2017 Full Year Results & Supplemental Information

March 1, 2018

InfraREIT

Safe Harbor

Forward Looking Statements

This presentation contains “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. 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, and in no event should the inclusion of forecasted information in this presentation be regarded as a representation by any person that the results contained therein will be achieved. Statements about the Company’s anticipated financial and operating performance, including projected or forecasted financial results, distributions to stockholders, capital expenditures, debt ratios, capitalization matters and other forecasted metrics, 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 organizational structure, lease arrangements, capitalization, acquisitions and dispositions of assets, recovery of investments, authorized rate of return and other regulatory parameters; the impact of the Tax Cuts and Jobs Act (TCJA) on the relative advantages of the Company’s business model and the effects of any decision to terminate the Company’s real estate investment trust (REIT) status; the implications of the Company’s relationships with Hunt and its affiliates on any transaction or alternative arrangement that may be proposed by Hunt or a third party; the Company’s current reliance on its tenant for all of its revenues and, as a result, the Company’s dependence on its tenant’s solvency and financial and operating performance; the amount of available investment to grow the Company’s rate base; the Company’s ability to negotiate future rent payments or to renew leases with its tenant; insufficient cash available to meet distribution requirements; the effects of existing and future tax and other laws and governmental regulations; and the Company's failure to qualify or maintain its status as a REIT or changes in the tax laws applicable to REITs. 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.

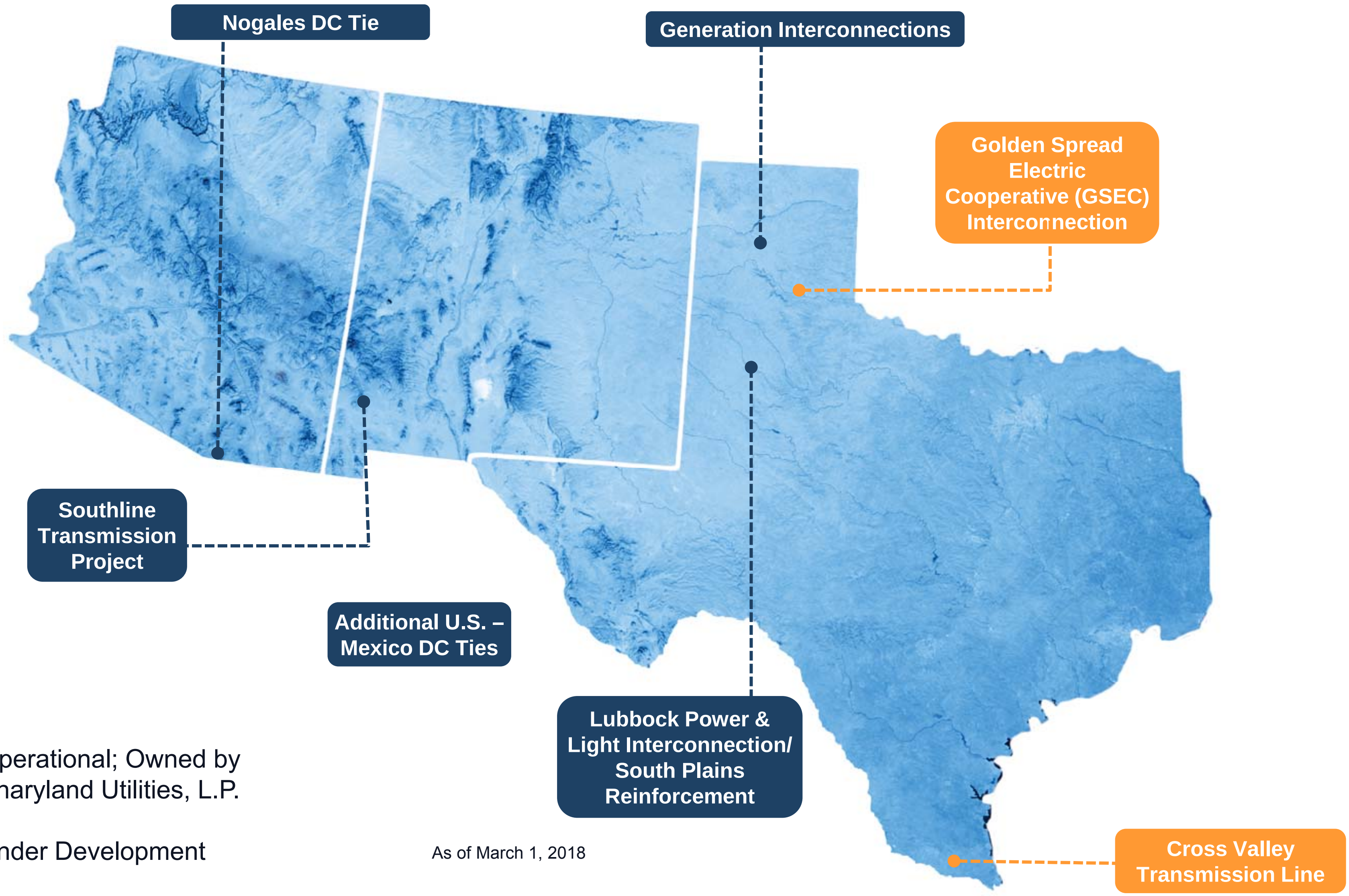
Non-GAAP Legend

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 earnings per share (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 Schedules 1-5 to this presentation.

2017 Highlights and Recent Events

- **Full Year 2017 performance**
  - Growth in lease revenue of 11 percent driven by increased assets under lease, partially offset by lower lease pricing (leases included a lower allowed cost of debt assumption in the second half of 2017)
  - Decrease in net income of $52 million, primarily due to the $56 million Tax Cuts and Jobs Act Regulatory Adjustment (TCJA Regulatory Adjustment)
  - Non-GAAP EPS of $1.26 in 2017; compared with $1.21 in 2016
  - Cash available for distribution (CAD) increased 8 percent, versus 2016, to $80 million
  - Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) of $169 million; 9 percent higher than 2016
  - $184 million of capital expenditures
- **Rate case dismissal and asset exchange transaction completed November 2017**
  - Key regulatory parameters in place until the next rate case, which will be filed in 2020, based on a test year ending December 31, 2019

Pipeline of Hunt Projects



- Operational; Owned by Sharyland Utilities, L.P.
- Under Development

As of March 1, 2018

InfraREIT

Approval of Lubbock Power & Light's Integration into ERCOT

- At the February 15th Open Meeting, the Public Utility Commission of Texas (PUCT) indicated that it would approve Lubbock Power & Light's (LP&L) application to join the ERCOT market
  - The current planning-level estimate of the total transmission requirement to interconnect LP&L is $364 million
  - The PUCT's decision is expected to be finalized in a PUCT Order later this month
- The PUCT also announced in the February 15th Open Meeting that LP&L and Sharyland will build the required transmission interconnections
  - The two parties were asked to work jointly to determine which party will build which portions of the required new transmission lines and substations
- As the integration of LP&L into ERCOT overlaps significantly with the South Plains Project, the remaining element of the South Plains Project that could move forward independently is a synchronous condenser at Windmill station
  - The Windmill synchronous condenser is expected to be considered by ERCOT in late 2018 or in 2019
  - If the new synchronous condenser passes the relevant screening criteria and is approved, it will be a Footprint Project

