

Uniprop Manufactured Housing Communities Income Fund II (a Michigan limited partnership)

Balance Sheets

<i>December 31,</i>	2010	2009
Assets		
Property and Equipment		
Buildings and improvements	\$ 41,670,535	\$ 41,422,578
Land	8,952,937	8,952,937
Furniture and equipment	615,260	576,801
	51,238,732	50,952,316
Less accumulated depreciation	31,175,620	29,674,778
Net Property and Equipment	20,063,112	21,277,538
Cash	5,671,854	7,370,544
Investments, at fair value	1,423,003	-
Manufactured homes and improvements	1,064,356	412,635
Unamortized financing costs	624,418	652,170
Other assets	1,131,641	1,417,425
	\$ 29,978,384	\$ 31,130,312
Liabilities and Partners' Equity		
Note payable	\$ 22,341,976	\$ 22,750,674
Accounts payable	137,898	95,517
Other liabilities	338,643	416,672
Total Liabilities	22,818,517	23,262,863
Partners' Equity		
Unit holders - 3,303,387 units issued and outstanding	6,740,348	7,451,425
General partner	419,519	416,024
Total Partners' Equity	7,159,867	7,867,449
	\$ 29,978,384	\$ 31,130,312

See accompanying notes to financial statements.

Unipro Manufacturing Housing Communities Income Fund II (a Michigan limited partnership)

Statements of Operations

<i>Year Ended December 31,</i>	2010	2009
Revenue		
Rental	\$ 7,248,397	\$ 7,288,627
Home sale income	188,055	545,248
Other	704,500	573,371
	8,140,952	8,407,246
Operating Expenses		
Administrative	2,281,640	2,304,801
Property taxes	946,161	939,089
Utilities	630,842	628,350
Property operations	641,234	953,345
Depreciation	1,500,842	1,477,762
Interest	1,520,466	1,546,739
Home sale expense	270,265	797,554
	7,791,450	8,647,640
Net Income (Loss)	\$ 349,502	\$ (240,394)
Total Income (Loss) Per Limited Partnership Unit	\$.11	\$ (.07)
Distributions Per Limited Partnership Unit	\$.32	\$.32
Weighted Average Number of Limited Partnership Units Outstanding	3,303,387	3,303,387
Net Income (Loss) Allocable to General Partner	\$ 3,495	\$ (2,404)
Distributions Allocable to General Partner	\$ -	\$ -

See accompanying notes to financial statements.

**Unipro Manufacturing Housing
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(a Michigan limited partnership)**

**Statements of Partners' Equity
Years Ended December 31, 2010 and 2009**

	<i>General Partner</i>	<i>Unit Holders</i>	<i>Total</i>
Balance, January 1, 2009	\$418,428	\$8,746,499	\$9,164,927
Distributions to unit holders	-	(1,057,084)	(1,057,084)
Net loss for the year	(2,404)	(237,990)	(240,394)
Balance, December 31, 2009	416,024	7,451,425	7,867,449
Distributions to unit holders	-	(1,057,084)	(1,057,084)
Net income for the year	3,495	346,007	349,502
Balance, December 31, 2010	\$ 419,519	\$ 6,740,3484	\$ 7,159,867

See accompanying notes to financial statements.

**Unipro Manufacturing Housing
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Statements of Cash Flows

<i>Year Ended December 31,</i>	2010	2009
Cash Flows From Operating Activities		
Net Income (Loss)	\$ 349,502	\$ (240,394)
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation	1,500,842	1,477,762
Amortization and write off of deferred financing costs	27,752	27,752
Decrease (increase) in manufactured homes and improvements	(626,982)	374,928
Increase in other assets	285,784	(34,068)
Increase (decrease) in accounts payable	42,381	4,397
(Decrease) increase in other liabilities	(78,029)	(72,924)
Net Cash Provided By Operating Activities	1,501,250	1,537,453
Cash Flows From Investing Activities		
Purchase of property and equipment	(311,155)	(197,218)
Purchase of available for sale investments	(1,423,003)	-
Net Cash (Used In) Provided By Investing Activities	(1,734,158)	(197,218)
Cash Flows From Financing Activities		
Distributions to unit holders	(1,057,084)	(1,057,084)
Repayments of notes payable	(408,698)	(382,568)
Net Cash Used In Financing Activities	(1,465,782)	(1,439,652)
Net Decrease In Cash	(1,698,690)	(99,417)
Cash, at beginning of year	7,370,544	7,469,961
Cash, at end of year	\$ 5,671,854	\$ 7,370,544

See accompanying notes to financial statements.

