

Edgar Filing: HOME PROPERTIES INC - Form 424B7

HOME PROPERTIES INC

Form 424B7

April 23, 2007

In connection with the securities offered from the registration statement (File No. 333-141879) by means of this prospectus supplement, a filing fee of \$2,898, calculated in accordance with Rules 456(b) and 457(r), has been applied from Registration Statement No. 333-52601 with respect to \$94,403,073 aggregate offering price of the securities being registered (based on a per common stock share price of \$55.60) estimated solely for purposes of computing the registration fee on the basis of the average of the high and low prices of the common stock as reported on the New York Stock Exchange on April 20, 2007.

Filed pursuant to Rule 424(b)(7)
Registration Statement No. 333-141879

PROSPECTUS SUPPLEMENT

April 23, 2007

To Prospectus dated April 4, 2007

HOME PROPERTIES, INC.

1,697,897 Shares of Common Stock

This prospectus supplement updates and supplements the prospectus of Home Properties, Inc. (referred to as "Home Properties," "we" or "us"), dated April 4, 2007 (which we refer to as the prospectus).

Our operating partnership, Home Properties, L.P., in October, 2006, issued \$200 million of its 4.125% senior exchangeable notes due 2026. We guaranteed those notes. Holders may exchange their notes into cash or a combination of cash and common stock, at our option, at any time on or after October 1, 2026, but prior to the close of business on the second business day immediately preceding November 1, 2026, and also under the following circumstances: (i) if the closing sale price of our common stock reaches a specified threshold over a specified time period; (ii) if the notes have been called for redemption; or (iii) upon the occurrence of certain other specified events. Upon an exchange of notes, the operating partnership will deliver cash for the lesser of the exchange value and the principal amount of the notes and, at our option, cash or shares of Home Properties' common stock for the exchange value in excess of the principal amount of the notes. The exchange value will be based on the exchange rate and the then-trading price of the common shares. The initial exchange rate is 13.6357 shares of Home Properties' common stock per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$73.34 per common shares). The initial exchange rate is subject to adjustment in certain circumstances. The number of shares registered under this prospectus supplement assumes that the initial exchange rate has been adjusted to the maximum provided for under the indenture pursuant to which the notes were issued (\$16.0901 shares per \$1,000). This prospectus supplement supplements the prospectus with respect to the resale by the selling securities holders of the shares of common stock which we may issue to the selling securities holders upon exchange of the notes.

The notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933. The notes and the shares of common

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stock have not been registered under the Securities Act of 1933, or any state securities laws, and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act of 1933 and applicable state laws. Certain of the holders of the notes have requested that we include shares of common stock which such holders may acquire upon exchange of their notes for resale pursuant to this prospectus supplement.

If the selling securities holders listed below receive common stock, they may from time to time offer and sell the common stock on the New York Stock Exchange or otherwise and they may sell the common shares at market prices or at negotiated prices. They may sell the common stock in ordinary brokerage transactions, in block transactions, in privately negotiated transactions, pursuant to Rule 144 under the Securities Act of 1933 or otherwise. If the holders sell the common stock through brokers, they expect to pay customary brokerage commissions and charges.

We will not receive any of the proceeds if any selling securities holder sells any of its common stock. However, we have agreed to pay expenses of the registration. Our registration of the common stock and issuance of the prospectus and this prospectus supplement with respect thereto does not necessarily mean that the holders of the notes will exchange them or, if they do exchange them, that the exchange value will exceed the principal amount of the notes; that we will elect to pay any such excess with shares of common stock; or that the selling securities holders will elect to sell any such shares.

This prospectus supplements information contained in the prospectus. This prospectus supplement should be read in conjunction with the prospectus, and is qualified by reference to the prospectus. This prospectus supplement is not complete without, and may only be delivered or utilized in connection with, the prospectus, including any amendments or supplements thereto. The prospectus and this prospectus supplement form a part of a registration statement filed by us with the Securities and Exchange Commission.

Our common stock is listed on the New York Stock Exchange under the symbol "HME."

Investing in our common stock involves various risks. See "Risk Factors" beginning on page 1 of the prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus supplement, together with the prospectus, constitutes the offer of 1,697,897 shares of our common stock issuable upon exchange of notes by the selling securities holders.

The date of this prospectus supplement is April 23, 2007

SELLING SECURITIES HOLDERS

The selling securities holders may from time to time offer and sell pursuant to this prospectus supplement and the prospectus any and all of the shares of our common stock issuable upon exchange of the notes. Our registration of the shares of common stock issuable upon exchange of the notes does not

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necessarily mean that the holders of the notes will exchange them or, if they do exchange them, that the exchange value will exceed the principal amount of the notes; that we will elect to pay any such excess with shares of common stock; or that the selling securities holders will elect to sell any such shares of common stock they may receive upon an exchange. In connection with the offer and sale of the notes, we agreed to register the shares of common stock for resale by the holders. We will not receive any of the proceeds of any sale of our common stock by any selling securities holder.

The following table sets forth information with respect to the selling securities holders and the common stock that may be offered from time to time by each selling securities holder pursuant to this prospectus supplement and the prospectus. The information in the table below is based on information provided by or on behalf of the selling securities holders on or prior to April 16, 2007, and may change over time. In particular, the selling securities holders identified below may have sold, transferred or otherwise disposed of all or a portion of their notes since the date on which they provided the information to us in transactions exempt from the registration requirements of the Securities Act of 1933. No notes have been exchanged as of the date of this prospectus supplement. We may determine not to issue shares of common stock in exchange for notes tendered for exchange and, instead, pay the excess, if any, of the exchange price over the principal amount of the exchanged notes in cash. The selling securities holders may offer all, some or none of the common stock issuable upon exchange of the notes.

