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If you have sold or otherwise transferred all your Shares in the capital of HSBC Infrastructure Company Limited, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Oriel Securities Limited is acting for HSBC Infrastructure Company Limited and no one else and will not be responsible to any person other than HSBC Infrastructure Company Limited for providing the protections afforded to clients of Oriel Securities Limited nor for providing advice in relation to the matters described or referred to in or the contents of this document.

HSBC INFRASTRUCTURE COMPANY LIMITED

(Incorporated in Guernsey, Registered No. 44185)

Proposed Related Party Transaction

and

Notice of an Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of the Board of Directors of HSBC Infrastructure Company Limited, which is set out in Part 1 of this document and which contains your Board's recommendation that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below.

You will find set out in Part 3 of this document a notice convening an Extraordinary General Meeting of the Company at 12.00 noon on 17 December 2007 to approve the Transaction. The Extraordinary General Meeting will be held at Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands GY1 3BG. The accompanying Form of Proxy in relation to the Extraordinary General Meeting should be completed and returned in accordance with the instructions printed on it as soon as possible. Alternatively CREST members can utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy. In each case proxy votes must be received not later than 48 hours before the time of the Extraordinary General Meeting.

The whole of the text of this document should be read.

Dated 20 November 2007

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Words and phrases defined in Part 4 of this document shall, unless the context otherwise requires, carry the same meaning throughout this document.

EXPECTED TIMETABLE

2007

Latest time and date for receipt of proxy votes	12.00 noon on 15 December
Extraordinary General Meeting	12.00 noon on 17 December
Completion	18 December

References to time in this document are to time in London, England.

PART 1

HSBC INFRASTRUCTURE COMPANY LIMITED (Incorporated in Guernsey, Registered No. 44185)

Directors

Graham Picken (*Non-Executive Director, Chairman*)
Henri Grisius (*Non-Executive Director*)
John Hallam (*Non-Executive Director*)

Registered Office

PO Box 44
Admiral Park
St Peter Port
Guernsey
Channel Island
GY1 3BG

20 November 2007

To: Shareholders of HSBC Infrastructure Company Limited

Dear Shareholder

PROPOSED RELATED PARTY TRANSACTION AND EXTRAORDINARY GENERAL MEETING

INTRODUCTION

As announced today, your Board proposes that the Company acquires additional equity and debt interests in the Home Office PFI Project (the "Project"), one of the Company's current portfolio investments for a fixed cash amount of £14.4 million (the "Price"). This acquisition is classified as a related party transaction under the Listing Rules, since the Company's investment adviser, HSBC Specialist Fund Management Limited, is part of the same group as the seller, HSBC Infrastructure Limited (the "Seller"). Consequently the Transaction is subject to and conditional upon the approval of the Company's Shareholders and this Circular is being sent to Shareholders to convene an Extraordinary General Meeting in order to seek this approval.

I am writing to you to explain the background to and strategic rationale for the Transaction and to recommend that you vote in favour of the resolution set out in the notice of Extraordinary General Meeting, which is set out on page 9 of this document. You are requested to either complete the Form of Proxy, which is enclosed with this document, and return it to the Company's Registrar in accordance with the instructions printed on it as soon as possible or utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy. In each case proxy votes must be received no later than 48 hours before the time of the Extraordinary General Meeting.

BACKGROUND TO AND REASONS FOR THE TRANSACTION

One of the ways that the Company seeks to enhance value for Shareholders over the long-term is by the acquisition of further investments in projects in which the Company is already invested. The Directors believe that making incremental investments in quality assets with a proven track record is both cost and risk effective.

Since its initial fundraising and admission of the Shares to the Official List in March 2006, the Company has followed this investment approach by making follow-on investments in five of the projects comprised in the initial portfolio of infrastructure investments described in the Prospectus and acquired shortly after launch. These follow-on investments were acquired from third party sellers.

The Transaction is a continuation of our established investment policy. The Price at which the incremental investment in the Project will be acquired is consistent with the Company's current valuation methodology as applied to the Company's existing interest in the Project. The Directors believe that the Transaction represents an attractive investment opportunity enabling the Company to increase its holding in a quality asset that has performed well.