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Notes to Financial Statements

1. Summary of Accounting Policies

Organization and Business

Unipro Manufacturing Housing Communities Income Fund II, a Michigan Limited Partnership (the "Partnership") acquired, maintains, operates and will ultimately dispose of income producing residential real properties consisting of seven manufactured housing communities (the "properties") at December 31, 2010, and 2009, located in Florida, Michigan, Nevada and Minnesota. The Partnership was organized and formed under the laws of the State of Michigan on November 7, 1986. The general partner is Genesis Associates Limited Partnership.

In accordance with its Prospectus dated December 1986, the Partnership sold 3,303,387 units of beneficial assignment of limited partnership interest ("Units") for \$66,068,000. The Partnership purchased nine properties for an aggregate purchase price of approximately \$58,000,000. Three of the properties costing approximately \$16,008,000 were previously owned by entities which were affiliates of the general partner. One property was sold in 2007 and one was sold in 2008 leaving a total of seven properties on December 31, 2010.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and (2) revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Values of Financial Instruments

The carrying amounts of cash, accounts payable and notes payable approximate their fair values. The fair value of investments was determined using quoted market prices as discussed below. The carrying amount and fair value totaled \$1,423,003 at December 31, 2010.

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Notes to Financial Statements

Investments

Investments are classified as held to maturity when management has the intent and ability to hold to maturity. Held-to-maturity investments are reported at amortized cost. All other investments are classified as available-for-sale investments and reported at fair value with unrealized gains and losses included in partners' equity as a component of accumulated other comprehensive income. The only investments held by the Partnership are shares in a short term bond mutual fund. The fair value is determined based on quoted market prices. Investment purchases and sales are accounted for on a trade date basis. Gains and losses on the sale of investments are determined using the specific identification method. Dividends are included in income on the ex-dividend date. The fair value of the investments approximates the cost. Accordingly, the amount recorded in accumulated comprehensive income is \$0. Since the investments are a mutual fund, there is no stated maturity. The fair value of the investments was determined using level 1 inputs as discussed below.

Fair Value Accounting

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provides a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Partnership can participate.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement, and include inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different

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levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over a period of thirty years except for furniture and equipment which is depreciated over a period ranging from three to ten years.

Accumulated depreciation on continuing properties for tax purposes was \$31,175,000 and \$29,675,000 as of December 31, 2010 and 2009, respectively.

Long-lived assets such as property and equipment are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets will be written down to fair value.

Manufactured Homes and Improvements

Manufactured homes and improvements are stated at the lower of cost or market and represent manufactured homes held for sale.

Financing Costs

As a result of the refinance of the mortgage note payable during 2008, costs to obtain the financing (see Note 2) have been capitalized and are being amortized over the 25-year term of the related mortgage note payable. Previously deferred financing costs were written off.

Amortization was \$27,752 for both December 31, 2010 and 2009.

Revenue Recognition

Rental income attributable to leases is recorded when due from the lessees. Revenue from the sale of manufactured homes is recognized upon transfer of title at the closing of the sale transaction.

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Other Revenue

Other revenue consists of interest income, rental late fees, utility charges and miscellaneous income. Income from utility charges is recognized based upon actual monthly usage.

Income Taxes

Federal income tax regulations provide that any taxes on income of a partnership are payable by the partners as individuals. Therefore, no provision for such taxes has been made at the partnership level.

2. Note Payable

During 2008, the Partnership refinanced a mortgage note payable and executed new notes payable to StanCorp Mortgage Investors, LLC in the aggregate amount of \$23,225,000 secured by the seven remaining properties of the Partnership. To pay off the prior mortgage balance of \$25,277,523 and the costs of refinancing, the Partnership transferred \$2,735,555 from cash reserves. The mortgages are payable in monthly installments of interest and principal through September 2033. Interest on these notes is accrued at a fixed rate of 6.625% for five years, at which time, the rate will reset to the lender's then prevailing market rate. As of December 31, 2010, the balance on these notes was \$22,341,976. In connection with the new mortgage debt, the Partnership incurred \$693,798 in financing costs as a result of the refinancing which are being amortized over the life of the mortgage of 25 years. This included a 1% refinance fee of \$232,250 paid to Uniprop AM LLC, a related party.

Future maturities on the note payable for the next five years and thereafter are as follows: 2011 - \$436,612; 2012 - \$466,432; 2013 - \$498,289; 2014 - \$532,321; 2015 - \$568,678 and thereafter - \$19,839,644.