Tax Cuts and Jobs Act

Financial Implications

- The TCJA reduced the corporate federal income tax rate from 35 percent to 21 percent
- As a result, the PUCT ordered all electric utilities to book a regulatory liability for the revaluation of ADFIT and the customer rate differential resulting from the lower corporate federal tax rate
- Sharyland has proposed to reduce its wholesale transmission rates for the reduced income tax allowance instead of booking the regulatory liability for the customer rate differential
  - Sharyland has communicated to InfraREIT its current intent not to request a reduction to 2018 lease payments to reflect the impacts of the TCJA
- Impacts to InfraREIT
  - Reduced percentage rent in 2018 due to a reduction in Sharyland’s revenues
  - Lower lease revenue per dollar of rate base on new assets placed in service or at lease renewals reflecting a lower tax rate
  - Creation of a $56 million regulatory liability to reflect the reduction in ADFIT

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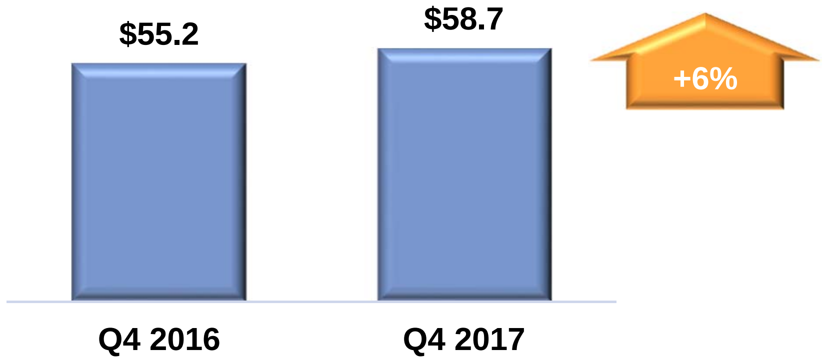
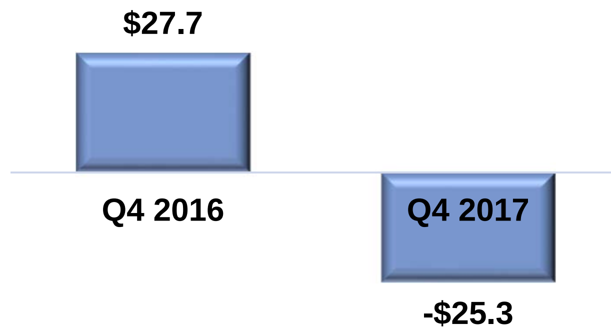
Q4 2017 Performance Summary

$ millions, except per share amounts

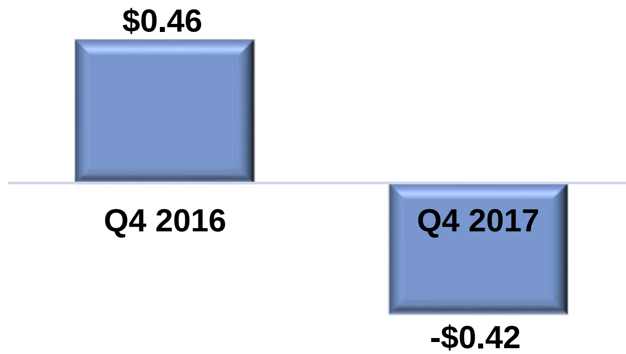
Lease Revenue



Net Income



Net Income Attributable to InfraREIT, Inc. Common Stockholders Per Share (EPS)



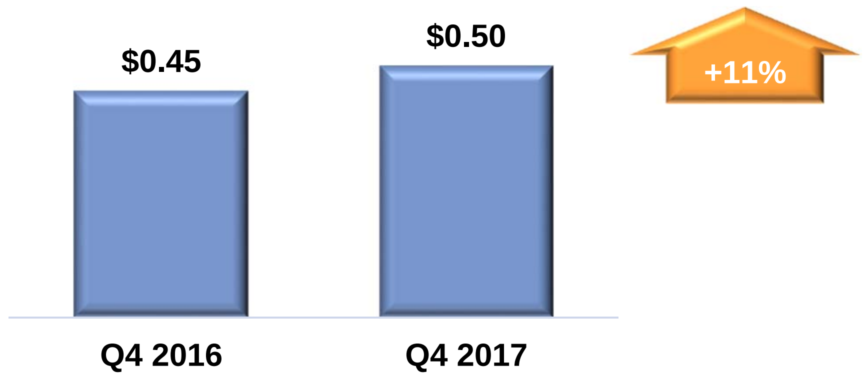
Lease revenue in line with expectations; Lease revenue growth was less than the increase in rate base due to lower lease pricing; Net income and EPS were lower due to TCJA Regulatory Adjustment

InfraREIT

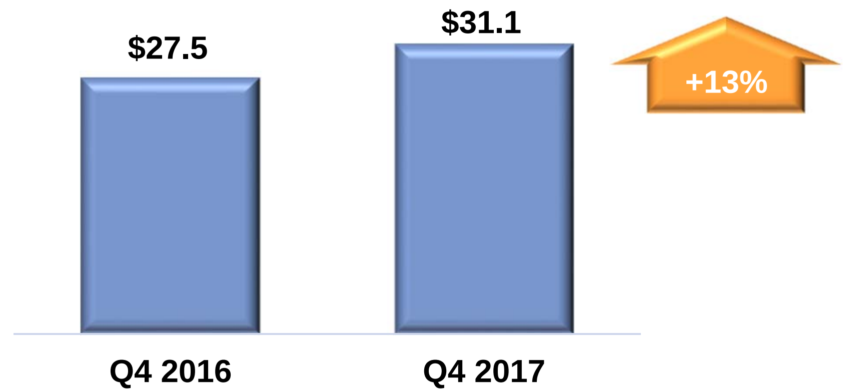
Q4 2017 Performance Summary

$ millions, except per share amounts

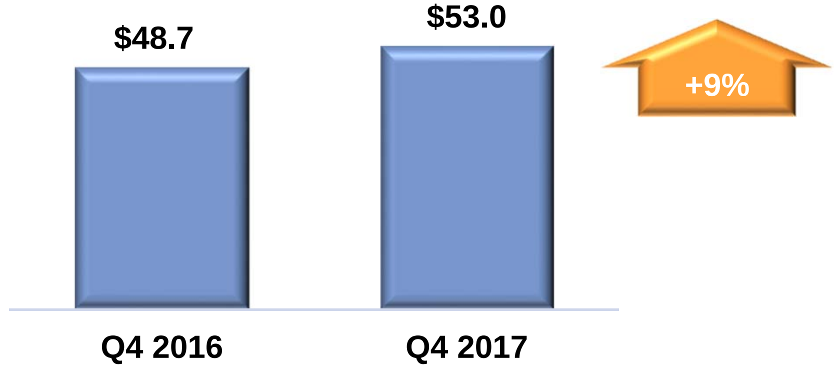
Non-GAAP EPS



Cash Available for Distribution



Adjusted EBITDA



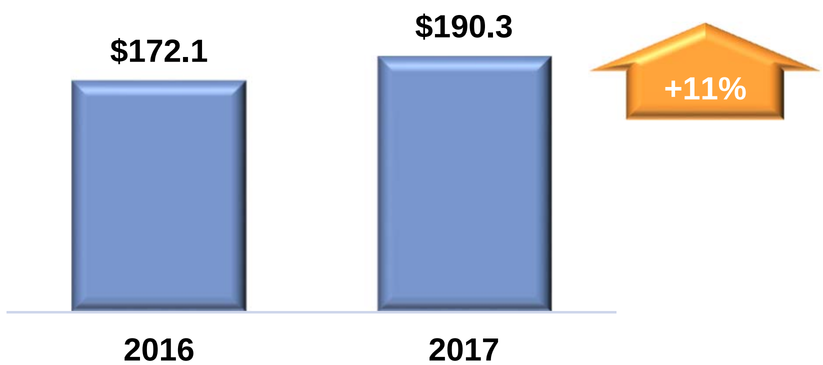
Non-GAAP results ahead of expectations driven primarily by lower than expected depreciation and interest expense