INFORMATION ON THE HOME OFFICE PFI PROJECT

The Project is a 29 year concession commissioned by the Home Office to build, finance, operate and maintain a new headquarters building to replace their former London office accommodation with purpose-built serviced offices. The new building occupies the site of the former Department of Environment in Marsham Street in Westminster.

The Project involved capital expenditure of approximately £200 million, and the demolition of the former offices on a 4.3 acre site and the construction of a Terry Farrell Partners designed building comprising three purpose built interconnecting office blocks totalling approximately 75,000 square metres.. Construction was carried out by Byhome Limited, a joint venture between Bouygues (UK) Limited and its sister facilities management company Ecovert FM Limited (both subsidiaries of Bouygues Construction S.A.). The Project was completed and has been occupied by the Home Office since January 2005. More recently the building has also been occupied by the Ministry of Justice.

The contract runs to 2031 and the services being provided include health and safety, cleaning, catering and energy management. Operations are managed by Ecovert FM Limited, a facilities management subsidiary of Bouygues.

The Project formed part of the initial portfolio of infrastructure investments acquired by the Company shortly after launch and described in the Prospectus. The Seller currently holds a 14.14 per cent. interest in the equity and a 18.47 per cent. interest in the subordinated debt in the Project and it is these equity and debt interests that are now proposed to be acquired.

The Company's existing investment in the Project (through the Holding Company) is not treated as a subsidiary of the Company as the Company is not able to control the financial and operating policies of the Holding Company by virtue of the various agreements constituting the Project. Consequently, the Company's current investment in the Project is accounted for as a financial asset at fair value in the Company's balance sheet. This additional investment in the Project will not change the method that the Company accounts for its interest in the Project, and the Holding Company will not be consolidated within the Company's accounts.

On Completion the Company's enlarged investment in the Project will not represent more than 20 per cent. of the Company's total assets.

INFORMATION ON THE HOLDING COMPANY AND THE PROJECT COMPANY

The Holding Company

AGP Holdings (1) Limited, the Holding Company for the Project ("Holding Company"), is a company incorporated in England and Wales on 1 February 2001 to hold the equity and subordinated debt in respect of the Home Office PFI project issued by Annes Gate Property plc, the project company for the Project (the "Project Company").

The Holding Company has an issued and fully paid up share capital of 440,131 ordinary A shares and 109,968 ordinary B shares. The ordinary A shares and ordinary B shares rank *pari passu* and *inter se* in all respects.

By reference to the issued share capital of the Holding Company as a whole, the Company is the registered holder of 65.87 per cent., Byhome Limited (a subsidiary of Bouygues) is the registered holder of 19.99 per cent. and the Seller is the registered holder of 14.14 per cent.

Pursuant to the Transaction, the Company will acquire the 14.14 per cent. of the share capital of the Holding Company that is currently owned by HSBC Infrastructure Limited. Following conclusion of the Transaction, the Company will be the registered holder of 80.01 per cent. of the issued share capital of the Holding Company.

The Holding Company has issued £29,973,784 fixed rate secured loan notes pursuant to a loan note instrument dated 26 March 2002 ("Loan Notes"). HSBC Infrastructure Limited is the registered holder of £5,535,965 Loan Notes and the Company is the registered holder of the remaining £24,437,819 Loan Notes. Pursuant to the Transaction, the Company will acquire the £5,535,965 Loan Notes that are currently owned by HSBC Infrastructure Limited. Following the transaction, the Company will own all of the Loan Notes and therefore own 100 per cent. of the subordinated debt issued by the Holding Company.

The Project Company

The Holding Company together with AGP (2) Limited (a wholly owned subsidiary of the Holding Company) owns the entire issued share capital of the Project Company, Annes Gate Property plc, a company incorporated in England and Wales on 31 January 2001. The Project Company is the special purpose company that was selected by the Secretary of State for the Home Department to undertake the Project.

SUMMARY OF THE TRANSACTION AND VALUATION

The Company has entered into a conditional Sale and Purchase Agreement with the Seller to purchase the Seller's entire interest in the shares in the capital of, and loan notes issued by, the Holding Company in respect of the Home Office PFI Project.

