

## Report of Independent Registered Public Accounting Firm

To the Partners  
Uniprop Manufactured Housing  
Communities Income Fund  
(a Michigan limited partnership)

We have audited the accompanying balance sheets of Uniprop Manufactured Housing Communities Income Fund (a Michigan limited partnership), as of December 31, 2006 and 2005, and the related statements of operations, partners' deficit and cash flows for each of the three years in the period ended December 31, 2006. We have also audited the schedule listed under Item 15 of Form 10-K. These financial statements and schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audits procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uniprop Manufactured Housing Communities Income Fund at December 31, 2006 and 2005 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the schedule listed under Item 15 of Form 10-K presents fairly, in all material respects, the information set forth therein.



Troy, Michigan  
March 15, 2007

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

**Balance Sheets**

<i>December 31,</i>	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
<b>Property and Equipment</b>		
Buildings and improvements	\$ 27,318,020	\$ 26,509,706
Land	5,280,000	5,280,000
Furniture and equipment	254,619	241,169
	<b>32,852,639</b>	32,030,875
Less accumulated depreciation	<b>16,333,071</b>	15,504,359
<b>Net Property and Equipment</b>	<b>16,519,568</b>	16,526,516
Cash	657,371	554,668
Cash - security deposit escrow	245,158	305,158
Manufactured homes and improvements	30,000	996,878
Unamortized financing costs	1,043,013	108,548
Other assets	938,100	602,787
	<b>\$ 19,433,210</b>	\$ 19,094,555
<b>Liabilities and Partners' Deficit</b>		
Note payable	\$ 34,468,750	\$ 30,762,766
Notes payable - bank	587,500	1,397,500
Note payable - affiliate	0	920,714
Accounts payable	395,587	695,415
Other liabilities	554,984	676,551
<b>Total Liabilities</b>	<b>36,006,821</b>	34,452,946
<b>Partners' Equity (Deficit)</b>		
Class A limited partners	(11,572,339)	(10,920,514)
Class B limited partners	1,499,124	1,362,375
General partner	(6,500,396)	(5,800,252)
<b>Total Partners' Deficit</b>	<b>(16,573,611)</b>	(15,358,391)
	<b>\$ 19,433,210</b>	\$ 19,094,555

*See accompanying notes to financial statements.*

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

## Statements of Operations

<i>Year Ended December 31,</i>	<b>2006</b>	2005	2004
<b>Revenue</b>			
Rental	\$ 7,704,833	\$ 7,575,839	\$ 8,009,772
Home sale income	954,654	2,066,230	1,981,493
Other	1,292,651	617,198	439,461
	<b>9,952,138</b>	10,259,267	10,430,726
<b>Operating Expenses</b>			
Administrative	2,149,333	2,159,096	2,070,613
Property taxes	1,013,762	1,003,313	964,275
Utilities	596,756	542,675	537,220
Property operations	1,625,440	1,583,420	1,258,566
Depreciation	948,688	925,375	867,610
Interest	3,273,602	2,925,821	2,715,486
Home sale expense	988,402	2,147,775	1,910,667
	<b>10,595,983</b>	11,287,475	10,324,437
<b>Net Income (Loss)</b>	<b>\$ (643,845)</b>	<b>\$ (1,028,208)</b>	<b>\$ 106,289</b>
<b>Income (Loss) Per Limited Partnership Unit</b>			
Class A	\$ (32.22)	\$ (41.09)	\$ (9.45)
Class B	\$ 14.00	\$ .90	\$ 28.27
<b>Distributions Per Limited Partnership Unit</b>			
Class A	\$ 0.00	\$ 9.00	\$ 12.00
Class B	\$ 0.00	\$ 9.00	\$ 12.00
<b>Number of Limited Partnership Units Outstanding</b>			
Class A	20,230	20,230	20,230
Class B	9,770	9,770	9,770
<b>Net Income (Loss) Allocable to General Partner</b>	<b>\$ (128,769)</b>	<b>\$ (205,642)</b>	<b>\$ 21,258</b>
<b>Distributions Allocable to General Partner</b>	<b>\$ 571,375</b>	<b>\$ 710,500</b>	<b>\$ 716,375</b>