InfraREIT

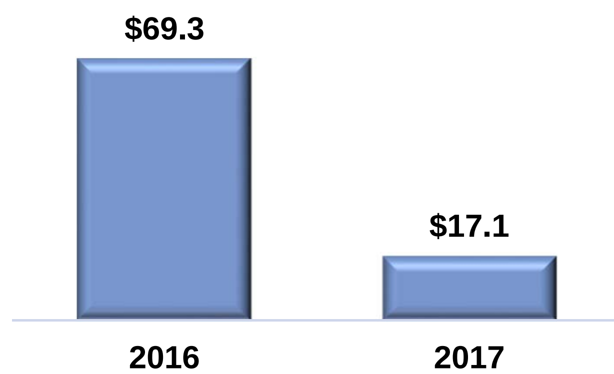
Full Year 2017 Performance Summary

$ millions, except per share amounts

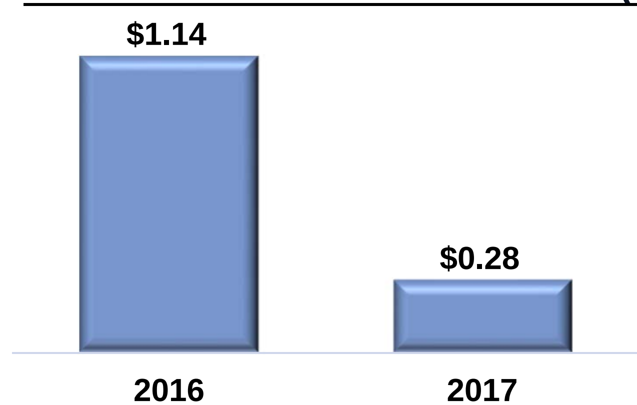
Lease Revenue



Net Income



Net Income Attributable to InfraREIT, Inc. Common Stockholders Per Share (EPS)



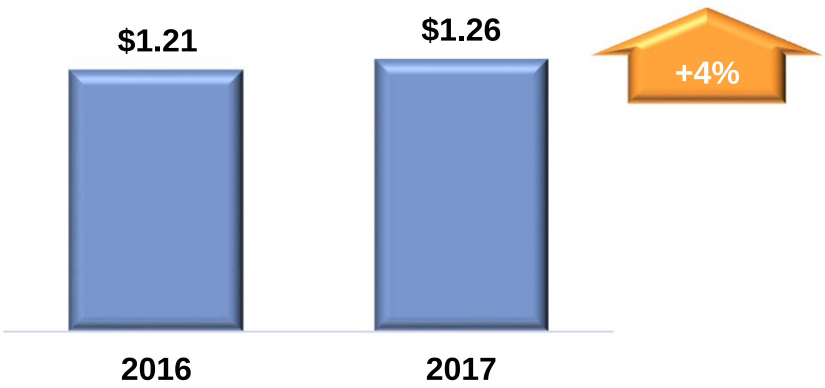
Growth in lease revenue ahead of expectations; Net income was lower due to TCJA Regulatory Adjustment