The Sale and Purchase Agreement provides that the Company will purchase 77,779 fully paid ordinary A shares of £1 each in the capital of the Holding Company and £5,535,965 Loan Notes of the Holding Company, in each case registered in the Seller's name. The consideration for the Transaction, payable on Completion will be a fixed cash amount of £14.4 million which will be satisfied from the Company's own cash resources and/or existing debt facilities.

The Price represents an amount that the Directors (with advice from the Investment Adviser) consider to be the Fair Market Value for the equity and subordinated debt interests in the Project proposed to be acquired pursuant to the Transaction. The Fair Market Value has been calculated using a valuation methodology which is in accordance with the European Private Equity and Venture Capital Association's valuation guidelines, using the discounted cash flows methodology and standard industry practice. This is the same methodology used by the Company: (i) to determine the Fair Market Value of the initial portfolio of assets acquired by the Company shortly after launch as detailed in the Prospectus; and (ii) to determine the Fair Market Value of all of the Company's investments as detailed in the Company's report and financial statements for the year ended 31 March 2007. The Price for the equity and subordinated debt interests proposed to be acquired is consistent with the Company's current valuation methodology for the Company's existing interest in the Project and contained as part of the Directors' valuation in the interim financial announcement of the Company dated 20 November 2007. The Directors have satisfied themselves on the valuation methodology and the discount rates used.

Completion is conditional upon Shareholder approval of the Transaction being obtained at the Extraordinary General Meeting or any adjournment thereof and conditional upon no notice being given to terminate the Project agreement and no event of default being called under the funding documents in respect of the Project prior to the date of Completion. Subject to satisfaction of these conditions, Completion is expected to be on 18 December 2007. No consents are required to effect Completion (other than the approval of Shareholders) due to the inter group relationship between the Seller and the Company.

The Sale and Purchase Agreement contains limited warranties consistent with market practice for the acquisition of PFI projects in the secondary market where the purchaser is already an investor and includes warranties as to title and authority of both the Buyer and the Seller.

EXTRAORDINARY GENERAL MEETING

Since the Transaction is between related parties under the Listing Rules, it is a requirement of the Listing Rules that a circular be sent to Shareholders and that the Transaction is subject to the prior approval of Shareholders. Accordingly, we are seeking such approval.

Set out in Part 3 of this document is the notice convening an Extraordinary General Meeting of the Company to be held at 12.00 noon on 17 December 2007 at Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands GY1 3BG. At this Extraordinary General Meeting an ordinary resolution will be proposed to approve the Transaction.

HSBC Specialist Fund Management Limited does not own any Shares and has undertaken to take all reasonable steps to ensure that its associates who do own Shares will not vote on the Resolution.

ACTION TO BE TAKEN

Enclosed with this document is a Form of Proxy for use by Shareholders at the Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting in person, you are requested either to complete the Form of Proxy and return it to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions printed on it, or utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy. In each case, proxy votes should be returned as soon as possible, but in any event no later than 48 hours before the time of the Extraordinary General Meeting.

Completion and return of proxy votes will not prevent you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Part 2 of this document.

RECOMMENDATION

Your Board, who have been so advised by Oriel Securities Limited, consider the Transaction to be fair and reasonable as far as the Shareholders of the Company are concerned. In providing advice to the Directors, Oriel Securities Limited has taken into account the commercial assessment of the Directors.

The Board believe the Transaction is in the best interests of the Company and Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.

Yours sincerely

Graham Picken
Chairman

PART 2

ADDITIONAL INFORMATION

COMPANY INFORMATION

The registered and head office of HSBC Infrastructure Company Limited is at Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands GY1 3BG.