*See accompanying notes to financial statements.*

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

**Statements of Partners' Deficit  
Years Ended December 31, 2006, 2005 and 2004**

	<i>General Partner</i>	<i>Class A Limited Partners</i>	<i>Class B Limited Partners</i>	<i>Total Partners' Equity (Deficit)</i>
<b>Balance, January 1, 2004</b>	\$ (4,188,993)	\$ (9,473,234)	\$ 1,282,630	<b>\$ (12,379,597)</b>
Distributions to partners	(716,375)	(242,760)	(117,240)	<b>(1,076,375)</b>
Net income (loss) for the year	21,258	(191,136)	276,167	<b>106,289</b>
<b>Balance, December 31, 2004</b>	(4,884,110)	(9,907,130)	1,441,557	<b>(13,349,683)</b>
Distributions to partners	(710,500)	(182,070)	(87,930)	<b>(980,500)</b>
Net income (loss) for the year	(205,642)	(831,314)	8,748	<b>(1,028,208)</b>
<b>Balance, December 31, 2005</b>	(5,800,252)	(10,920,514)	1,362,375	<b>(15,358,391)</b>
Distributions to partners	(571,375)	-	-	<b>(571,375)</b>
Net income for the year	(128,769)	(651,825)	136,749	<b>(643,845)</b>
<b>Balance, December 31, 2006</b>	<b>\$ (6,500,396)</b>	<b>\$(11,572,339)</b>	<b>\$ 1,499,124</b>	<b>\$ (16,573,611)</b>

*See accompanying notes to financial statements.*

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

**Statements of Cash Flows**

<i>Year Ended December 31,</i>	<b>2006</b>	2005	2004
<b>Cash Flows From Operating Activities</b>			
Net income (loss)	\$ (643,845)	\$ (1,028,208)	\$ 106,289
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	948,688	925,375	867,610
Amortization	219,984	86,000	86,000
Loss on disposal of equipment	54,775	264,004	-
Decrease in security deposit escrow	60,000	-	-
Decrease (increase) in homes and improvements	210,699	208,014	(27,070)
(Increase) decrease in other assets	(335,313)	148,584	506,941
(Decrease) increase in accounts payable	(299,829)	518,754	27,448
Decrease in other liabilities	(121,567)	(31,501)	(177,481)
<b>Net Cash Provided By Operating Activities</b>	<b>93,592</b>	1,091,022	1,389,737
<b>Cash Flows Used In Investing Activities</b>			
Purchase of property and equipment	(996,514)	(1,041,885)	(355,290)
<b>Cash Flows From Financing Activities</b>			
Distributions to partners	(571,375)	(980,500)	(1,076,375)
Net proceeds (payments) on note payable	3,705,984	(427,753)	(385,925)
Net (payments) proceeds under line of credit	(660,000)	620,000	(195,000)
Net (payments) proceeds from note payable - bank	(150,000)	737,500	-
Net (payments) proceeds from note payable - affiliate	(164,535)	355,524	565,190
Debt issuance costs	(1,154,449)	-	-
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>1,005,625</b>	304,771	(1,092,110)
<b>Net Increase (Decrease) In Cash</b>	<b>102,703</b>	353,908	(57,663)
<b>Cash, at beginning of year</b>	<b>554,668</b>	200,760	258,423
<b>Cash, at end of year</b>	<b>\$ 657,371</b>	\$ 554,668	\$ 200,760

*See accompanying notes to financial statements.*

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

## Notes to Financial Statements

### 1. Summary of Accounting Policies

#### *Organization and Business*

Uniprop Manufactured Housing Communities Income Fund, a Michigan Limited Partnership (the “Partnership”) acquired, maintains, operates and will ultimately dispose of income producing residential real properties consisting of four manufactured housing communities (the “properties”) located in Florida, Minnesota and Michigan. The Partnership was organized and formed under the laws of the State of Michigan on May 16, 1985.

The general partner of the Partnership is P. I. Associates Limited Partnership. Taxable investors acquired 20,230 Class A units, and 9,770 Class B units were acquired by tax exempt investors. Depreciation is allocated only to holders of Class A units and to the general partner.

#### *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 Value of Financial Instruments*

The carrying amounts of the Partnership’s financial instruments, which consist of cash, the line-of-credit and notes payable, approximate their fair values.