InfraREIT

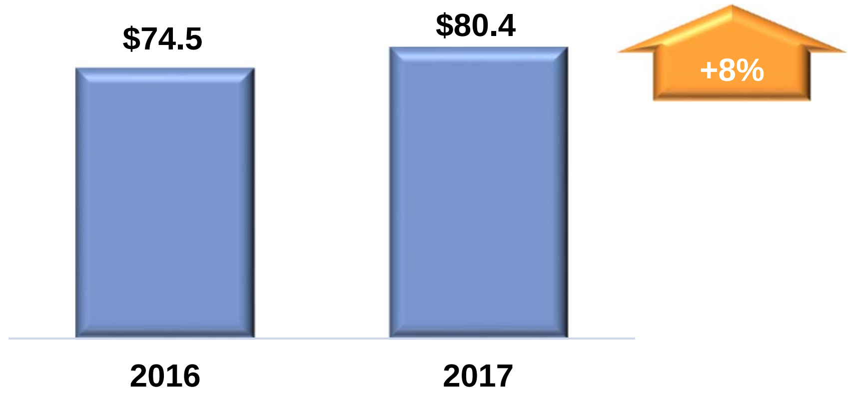
Full Year 2017 Performance Summary

$ millions, except per share amounts

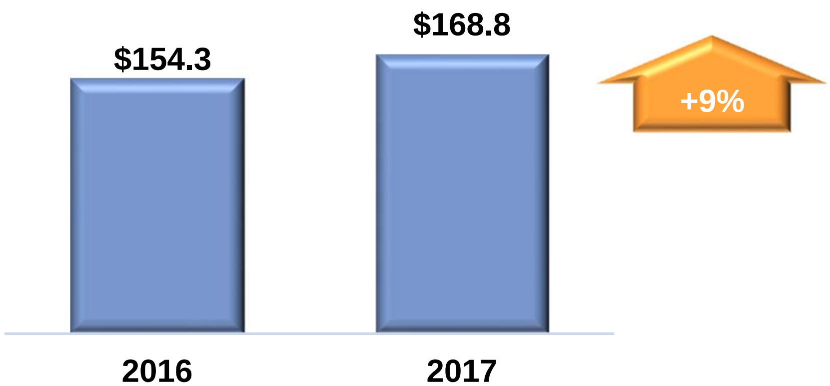
Non-GAAP EPS



Cash Available for Distribution



Adjusted EBITDA

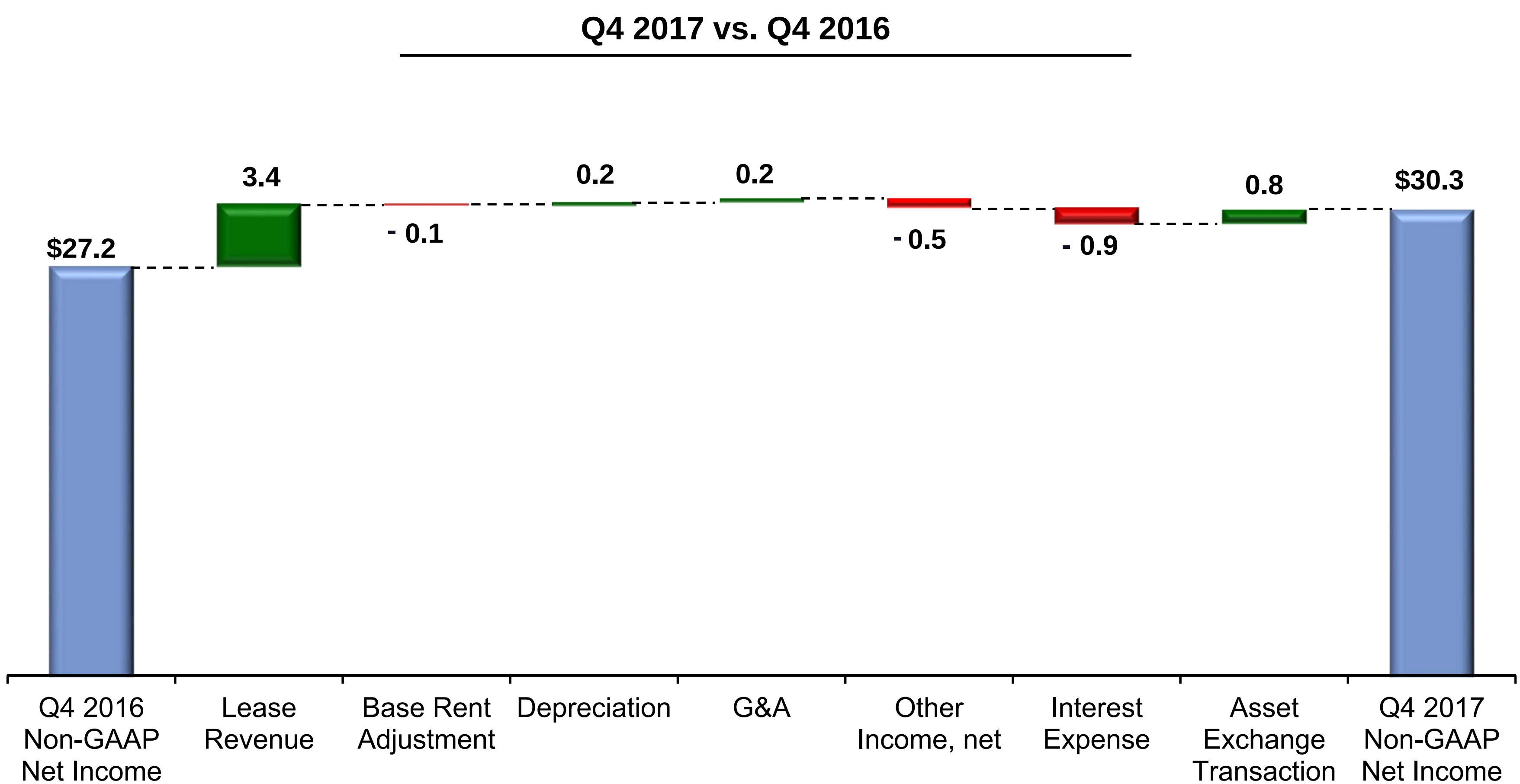


Non-GAAP results ahead of expectations driven by higher lease revenues, lower than expected depreciation and interest expense

InfraREIT

Drivers of Non-GAAP Earnings Metric

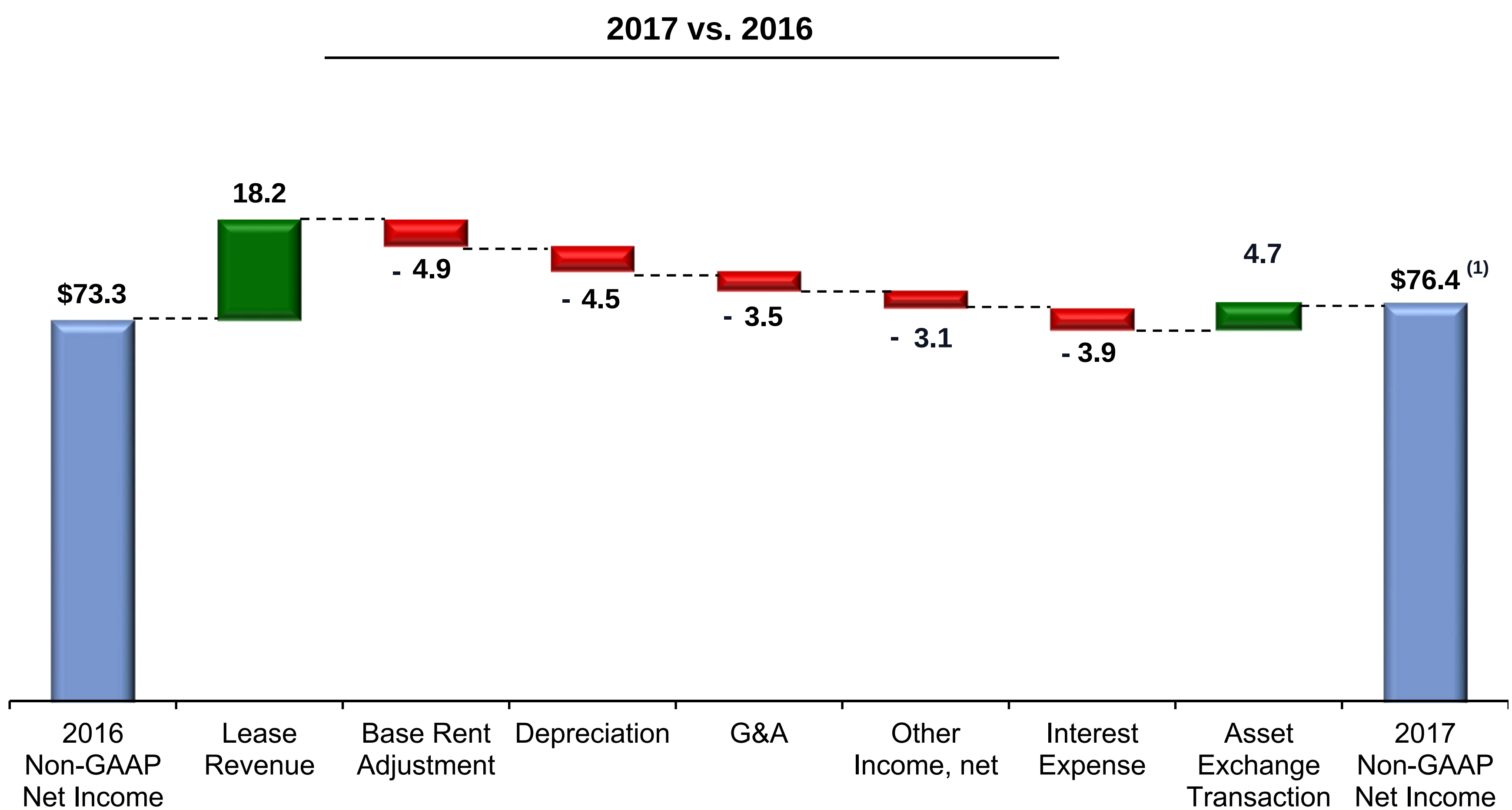
$ millions



InfraREIT

Drivers of Non-GAAP Earnings Metric

$ millions



(1) The sum of the totals may not equal due to rounding.

InfraREIT

Forward Outlook

- Updating guidance:
  - 2018 EPS range of $1.29 to $1.39
  - 2018 Non-GAAP EPS range of $1.22 to $1.32
  - Expect to maintain current quarterly cash dividend of $0.25 per share, or $1.00 per share annualized through 2018
- Current year earnings and dividend guidance assumes existing lease payments from Sharyland continue as scheduled throughout 2018
- Footprint Project capital expenditures for 2018 – 2020 in the range of $70 million to $180 million