At December 31, 2010 and 2009, "Other Assets" included cash of approximately \$138,000 and \$299,000, respectively, in an escrow account for property taxes, insurance, and capital improvements, as required by the Partnership's note payable agreement. The cash is restricted from operating use.

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3. Related Party Transactions

Management Agreement

The Partnership has an agreement with an affiliate of the general partner to manage the properties owned by the Partnership. The management agreement is automatically renewable annually, but may be terminated by either party upon sixty days written notice. The property management fee is the lesser of 5% of annual gross receipts from the properties managed, or the amount which would be payable to an unaffiliated third party for comparable services.

Certain employees of affiliates of the General Partner were paid an aggregate of \$287,975 and \$283,624 during 2010 and 2009, respectively, to perform partnership management, and investor relation services for the Partnership. Unipro Homes, Inc., a related entity, received commissions totaling \$9,920 and \$29,491 in 2010 and 2009, respectively, for certain services provided as a broker/dealer of manufactured homes for the properties. Unipro Homes, Inc. represented the properties in the sale of new and pre-owned homes to property residents.

Fees and Expenses

During the years ended December 31, 2010 and 2009, Unipro AM LLC, an affiliate earned property management fees of \$385,000, and \$387,000, respectively, as permitted in the Agreement of Limited Partnership. These fees are included with "Administrative" expenses in the respective statements of income. The Partnership was owed \$800 and \$9,700 by the affiliate at December 31, 2010 and 2009, respectively, for previously overpaid fees.

Contingent Purchase Price

A general partner of Genesis Associates Limited Partnership has an interest in the sellers of two of the properties acquired by the Partnership and is entitled to share in a contingent purchase price that will not exceed \$2,054,000. Additional amounts to be paid, if any, will depend upon the results of the Partnership's operations and the amounts received upon the sale, financing or other disposition of the related properties, and are not determinable at

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this time. The Partnership does not anticipate any such amount will become payable during the next fiscal year.

4. Reconciliation of Financial Statement Income and Taxable Income	<i>Year Ended December 31,</i>	2010	2009
Income (Loss) per the financial statements		\$ 349,502	(240,394)
Adjustments to depreciation for difference in methods		(322,212)	(452,908)
Adjustments for prepaid rent, meals and entertainment		34,554	9,783
Income (Loss) Per the Partnership's Tax Return		\$ 61,844	(683,519)

5. Partners' Capital

Subject to the orders of priority under certain specified conditions more fully described in the Agreement of Limited Partnership (the "Agreement") distributions of partnership funds and allocations of net income from operations are principally determined as follows:

Distributions

Distributable cash from operations in the Agreement (generally defined as net income plus depreciation and amortization, less mortgage amortization) is to be distributed to unit holders until they have received a 10% cumulative preferred return. After the unit holders have received their 10% cumulative preferred return, all remaining cash from operations is distributed to the general partner in the form of an incentive management interest until the total amount received by the general partner is equal to 15% of the aggregate amount of cash distributed from operations in a given year. Amounts payable to but not paid to the general partner will be accumulated and paid from future capital transactions after the unit holders have first received their 10% preferred return and 125% of their capital contributions. Thereafter, 85% of distributable cash from operations is to be paid to the unit holders and 15% to the general partner.

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Annual distributable cash from operations was less than the amount required for the annual 10% preferred return to the unit holders by approximately \$4,595,000, in 2010, and 2009. No distributions can be made to the general partner until the cumulative preferred return deficit of approximately \$55,139,000 as of December 31, 2010 has been distributed to the unit holders.

At December 31, 2010, the general partner's cumulative incentive management interest to be distributed was approximately \$12,403,000. The actual amount to be accumulated or paid in the future depends on the results of the Partnership's operations and is not currently determinable; however, no such distribution to the general partner is anticipated during fiscal year 2011.

Allocation of Net Income

Net income is principally allocated 99% to the unit holders and 1% to the general partner until the cumulative amount of net income allocated to the unit holders equals the aggregate cumulative amount of cash distributed to the unit holders. After sufficient net income has been allocated to the unit holders to equal the amount of cash distributed to them, all the net income is to be allocated to the general partner until it equals the amount of cash distributed to it.

6. Supplemental Cash Flow Information

Interest paid during 2010 and 2009 was approximately \$1,490,000, and \$1,521,000, respectively.