We have assumed for purposes of the table below that the selling securities holders will exchange all of their notes, that we will issue shares of common stock for the excess of the exchange value over the principal amount of the note, that the exchange value is the maximum provided for under the indenture (16.0901 shares per \$1,000), and that the selling securities holders will sell all of such shares of common stock pursuant to this prospectus supplement and the prospectus. We have also assumed that any other shares of our common stock beneficially owned by the selling securities holders will continue to be beneficially owned.

Based upon the information provided by the selling securities holders, none of the selling securities holders named below would, upon issuance of the maximum number of shares issuable upon exchange of the notes, hold in excess of 1% of our outstanding common stock. The percentage of common stock beneficially owned by each selling securities holder is based on 33,198,569 shares of common stock outstanding as of March 31, 2007.

To our knowledge, none of the selling securities holders has, or within the past three years has had, any position, office or other material relationship with us or any of our predecessors or affiliates.

Name and Address -----	Number of shares of common stock beneficially owned prior to the offering -----	Maximum number shares that may offered pursuant prospectus supp -----
Black Diamond Convertible Offshore LDC UBS (Cayman Islands) Ltd. 227 Elgin Avenue, Box 8526T Grand Cayman, Cayman Islands KY1-1103	52,662	52,662
Black Diamond Offshore Ltd. UBS (Cayman Islands) Ltd. 227 Elgin Avenue, Box 8526T	16,508	16,508

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Grand Cayman, Cayman Islands KY1-1103

Calyon S/A 1301 Avenue of the Americas New York, NY 10019	80,450	80,450
CNHCA Master Account, L.P. Two Greenwich Plaza, 3rd Floor Greenwich, CT 06830	96,540	96,540
CQS Convertible and Quantitative Strategies Master Fund c/o CQS (UK) LLP 33 Chester Street London SW1X 7BL United Kingdom	136,765	136,765
Credit Suisse Europe Ltd. Asset Servicing 7200 Kit Creek Road Research Triangle Park, NC 27709	40,225	40,225
Credit Suisse Securities (USA) LLC Asset Servicing 7200 Kit Creek Road Research Triangle Park, NC 27709	48,270	48,270
D. E. Shaw Valence Portfolios LLC 120 West 45th St., 39th Floor New York, NY 10036	160,901	160,901
Double Black Diamond Offshore LDC UBS (Cayman Islands) Ltd. 227 Elgin Avenue, Box 8526T Grand Cayman, Cayman Islands KY1-1103	123,909	123,909
JPMorgan Securities, Inc. 500 Stanton Christiana Road Newark, DE 19713	96,540	96,540
KBC Financial Products USA Inc. 140 E. 45th St., 33rd Floor New York, NY 10017	130,732	130,732
LDG Limited Washington Mall - Phase I Church Street, 4th Floor Hamilton, HM 11 Bermuda	5,679	5,679
Marathon Global Convertible Master Fund, Ltd. 461 5th Avenue New York, NY 10017	349,959	349,959
Mohican VCA Master Fund, Ltd. 21 Railroad Ave, Suite 35 Cooperstown, NY 13306	32,180	32,180
RMF Umbrella SICAV RMF Investment Management	2,413	2,413

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Etzelstrasse 27
8808 Zurich, Switzerland

S.A.C. Arbitrage Fund, LLC c/o S.A.C. Capital Advisors, LLC 72 Cummings Point Rd. Stamford, CT 06902	112,630	112,630
Silvercreek II Limited c/o Silvercreek Management Inc. 1670 Bayview Avenue, Suite 308 Toronto, ON M4G 3C2	25,744	25,744
Silvercreek Limited Partnership c/o Silvercreek Management Inc. 1670 Bayview Avenue, Suite 308 Toronto, ON M4G 3C2	38,616	38,616
TQA Master Fund, Ltd. c/o TQA Investors, LLC 333 Ludlow Street, 1st Floor Stamford, CT 06902	42,461	42,461
TQA Master Plus Fund, Ltd. c/o TQA Investors, LLC 333 Ludlow Street, 1st Floor Stamford, CT 06902	20,193	20,193
Vicis Capital Master Fund c/o Vicis Capital LLC 126 E. 56th St., 7th Floor New York, NY 10022	16,090	16,090
Wachovia Capital Markets LLC 201 S. College St. Charlotte, NC 28288	56,315	56,315
Zurich Institutional Benchmarks Master Fund, Ltd. c/o TQA Investors, LLC 333 Ludlow Street, 1st Floor Stamford, CT 06902	12,115	12,115

PLAN OF DISTRIBUTION

Selling securities holders may use this prospectus supplement and the prospectus in connection with resales of the shares of common stock they may receive upon exchange of their 4.125% senior exchangeable notes due 2026. Selling securities holders may be deemed to be underwriters in connection with the securities they resell and any profits on the sales may be deemed to be underwriting discounts and commissions under the Securities Act of 1933, as amended. The selling securities holders will receive all the proceeds from the sale of the securities. We will not receive any proceeds from sales by selling securities holders.

The selling securities holders may sell the securities being offered, from time to time:

- o through agents to the public or to investors;

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- o directly to investors in market transactions or block sales; or
- o through a combination of any of these methods of sale.