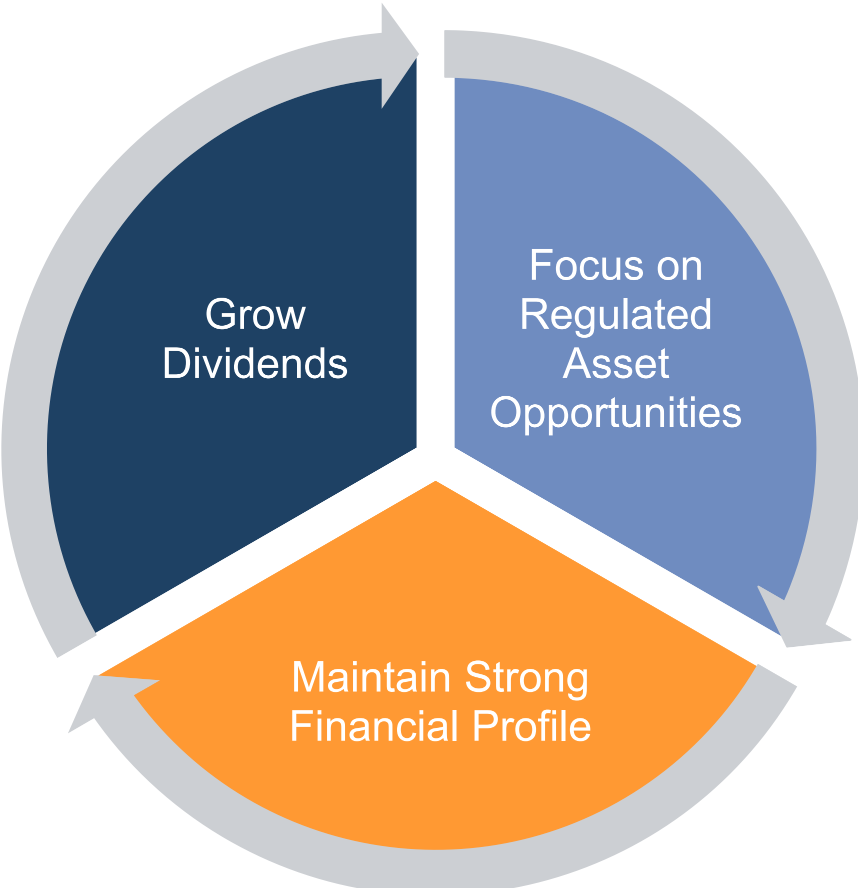
2018E – 2020E Footprint Capital Expenditures

As of March 1, 2018

$ millions	2018	2019	2020
Base Footprint Project Capex	$40 - $65	$10 - $30	$10 - $25
Synchronous Condensers & Second Circuit	$10 - $15	$0 - $20	$0 - $25
Total Footprint Project Capex	**$50 - $80**	**$10 - $50**	**$10 - $50**

Footprint Project capex guidance range of $70 million – $180 million for 2018 – 2020
Long-term opportunities tied to generation interconnections and renewables expansion, regional growth and new projects required to improve reliability and relieve congestion

Growth and Financing Strategy



- Construct Footprint Projects
- Opportunistically acquire regulated assets

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

- Sign long-term leases that reflect regulated rate structure

Review of InfraREIT's Corporate Structure

- In light of the impacts of the TCJA, InfraREIT will continue to review the Company's REIT election and existing lessor-lessee relationship with Sharyland. Potential options under consideration as part of this review include:
  - ❑ Maintain REIT status, or
  - ❑ Terminate REIT status (De-REIT Transaction), which may also involve one or more of the following:
    - Combining SDTS and Sharyland
    - Terminating the leases between SDTS and Sharyland
    - Other negotiations with Hunt and its affiliates, including seeking to terminate or renegotiate the following:
      - Management agreement
      - Development agreement
      - Other related agreements
- InfraREIT has not set a specific timeline for completing this review

Reg G Reconciliation

Schedule 1:

Explanation and Reconciliation of Non-GAAP EPS

Q4 2017 vs. Q4 2016

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) 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; (b) adding back the TCJA Regulatory Adjustment related to the enactment of the TCJA reducing the corporate federal income tax rate from 35 percent to 21 percent; (c) adding back the transaction costs related to the Asset Exchange Transaction; and (d) removing the effect of the gain on the Asset Exchange Transaction. 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 attributable to InfraREIT, Inc. per diluted share to Non-GAAP EPS for the three months ended December 31, 2017 and 2016:

	Q4 2017		Q4 2016	
($ thousands, except per share amounts)	Amount	Per Share (5)	Amount	Per Share (6)
Net (loss) income attributable to InfraREIT, Inc.	$ (18,284)	$ (0.42)	$ 19,990	$ 0.46
Net (loss) income attributable to noncontrolling interest	(7,047)	(0.42)	7,749	0.46
Net (loss) income	**(25,331)**	**(0.42)**	**27,739**	**0.46**
Base rent adjustment (1)	(663)	(0.01)	(567)	(0.01)
TCJA Regulatory Adjustment (2)	55,779	0.92	—	—
Transaction costs (3)	767	0.01	—	—
Gain on asset exchange transaction (4)	(257)	—	—	—
Non-GAAP net income	**$ 30,295**	**$ 0.50**	**$ 27,172**	**$ 0.45**

Schedule 1:

Explanation and Reconciliation of Non-GAAP EPS

2017 vs. 2016

Non-GAAP EPS

The following table sets forth a reconciliation of net income attributable to InfraREIT, Inc. per diluted share to Non-GAAP EPS for the years ended December 31, 2017 and 2016:

($ thousands, except per share amounts)	2017 Amount	2017 Per Share [5]	2016 Amount	2016 Per Share [7]
Net income attributable to InfraREIT, Inc.	$ 12,303	$ 0.28	$ 49,954	$ 1.14
Net income attributable to noncontrolling interest	4,750	0.28	19,347	1.14
Net income	**17,053**	**0.28**	**69,301**	**1.14**
Base rent adjustment [1]	(843)	(0.02)	4,035	0.07
TCJA Regulatory Adjustment [2]	55,779	0.92	—	—
Transaction costs [3]	4,676	0.08	—	—
Gain on asset exchange transaction [4]	(257)	—	—	—
Non-GAAP net income	**$ 76,408**	**$ 1.26**	**$ 73,336**	**$ 1.21**

Schedule 1:

Explanation and Reconciliation of Non-GAAP EPS

(1) This adjustment relates to the difference between the timing of cash base 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.

(2) This adjustment relates to the establishment of the regulatory liability related to the excess accumulated deferred federal income taxes (ADFIT) as a result of the enactment of the TCJA reducing the corporate federal income tax rate from 35 percent to 21 percent.

(3) This adjustment reflects the transaction costs related to the Asset Exchange Transaction. These costs are exclusive of the Company's routine business operations or typical rate case costs and have been excluded to present additional insights on InfraREIT's core operations.

(4) This adjustment reflects the gain associated with the inventory that was sold in the Asset Exchange Transaction. This gain has been excluded as it is not part of the Company's core operations.

(5) The weighted average common shares outstanding of 43.8 million was used to calculate net income attributable to InfraREIT, Inc. per diluted share. The weighted average redeemable partnership units outstanding of 16.9 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 60.7 million was used for the remainder of the per share calculations.

(6) 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.

(7) The weighted average common shares outstanding of 43.0 million was used to calculate net income attributable to InfraREIT, Inc. per diluted share. The weighted average redeemable partnership units outstanding of 16.2 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 59.2 million was used for the remainder of the per share calculations.