MAJOR SHAREHOLDERS

As of the date of this Circular, there were 250,000,000 Ordinary Shares in issue and 2 Management Shares in issue accrued for and on behalf of a Guernsey Charitable Trust. As at 16 November 2007 (the most recently practicable date prior to publication of this Circular), the following holdings representing more than three per cent. of the Company's issued share capital had been notified to the Company:

Shareholder	No. of Ordinary Shares Held	Percentage Held
<i>Giltspur Nominees Ltd</i>	11,491,692	4.60%
<i>The Bank Of New York (Nominees) Ltd</i>	10,264,638	4.11%
<i>Ferlim Nominees Ltd</i>	10,117,953	4.05 %
<i>Chase Nominees Ltd</i>	10,000,000	4.00%
<i>Nutraco Nominees Ltd</i>	8,838,670	3.54%
<i>Nortrust Nominees Ltd</i>	8,685,135	3.47%
<i>BDS Nominees Ltd</i>	8,441,127	3.38%
<i>Ferlim Nominees Ltd ISA</i>	8,323,478	3.33%

SIGNIFICANT CHANGE

On 10 October 2007, the Company announced that it had completed the acquisition for £30.2 million of 50 per cent. interests in five education projects and the Health and Safety Executive's ("HSE") Merseyside headquarters, through a new joint venture with Kajima Partnerships Ltd, a subsidiary of Kajima Corporation. The acquisition of equity and loan notes was paid in cash on 10 October 2007 from existing resources and debt facilities.

These six assets, all PFI projects are: (1) the headquarters of the HSE in Merseyside; (2) Ealing Schools, comprising one secondary school and three primary schools; (3) North Tyneside Schools, comprising one secondary school and three primary schools; (4) Wooldale Centre for Learning, comprising a secondary school with sixth form, public library, primary school and nursery; (5) Haverstock school, a new secondary school in London (6) Darlington Schools consisting of an Education Village and one primary school.

Save as disclosed in this section, there has been no significant change to the trading or financial position of the Company since 30 September 2007, the date to which the last interim financial statements of the Company were prepared.

CONSENT

Oriel Securities Limited, whose address is 125 Wood Street, London EC2V 7AN, has given and not withdrawn its written consent to the inclusion in this document to references to its name in the form and context in which they appear.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands GY1 3BG and at the offices of Lovells LLP at Atlantic House, Holborn Viaduct, London EC1A 2FG during normal business hours on each business day from the date of this document up to and including the date of the Extraordinary General Meeting:

1. the Memorandum and Articles of Association of the Company;
2. the written consent from Oriel Securities Limited referred to above;
3. the Sale and Purchase Agreement for the Transaction; and
4. this Circular.

PART 3

NOTICE OF EXTRAORDINARY GENERAL MEETING

HSBC INFRASTRUCTURE COMPANY LIMITED (Incorporated in Guernsey, Registered No. 44185)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of HSBC Infrastructure Company Limited (the "Company") will be held at 12.00 noon on 17 December 2007 at Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands GY1 3BG for the purposes of considering and, if thought fit, passing the following resolution, as an ordinary resolution:

Ordinary Resolution

THAT the proposed purchase by the Company (through its subsidiary, Infrastructure Investments LP) from HSBC Infrastructure Limited (the "Seller") of 77,779 fully paid ordinary A shares of £1 each in the capital of AGP Holdings (1) Limited and £5,535,965 fixed rate secured loan notes of AGP Holdings (1) Limited issued pursuant to a loan note instrument dated 26 March 2002, on the terms set out in the Sale and Purchase Agreement as described in the circular to shareholders dated 20 November 2007 (the "Sale and Purchase Agreement"), together with all other actions contemplated by the Sale and Purchase Agreement, be and are hereby approved.

By order of the Board
HSBC Infrastructure Company Limited
Company Secretary
20 November 2007

Registered Office
PO Box 44
Admiral Park
St Peter Port
Guernsey
Channel Island
GY1 3BG

Notes:-

1. A Shareholder who is entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for use at the Extraordinary General Meeting. The Form of Proxy should be completed and sent, together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority, so as to reach the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 12.00 noon on 15 December 2007. Alternatively CREST members can utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy
3. Completing and returning proxy votes will not prevent a Shareholder from attending and voting in person at the Extraordinary General Meeting should he or she so wish.
4. A Shareholder is not entitled to be present at or take part in the Extraordinary General Meeting or vote at the same (whether personally or by representative or proxy) unless the following conditions have been satisfied: (i) all calls and amounts due from him to the Company have been paid; (ii) in respect of any Shares he has acquired, he has been registered as their holder; and (iii) if and for so long as the Directors determine, he or any other person appearing to be interested in the Shares held by him has failed to comply with a notice requiring the disclosure of Shareholders' interests.

