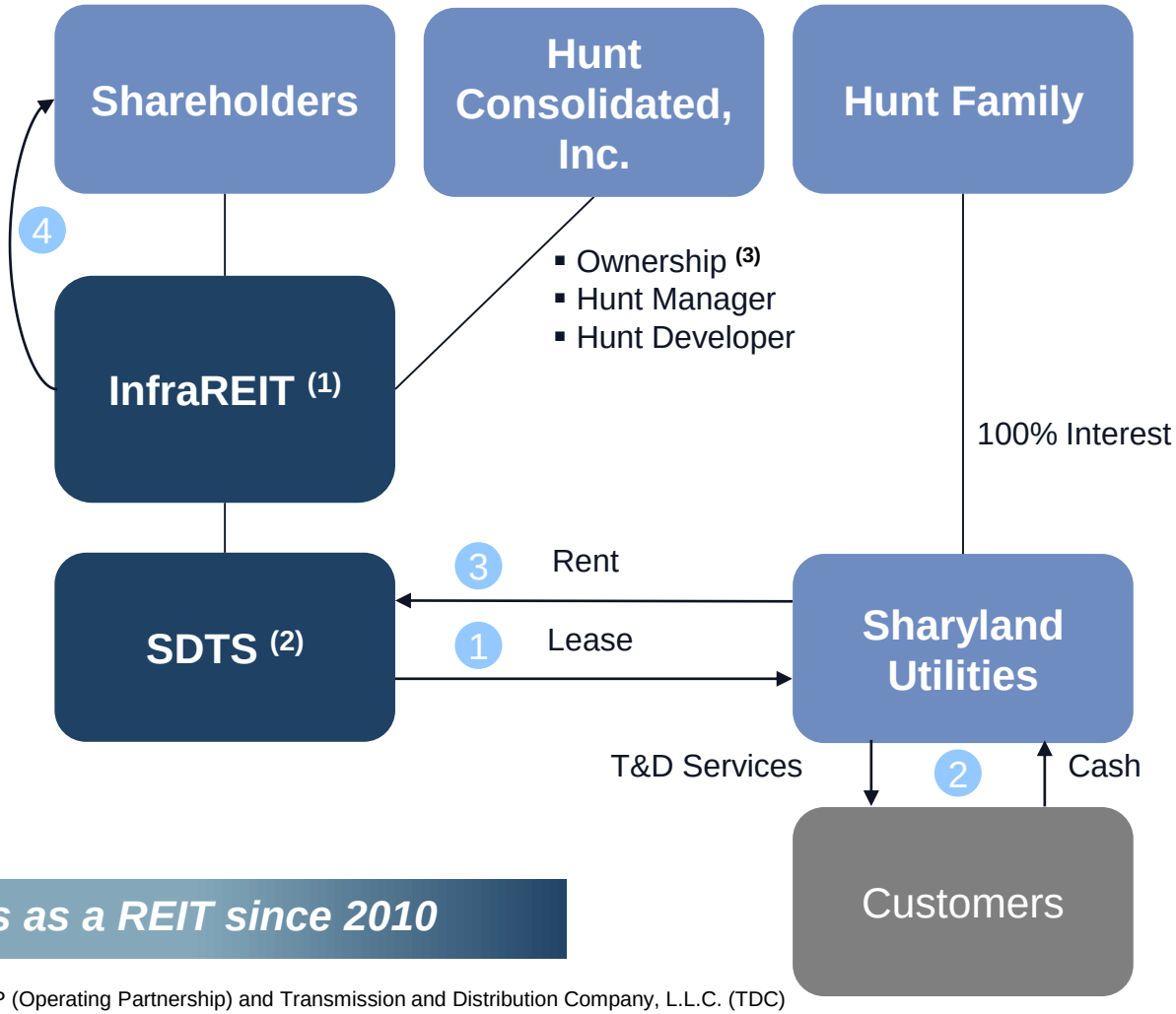
Hunt Development team members are experienced T&D planners

Growth Strategy	Growth Drivers
Footprint Projects (Funded by InfraREIT)	• Population and economic growth across Texas • Energy-driven economic expansion • Generator interconnections to Panhandle Transmission assets
Hunt Projects	• Hunt T&D projects that are operational, under construction or under development • Future T&D projects developed and constructed by Hunt • Primarily focused on Texas and the Southwest

Acquire other T&D assets from third parties	• Value enhancing M&A Transactions that build on:
	  • Hunt's industry relationships and reputation
	  • Expertise with REIT structure

Structure Mechanics

1. SDTS owns our T&D assets and leases them to Sharyland
2. Sharyland collects rate-regulated revenue from other utilities and retail electric providers
3. Sharyland makes regular lease payments to SDTS
4. InfraREIT pays dividends to stockholders



Conducted business as a REIT since 2010

(1) Represents InfraREIT, Inc., InfraREIT Partners, LP (Operating Partnership) and Transmission and Distribution Company, L.L.C. (TDC)
(2) Represents Sharyland Distribution & Transmission Services, L.L.C. (SDTS)
(3) Represents Hunt Transmission Services, L.L.C. (limited partner of the Operating Partnership, shareholder of InfraREIT and Hunt Developer)

Governance and Management

Board Structure	▪ 9 total members, 6 independent
Related Party Transactions	▪ Require majority approval by the independent board members (i.e. Hunt project acquisitions)
Management	▪ CEO, CFO and General Counsel are officers of InfraREIT and Hunt Manager

Management Agreement	▪ Responsible for the day-to-day business and legal activities of InfraREIT
	▪ Annual base fee equal to $14.0 million for April 1, 2016 through March 31, 2017 representing 1.50% of total book equity as of year end 2015
	  ❑ Capped at $30 million per year
	▪ Incentive fee equal to 20% of quarterly dividends per share in excess of the threshold distribution amount payable quarterly
	  ❑ 2016 dividend per share: $0.25
	  ❑ Threshold dividend: $0.27

Lease Mechanics

Lease Objectives

InfraREIT

- Rent payments intended to provide InfraREIT with approximately 97% of the projected regulated return on rate base attributable to InfraREIT's assets

Sharyland

- Sharyland recovers operating and maintenance (O&M) costs and a portion of the return on InfraREIT's rate base

Lease Terms

- InfraREIT is obligated to fund capex for Footprint Projects
- New assets are added to leases through supplements
- Lease renewals apply the same methodology but are updated for new rate case information
- Approximately 80% – 90% of rent is a fixed amount – paid monthly
- Approximately 10% – 20% of rent is variable based on a percentage of Sharyland's gross revenue less adjustments – paid quarterly