Schedule 2:

Explanation and Reconciliation of CAD

Q4 2017 vs. Q4 2016

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. This deduction 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 table sets forth a reconciliation of net income to CAD for the three months ended December 31, 2017 and 2016:

($ thousands)	Q4 2017	Q4 2016
Net (loss) income	$ (25,331)	$ 27,739
Depreciation	12,210	12,392
Base rent adjustment (1)	(663)	(567)
Non-cash equity compensation	142	228
Amortization of deferred financing costs	1,072	1,004
Other income, net (2)	(367)	(861)
Capital expenditures to maintain net assets	(12,210)	(12,392)
TCJA Regulatory Adjustment (3)	55,779	—
Transaction costs (4)	767	—
Gain on asset exchange transaction (5)	(257)	—
CAD	**$ 31,142**	**$ 27,543**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS
(2) Includes allowance for funds used during construction (AFUDC) on other funds of $0.4 million and $0.8 million for the three months ended December 31, 2017 and 2016, respectively
(3) See footnote (2) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS
(4) See footnote (3) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS
(5) See footnote (4) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS

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Schedule 2:

Explanation and Reconciliation of CAD

2017 vs. 2016

CAD

The following table sets forth a reconciliation of net income to CAD for the years ended December 31, 2017 and 2016:

($ thousands)	2017	2016
Net income	$ 17,053	$ 69,301
Depreciation	51,207	46,704
Base rent adjustment (1)	(843)	4,035
Non-cash equity compensation	570	978
Amortization of deferred financing costs	4,173	4,014
Other income, net (2)	(718)	(3,781)
Capital expenditures to maintain net assets	(51,207)	(46,704)
TCJA Regulatory Adjustment (3)	55,779	—
Transaction costs (4)	4,676	—
Gain on asset exchange transaction (5)	(257)	—
CAD	**$ 80,433**	**$ 74,547**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS
(2) Includes AFUDC on other funds of $0.7 million and $3.7 million for the years ended December 31, 2017 and 2016, respectively
(3) See footnote (2) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS
(4) See footnote (3) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS
(5) See footnote (4) on Schedule 1 on Explanation and Reconciliation on Non-GAAP EPS

Schedule 3:

Explanation and Reconciliation of EBITDA and Adjusted EBITDA

Q4 2017 vs. Q4 2016

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) 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; (b) adding back the TCJA Regulatory Adjustment related to the enactment of the TCJA reducing the corporate federal income tax rate from 35 percent to 21 percent; (c) adding back the transaction costs related to the Asset Exchange Transaction; (d) removing the effect of the gain on the Asset Exchange Transaction; and (e) adjusting for other income (expense), net.

The following table sets forth a reconciliation of net income to EBITDA and Adjusted EBITDA for the three months ended December 31, 2017 and 2016:

($ thousands)	Q4 2017	Q4 2016
Net (loss) income	$ (25,331)	$ 27,739
Interest expense, net	10,475	9,644
Income tax expense	345	325
Depreciation	12,210	12,392
EBITDA	**(2,301)**	**50,100**
Base rent adjustment [1]	(663)	(567)
Other income, net [2]	(367)	(861)
TCJA Regulatory Adjustment [3]	55,779	—
Transaction costs [4]	767	—
Gain on asset exchange transaction [5]	(257)	—
Adjusted EBITDA	**$ 52,958**	**$ 48,672**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(2) See footnote (2) on Schedule 2 on Explanation and Reconciliation of CAD
(3) See footnote (2) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(4) See footnote (3) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(5) See footnote (4) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS

Schedule 3:

Explanation and Reconciliation of EBITDA and Adjusted EBITDA

2017 vs. 2016

EBITDA and Adjusted EBITDA

The following table sets forth a reconciliation of net income to EBITDA and Adjusted EBITDA for the years ended December 31, 2017 and 2016:

($ thousands)	**2017**	**2016**
Net income	$ 17,053	$ 69,301
Interest expense, net	40,671	36,920
Income tax expense	1,218	1,103
Depreciation	51,207	46,704
EBITDA	**110,149**	**154,028**
Base rent adjustment (1)	(843)	4,035
Other income, net (2)	(718)	(3,781)
TCJA Regulatory Adjustment (3)	55,779	—
Transaction costs (4)	4,676	—
Gain on asset exchange transaction (5)	(257)	—
Adjusted EBITDA	**$ 168,786**	**$ 154,282**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(2) See footnote (2) on Schedule 2 on Explanation and Reconciliation of CAD
(3) See footnote (2) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(4) See footnote (3) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(5) See footnote (4) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS

Schedule 4:

Explanation and Reconciliation of FFO and AFFO

Q4 2017 vs. Q4 2016

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) 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; (b) adding back the TCJA Regulatory Adjustment related to the enactment of the TCJA reducing the corporate federal income tax rate from 35 percent to 21 percent; (c) adding back the transaction costs related to the Asset Exchange Transaction; (d) removing the effect of the gain on the Asset Exchange Transaction; and (e) adjusting for other income (expense), net.

The following table sets forth a reconciliation of net income to FFO and AFFO for the three months ended December 31, 2017 and 2016:

($ thousands)	Q4 2017	Q4 2016
Net (loss) income	$ (25,331)	$ 27,739
Depreciation	12,210	12,392
FFO	**(13,121)**	**40,131**
Base rent adjustment (1)	(663)	(567)
Other income, net (2)	(367)	(861)
TCJA Regulatory Adjustment (3)	55,779	—
Transaction costs (4)	767	—
Gain on asset exchange transaction (5)	(257)	—
AFFO	**$ 42,138**	**$ 38,703**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(2) See footnote (2) on Schedule 2 on Explanation and Reconciliation of CAD
(3) See footnote (2) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(4) See footnote (3) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(5) See footnote (4) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS

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Schedule 4:

Explanation and Reconciliation of FFO & AFFO

2017 vs. 2016

FFO and AFFO

The following table sets forth a reconciliation of net income to FFO and AFFO for the years ended December 31, 2017 and 2016:

($ thousands)	2017	2016
Net income	$ 17,053	$ 69,301
Depreciation	51,207	46,704
FFO	**68,260**	**116,005**
Base rent adjustment [(1)]	(843)	4,035
Other income, net [(2)]	(718)	(3,781)
TCJA Regulatory Adjustment [(3)]	55,779	—
Transaction costs [(4)]	4,676	—
Gain on asset exchange transaction [(5)]	(257)	—
AFFO	**$ 126,897**	**$ 116,259**

(1) See footnote (1) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(2) See footnote (2) on Schedule 2 on Explanation and Reconciliation of CAD
(3) See footnote (2) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(4) See footnote (3) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS
(5) See footnote (4) on Schedule 1 on Explanation and Reconciliation of Non-GAAP EPS

Schedule 5:

Forecasted Guidance for 2018

Reconciliation of GAAP to Non-GAAP

Forecasted Guidance for 2018

The Company provides yearly guidance for Non-GAAP EPS, which is one of the supplemental financial measures it uses in evaluating the Company's operating performance. The Company believes that Non-GAAP EPS helps the Company and investors better understand the Company's business and performance 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 for the year ending December 31, 2018:

	Full Year 2018	
(Per share amounts)	Low	High
Net income attributable to InfraREIT, Inc.	$ 1.29	$ 1.39
Net income attributable to noncontrolling interest	1.29	1.39
Net income	**1.29**	**1.39**
Base rent adjustment	(0.08)	(0.08)
Transaction costs	0.01	0.01
Non-GAAP EPS	**$ 1.22**	**$ 1.32**

Appendix

InfraREIT's Investment Highlights

Attractive Asset Portfolio

- $1.5 billion in regulated electric transmission and wholesale distribution assets (rate base)

Stable Cash Flow

- 100 percent of revenue driven by regulated asset base
- 90 percent of assets in transmission, remainder in wholesale distribution (no end-use retail customers)

Strong Track Record

- Increased rate base from $60 million in 2009 to $1.5 billion in 2017
- Successfully developed 300 miles and 4 substations in the CREZ transmission system and significantly expanded the West Texas assets

Constructive Regulation

- Constructive regulatory framework in Texas
- Ability to submit interim transmission rate filings; minimizes regulatory lag

Strong Sponsor

- Hunt has long-term track record and relationships in Texas and the Southwest
- High alignment between Hunt and other stakeholders

Growth Opportunities

- Pro-business, high-growth state with growing infrastructure needs in West and South Texas
- Well-positioned relative to future expansion of wind and solar generation in the Panhandle, West Texas and South Plains
- Pipeline of projects with Hunt Developer