PART 4
DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Board" or "Directors"	means the directors of the Company or, where the context permits, the board of directors of the Company (or any duly authorised committee of such board);
"Buyer"	means Infrastructure Investments LP, a limited partnership registered in England with Registered No. LP011056, acting through its general partner, Infrastructure Investments General Partner Limited, a company registered in England and Wales with Registered No. 05622598;
"Circular"	means this document;
"Company"	means HSBC Infrastructure Company Limited, a company incorporated in Guernsey with Registered No. 44185, save that all references to the Company acquiring or holding equity or debt interests in the Project shall be construed as references to the Company acquiring or holding such interests through the Buyer (a subsidiary of the Company);
"Completion"	means completion of the Transaction;
"CREST"	means the paperless settlement procedure operated by CRESTCo Limited enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
"Extraordinary General Meeting"	means the extraordinary general meeting of the Company to be held at 12.00 noon on 17 December 2007 at Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands GY1 3BG, notice of which is set out in Part 3 of this document, or any adjournment of that meeting;
"Fair Market Value"	means the amount for which an asset could be exchanged between willing parties who are under no compulsion to transact, who are acting for self-interest and gain, and both of whom are equally well informed about the asset and the infrastructure market;
"Form of Proxy"	means the form of proxy, accompanying this document, for use by Shareholders in relation to the Extraordinary General Meeting;
"Holding Company"	means AGP Holdings (1) Limited, a special purpose company, incorporated in England and Wales with Registered No. 04152477, to hold the equity and subordinated debt in the Project Company;
"Investment Adviser"	means HSBC Specialist Fund Management Limited, a company incorporated in England and Wales with Registered No. 03364976, the investment adviser to the Company and operator of Infrastructure Investments LP, a subsidiary of the Company;

"Listing Rules"	means the listing rules of the UK Listing Authority (as amended from time to time) made under Part IV of the Financial Services and Markets Act 2000;
"Loan Notes"	means the £29,973,784 fixed rate secured loan notes issued by the Holding Company pursuant to a loan note instrument dated 26 March 2002;
"Management Shares"	means the shares of 0.01p each in the capital of the Company classified as management shares;
"Official List"	means the official list maintained by the UK Listing Authority;
"Ordinary Shares"	means the shares of 0.01p each in the capital of the Company classified as ordinary shares;
"PFI"	means the Private Finance Initiative;
"Price"	the consideration for the Transaction, namely £14.4 million;
"Project"	means the Home Office PFI project commissioned by the UK Home Office to build, finance, operate and maintain a new headquarters building to replace their existing office accommodation with purpose-built serviced offices in Westminster, London;
"Project Company"	means Annes Gate Property plc, a special purpose company, incorporated in England and Wales on 31 January 2001 with Registered No. 04151511, formed to undertake the Project;
"Prospectus"	means the prospectus issued by the Company in respect of the placing, offer for subscription and admission to the Official List of the Shares and dated 8 February 2006;
"Registrar"	means the Company's registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
"Resolution"	means the ordinary resolution set out in the Notice of Extraordinary General Meeting set out in Part 3;
"Sale and Purchase Agreement"	means the conditional agreement dated 19 November 2007 between the Seller and the Buyer in respect of the Transaction;
"Seller"	means HSBC Infrastructure Limited;
"Shares"	means the Ordinary Shares and Management Shares and "Share" shall be construed accordingly;
"Shareholders"	means a registered holder of any Share and "Shareholder" shall be construed accordingly;
"Transaction"	means the proposed purchase by the Buyer from the Seller of 77,779 fully paid ordinary A shares of £1 each in the capital of the Holding Company and £5,535,965 fixed rate secured loan notes of the Holding Company issued pursuant to a loan note instrument dated 26 March 2002, on the terms set out in the Sale and Purchase Agreement; and
"UK Listing Authority"	means the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part IV of the FSMA.

