

InfraREIT, Inc.
1807 Ross Avenue
4th Floor
Dallas, TX 75201



PRESS RELEASE

InfraREIT Comments on Threshold Issues in Sharyland Utilities Rate Case

DALLAS, TEXAS, August 30, 2016—InfraREIT, Inc. (NYSE: HIFR) (“InfraREIT” or the “Company”) today announced that Sharyland Utilities, L.P. (“Sharyland”), which leases all of the Company’s electric transmission and distribution assets, has agreed to a joint proposal (the “Joint Proposal”) with the staff of the Public Utility Commission of Texas (“PUC”) and certain other rate case participants related to the threshold legal and policy issues (the “Threshold Issues”) previously raised by the PUC in the ongoing Sharyland rate case. InfraREIT approved Sharyland’s agreement to the Joint Proposal.

The terms of the Joint Proposal include:

- The leases between InfraREIT’s regulated subsidiary (“SDTS”) and Sharyland will be treated as part of an SDTS tariff subject to PUC approval and regulation;
- The replacement of the five current lease agreements between Sharyland and SDTS with two leases (one for transmission and one for distribution);
- The lease payments under the lease agreements will be set and updated by the PUC from time to time, through rate cases and other interim updates filed by SDTS;
- Sharyland and SDTS will make an amended rate case filing, within 90 days of the PUC approval of the Joint Proposal, that will include a request for PUC approval of the proposed lease payments;
- Sharyland and SDTS will amend the rate case filing to include a request for an SDTS certificate of convenience and necessity allowing SDTS to own and lease assets to Sharyland;
- A reference to mechanisms by which lease payments could be updated between rate cases; and
- A note that, in light of the parties’ agreement on other issues in the Joint Proposal, the PUC will no longer need to consider or rule on several of the other remaining Threshold Issues, such as the validity of the restructuring order that the Company received from the PUC in 2008.

Although the Joint Proposal describes the agreement of Sharyland, the PUC staff and certain other rate case participants, it is not binding on and has not been approved by the PUC. The parties to the Joint Proposal have requested that the PUC approve the Joint Proposal at the PUC’s open meeting on September 8, 2016, but there is no assurance that the PUC will approve the Joint Proposal at that time.

“We appreciate the time and effort of the PUC staff, Sharyland and other parties in jointly working toward the resolution of the Threshold Issues,” said David A. Campbell, Chief Executive Officer of InfraREIT. “We believe the Joint Proposal is an important step in establishing a revised approach to regulating SDTS, Sharyland and the leases in a way that is acceptable to key constituencies such as the PUC staff, and we look forward to the PUC’s consideration of the Joint Proposal at the open meeting on September 8, 2016.”

If the PUC approves the Joint Proposal, the Company expects to continue discussions with key parties, including the PUC staff and intervenors, on the implementation of the Joint Proposal throughout the remainder of the rate case. Additionally, the Company expects other rate case issues, such as allowed return on equity, capital structure, cost of debt and income tax allowance, to be addressed over the remaining course of the rate case.

About InfraREIT, Inc.

InfraREIT is a real estate investment trust that owns rate-regulated electric transmission and distribution assets in the state of Texas. The Company is externally managed by Hunt Utility Services, LLC, an affiliate of Hunt Consolidated, Inc. (a diversified holding company based in Dallas, Texas and managed by the Ray L. Hunt family) and the Company's shares are traded on the New York Stock Exchange under the symbol "HIFR". Additional information on InfraREIT is available at <http://www.InfraREITInc.com>.

###

For additional information, contact:

For Investors: Brook Wootton
 Director, Investor Relations
 InfraREIT, Inc.
 214-855-6748

For Media: Jeanne Phillips
 Senior Vice President, Corporate Affairs & International Relations
 Hunt Consolidated, Inc.
 214-978-8534