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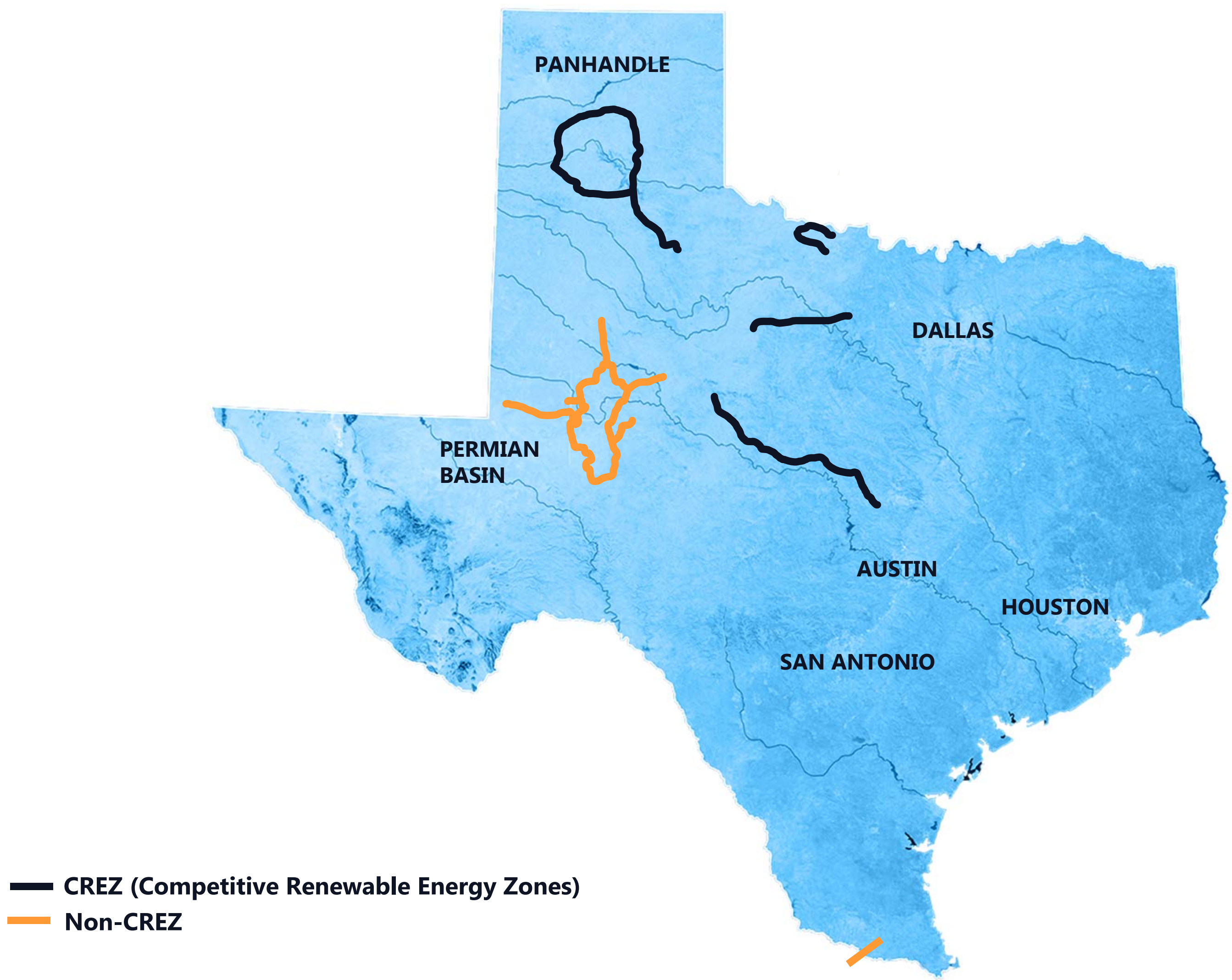
InfraREIT's Transmission Assets



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Asset Exchange Transaction and Rate Case Dismissal

- SDTS exchanged $403 million of assets for ~$383 million of transmission assets and ~$20 million of cash from Oncor
- SDTS and Sharyland's rate case was dismissed as of November 9, 2017
  - PUCT granted SDTS a certificate of convenience and necessity
  - Key regulatory parameters in place until the next rate case, which SDTS and Sharyland have committed to file in 2020, based on a test year ending December 31, 2019
- Strategic focus on the long-term growth of InfraREIT's transmission business

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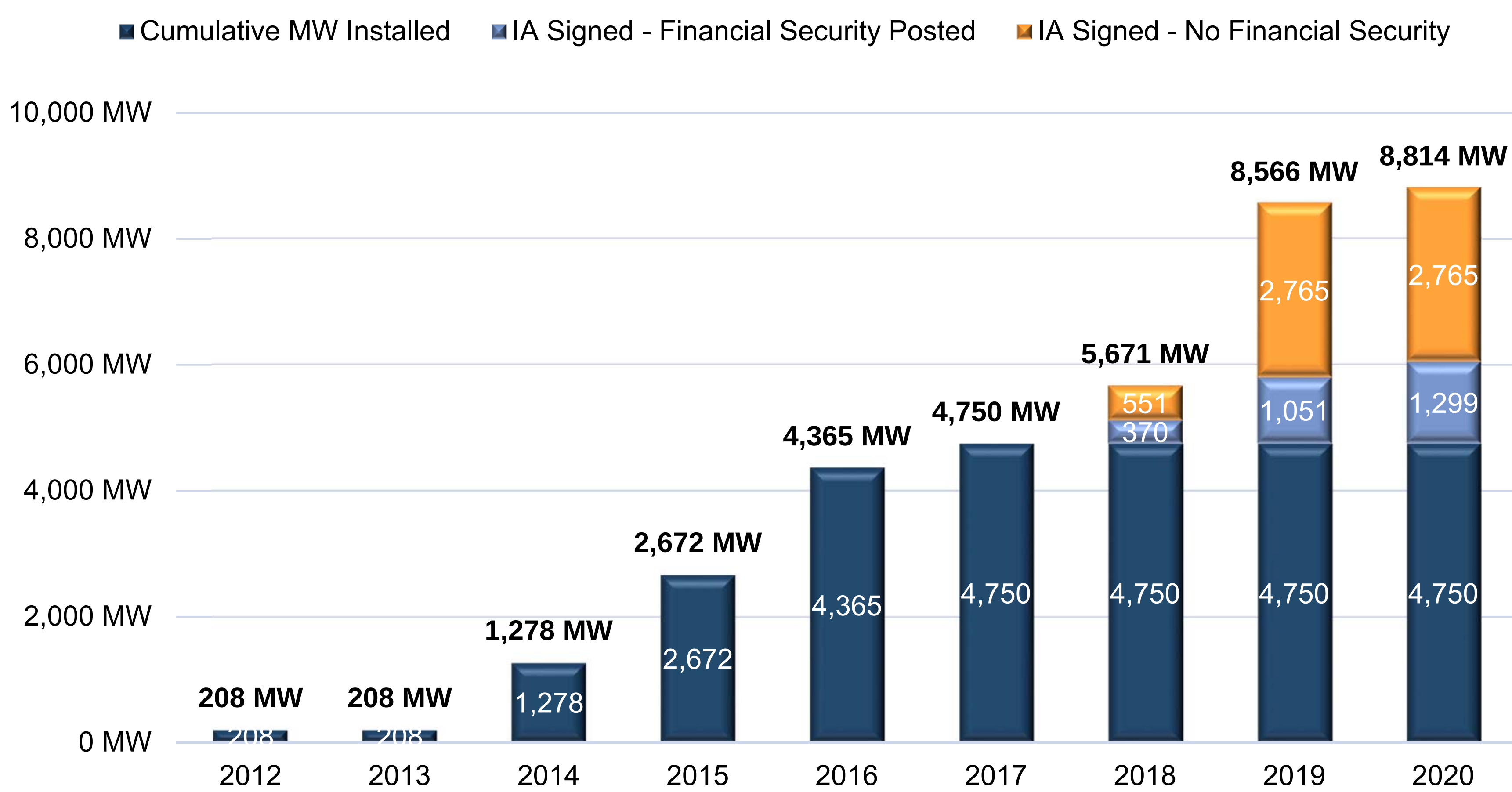
Interconnections Agreements for Panhandle Generation