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Notes to Financial Statements

7. Interim Results (Unaudited)

The following summary represents the unaudited results of operations of the Partnership, expressed in thousands except per unit amounts, for the periods from January 1, 2009 through December 31, 2010:

2010	<i>Three Months Ended</i>			
	<i>March 31,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>December 31</i>
Revenues From Operations	\$ 2,061	\$ 2,100	\$ 1,970	\$ 2,010
Income from Operations	\$ 23	\$ 214	\$ 35	\$ 78
Income Per Limited Partnership Unit from Operations	\$.01	\$.06	\$.01	\$.03

2009	<i>Three Months Ended</i>			
	<i>March 31,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>December 31</i>
Revenues From Operations	\$ 2,108	\$ 2,187	\$ 2,043	\$ 2,069
(Loss) Income from Operations	\$ (246)	\$ (38)	\$ 35	\$ 9
(Loss) Income Per Limited Partnership Unit from Operations	\$ (.07)	\$ (.02)	\$.01	\$.01

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Schedule III - Real Estate and Accumulated Depreciation December 31, 2010

<i>Column A</i>	<i>Column B</i>	<i>Column C</i>		<i>Column D</i>		<i>Column E</i>			<i>Column F</i>	<i>Column G</i>	<i>Column H</i>
<i>Description</i>	<i>Encumbrance</i>	<i>Initial Cost</i>		<i>Costs Capitalized Subsequent to Acquisition</i>		<i>Gross Amount at Which Carried at Close of Period</i>			<i>Accumulated Depreciation</i>	<i>Date Acquired</i>	<i>Life on Which Depreciation in Latest Income Statement is Computed</i>
		<i>Land</i>	<i>Buildings and Improvements</i>	<i>Land</i>	<i>Buildings and Improvements</i>	<i>Land</i>	<i>Buildings and Improvements</i>	<i>Total</i>			
Ardmor Village (Lakeville, MN)	\$ 3,037,950	\$ 1,063,253	\$ 4,253,011	\$ 4,120	\$ 1,238,944	\$ 1,067,373	\$ 5,491,955	\$ 6,559,328	\$ 4,056,288	1987	30 years
Sunshine Village (Davie, FL)	4,183,407	1,215,862	4,875,878	-	574,354	1,215,862	5,450,232	6,666,094	4,077,202	1987	30 years
Camelot Manor (Grand Rapids, MI)	1,045,852	918,949	3,681,051	-	1,212,305	918,949	4,893,356	5,812,305	3,529,959	1987	30 years
Dutch Hills (Haslett, MI)	1,419,369	839,693	3,358,771	41,526	871,579	881,219	4,230,350	5,111,569	3,105,066	1987	30 years
Stonegate Manor (Lansing, MI)	1,095,653	930,307	3,721,229	40,552	995,396	970,859	4,716,625	5,687,484	3,360,116	1987	30 years
El Adobe (Las Vegas, NV)	3,884,592	1,480,000	5,920,000	39,964	478,487	1,519,964	6,398,487	7,918,451	4,844,826	1988	30 years
West Valley (Las Vegas NV)	8,466,419	2,289,700	9,158,800	89,010	1,330,730	2,378,711	10,489,530	12,868,241	7,666,871	1988	30 years
	\$ 23,133,242	\$ 8,737,764	\$ 34,968,740	\$ 215,172	\$ 6,701,795	\$ 8,952,937	\$ 41,670,535	\$ 50,623,472	\$ 30,640,328		

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**Notes to Schedule III
December 31, 2010**

1. Reconciliation of Land

The following table reconciles the land from January 1, 2009 to December 31, 2010:

	2010	2009
Balance, at January 1	\$ 8,952,937	\$ 8,952,937
Cost of land sold	-	-
Balance, at December 31	\$ 8,952,937	\$ 8,952,937

2. Reconciliation of Buildings and Improvements

The following table reconciles the buildings and improvements from January 1, 2009 to December 31, 2010:

	2010	2009
Balance, at January 1	\$ 41,422,578	\$ 44,241,255
Additions to buildings and improvements	247,957	181,323
Cost of assets sold	-	-
Balance, at December 31	\$ 41,670,535	\$ 41,422,578

3. Reconciliation of Accumulated Depreciation

The following table reconciles the accumulated depreciation from January 1, 2009 to December 31, 2010:

	2010	2009
Balance, at January 1	\$ 29,173,817	\$ 27,709,602
Current year depreciation expense	1,466,511	1,464,215
Accumulated depreciation on assets sold	-	-
Balance, at December 31	\$ 30,640,328	\$ 29,173,817

4. Tax Basis of Buildings and Improvements

The aggregate cost of buildings and improvements for federal income tax purposes is equal to the cost basis used for financial statement purposes.