#### *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.

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

## **Notes to Financial Statements**

Accumulated depreciation for tax purposes was \$18,460,886 and \$17,753,179 as of December 31, 2006 and 2005, 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 note payable during 2006, costs to obtain the financing (see Note 3) are amortized over a four-year period.

### ***Revenue Recognition***

Rental income attributable to leases is recorded when due from the lessees.

### ***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.

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

## **Notes to Financial Statements**

### *Recent Accounting Pronouncements*

In June 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 is effective for fiscal years beginning after December 15, 2006. This interpretation clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS 109, “Accounting for Income Taxes” and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on various related matters such as derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Partnership is a tax-free entity, and under FIN 48, the Partnership does not expect any impact.

In September 2006, the Securities and Exchange Commission Staff issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements” (“SAB No. 108”). SAB No. 108 was issued to eliminate the diversity in practice surrounding how public companies quantify financial misstatements. SAB No. 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The adoption of SAB No. 108 did not have any impact on the Partnership’s financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Partnership is currently evaluating the impact of this pronouncement on the Partnership’s financial position and results of operations.

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

## **Notes to Financial Statements**

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”), which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of SFAS 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities and to more easily understand the effect of the company’s choice to use fair value on its earnings. SFAS 159 also requires entities to display the fair value of the selected assets and liabilities on the face of the balance sheet. SFAS 159 does not eliminate disclosure requirements of other accounting standards, including fair value measurement disclosures in SFAS 157. This statement is effective as of the beginning of an entity’s first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement 157. The Partnership is currently evaluating the impact of this pronouncement on the Partnership’s financial position and results of operations.

### **2. Other Assets**

At December 31, 2006 and 2005, “Other Assets” included cash of approximately \$219,000 and \$229,000, respectively, in an escrow account for property taxes, insurance, as required by the Partnership’s note payable agreement, which is restricted from operating use. Also included are accounts receivable of approximately \$556,000 and \$274,000, and prepaid costs of approximately \$163,000 and \$100,000, respectively.

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

## Notes to Financial Statements

### 3. Note Payable

In 1997, the Partnership entered into a \$33,500,000 note payable agreement (the "Nomura Financing"). The proceeds of the note were used primarily to return to the limited partners their original \$30,000,000 capital contribution, to pay certain amounts to the general partner as described in Note 8, and to pay related financing costs. The borrowings were secured by mortgages on the Partnership's properties and the assignment of all current and future leases and rents. The note was payable in monthly installments of \$251,439, including interest, through March 2027. The interest rate was 8.24% per annum through July 2007.

During 2006, the Partnership defeased the Nomura Financing and refinanced its debt with a new mortgage payable to Marathon Structured Finance Fund L.P. (the "Marathon Financing") in the amount of \$34,468,750 secured by the four properties of the Partnership. The mortgage note payable provides for future advances of \$3,031,250. The mortgage is payable in monthly installments of interest only through August 2010. Interest on this note is accrued at a variable rate of 2.25% in excess of one month LIBOR, which was 7.6% as of December 31, 2006.

To reduce a portion of the risk relating to the variable interest rate, the Partnership has entered into an interest rate cap with a bank. The notional amount of the interest rate cap is \$34,000,000. The strike rate is 7% based on the One month LIBOR index. The interest rate cap expires on September 1, 2008. The cost of the interest rate cap was \$10,400.

Future maturities on the note payable for the next four years are as follows: 2007 - \$0; 2008 - \$0; 2009 - \$0; 2010 - \$34,468,750.

The Company defeased the Nomura mortgage note payable having a balance of \$30,454,577 by purchasing Treasury securities sufficient to make the monthly debt service payments and the balloon payment due under the mortgage agreement. The Treasury securities were then substituted for the four properties that originally served as collateral for the mortgage.

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

## Notes to Financial Statements

As part of the defeasance, the Treasury securities and mortgage debt was transferred to a third party successor borrower that is responsible for all remaining obligations under this debt. As such, the mortgage debt is not reflected in the accompanying balance sheets as of December 31, 2006, and as a result, the Partnership wrote off financing costs of approximately \$66,000 associated with the original loan. In connection with the defeasance, the Partnership incurred early extinguishment of debt costs of approximately \$416,492.