Source: ERCOT – Winter 2017-2018 Final Seasonal Assessment of Resource Adequacy and Generation Interconnection Status Report (January 2018)

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Hunt Projects (1)

As of March 1, 2018

Assets in Operation		
Project	**State**	**Net Plant**
Golden Spread	TX	~ $90 mm
Cross Valley	TX	~ $167 mm

Construction or Development Projects		
Project	**State**	**Status**
Generation Interconnections	TX	Development
South Plains / LP&L Integration	TX	Development
Nogales – DC Tie	AZ	Development
Southline	AZ – NM	Development

(1) InfraREIT holds a right of first offer applicable to many, but not all, of Hunt's development projects. However, Hunt has informed InfraREIT that it intends for InfraREIT to be the primary owner of its development projects as they are completed and placed in service.

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Debt Obligations and Liquidity

$ millions

Long-Term Debt (rate / maturity)	Outstanding As of December 31, 2017
TDC – Senior Secured Notes (8.50% / December 30, 2020)	$ 16.3
SDTS – Senior Secured Notes (5.04% / June 20, 2018)	60.0
SDTS – Senior Secured Term Loan (2.33% / June 5, 2020)	200.0
SDTS – Senior Secured Notes, Series A (3.86% / December 3, 2025)	400.0
SDTS – Senior Secured Notes, Series B (3.86% / January 14, 2026)	100.0
SDTS – Senior Secured Notes (7.25% / December 30, 2029)	40.5
SDTS – Senior Secured Notes (6.47% / September 30, 2030)	92.8
Total	**$ 909.6**

Liquidity Facilities	Amount	Outstanding As of December 31, 2017	Available
InfraREIT Partners Revolver	$ 75.0	$ —	$ 75.0
SDTS Revolver	250.0	41.0	209.0
Total	**$ 325.0**	**$ 41.0**	**$ 284.0**
Cash (as of December 31, 2017)			2.9
Total Available Liquidity			**$ 286.9**

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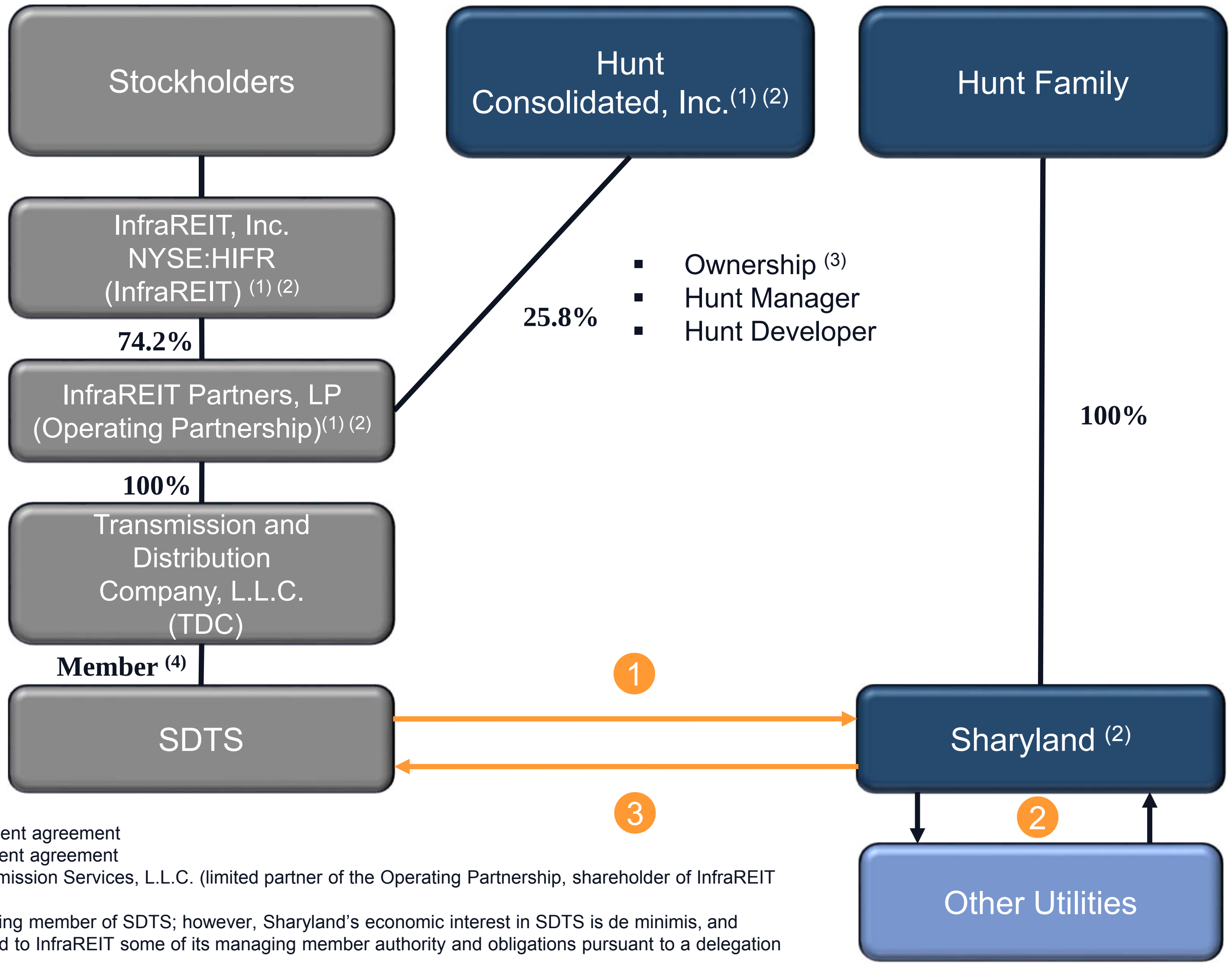
Structure Mechanics

1 SDTS owns our regulated assets and leases them to Sharyland

2 Sharyland provides regulated services to, and collects rate-regulated revenue from other utilities

3 Sharyland makes regular lease payments to SDTS



(1) Parties to the management agreement
(2) Parties to the development agreement
(3) Represents Hunt Transmission Services, L.L.C. (limited partner of the Operating Partnership, shareholder of InfraREIT and Hunt Developer)
(4) Sharyland is the managing member of SDTS; however, Sharyland's economic interest in SDTS is de minimis, and Sharyland has delegated to InfraREIT some of its managing member authority and obligations pursuant to a delegation agreement

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; InfraREIT's CEO is also CEO of Sharyland
Management Agreement	» Responsible for the day-to-day business and legal activities of InfraREIT » Annual base fee equal to \$13.5 million for April 1, 2018 through March 31, 2019 representing 1.50% of total book equity as of year-end 2017 ◊ 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 ◊ 2017 dividend per share: \$0.25 ◊ Threshold dividend: \$0.27

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