In connection with the new mortgage debt, the Partnership incurred \$1,154,449 in financing costs as a result of the refinancing which will be amortized over the remaining life of the mortgage of approximately 4 years.

#### 4. Note Payable - Bank

The Partnership currently holds a term loan with a bank in the original principal amount of \$750,000 that matures in October 2010. The note is payable in monthly installments of \$12,500 plus interest at a variable rate of 1.80% in excess of the one month LIBOR rate; the Partnership's interest rate at December 31, 2006 was 7.15%. This term loan was undertaken for the cost of the sewer connection at Old Dutch Farms. As of December 31, 2006, the outstanding balance was \$587,500. Future maturities on the note payable for the next four years are fixed at \$150,000 per year.

#### 5. Other Liabilities

Other liabilities consisted of:

<i>December 31,</i>	<b>2006</b>	2005
Tenants' security deposits	\$ 358,333	\$ 468,790
Accrued interest	145,535	147,865
Other	51,116	59,896
<b>Total</b>	<b>\$ 554,984</b>	<b>\$ 676,551</b>

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

## Notes to Financial Statements

### 6. 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.

#### *Fees and Expenses*

During the years ended December 31, 2006, 2005 and 2004 the affiliate earned property management fees of \$447,289, \$407,200, and \$421,356, respectively, as permitted in the Agreement of Limited Partnership. These fees are included with "Administrative" expenses in the respective statements of operations. The Partnership owed \$2,389 and \$3,800 to the affiliate at December 31, 2006 and 2005, respectively.

#### *Contingent Purchase Price*

The general partner of P.I. Associates has an interest in the sellers of all the properties acquired by the Partnership and is entitled to share in a contingent purchase price with respect to each property. Each seller will become entitled to any unpaid contingent purchase price upon the sale, financing or other distribution of one or more of the properties, but only after the receipt by the limited partners of any shortfall in their 9% cumulative preferred return, plus the return of their adjusted capital contribution.

Since inception of the Partnership, there has been no shortfall in the 9% cumulative return and, as described in Note 3, the Partnership used a portion of proceeds from the 1997 financing to return the limited partners' original capital contribution. In addition, \$1,500,000 of the proceeds from the financing transaction was used to make a partial payment in 1997 on the contingent purchase price.

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

## Notes to Financial Statements

As part of the Marathon refinancing, the successors to the sellers received \$810,000 in partial payment of the Contingent Purchase Price on or about August 22, 2006. The total remaining contingent purchase price will not exceed \$1,160,000. 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 properties; such amounts are not determinable at this time. Therefore, no liability related to this remaining contingency has been recorded at December 31, 2006.

The Partnership sold its manufactured home inventory to the affiliate of the General Partner for its fair market value of \$875,197. The fair market value was determined using The Manufactured Housing Appraisal Guide of the National Automobile Dealers Association as well as comparables in each market. Proceeds of the sale were used to payoff the \$756,179 balance on the line of credit with the buyer, Uniprop Homes, Inc., and the balance of \$119,019 was received in cash.

**7. Reconciliation of  
Financial Statement  
Income and Taxable  
Income**

<i>Year Ended December 31,</i>	<b>2006</b>	2005	2004
Income (loss) per the financial statements	<b>\$ (643,845)</b>	\$ (1,028,208)	\$ 106,289
Adjustments to depreciation for difference in methods	<b>110,925</b>	285,896	(285,800)
Adjustments for prepaid rent, meals and entertain- ment	<b>1,919</b>	10,369	(9,426)
Income (Loss) Per the Partnership's Tax Return	<b>\$ (531,001)</b>	\$ (731,943)	\$ (188,937)

**8. Partners' Capital**

Subject to the orders of priority under certain specified conditions more fully described in the Agreement of Limited Partnership (as amended on February 6, 1997), distributions of partnership funds and allocations of net income from operations are principally determined as follows:

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

## Notes to Financial Statements

### *Distributions*

The general partner receives a quarterly Partnership Management Distribution equal to .25% of the appraised value of the properties of the Partnership (equal to \$661,000 annually based on current 2007 appraisals of \$66,100,000 x 1.0%). Thereafter, distributions are made at the discretion of the general partner, and are allocated 20% to the general partner as an Incentive Management Interest and 80% to the limited partners.

### *Allocation of Net Income (Loss)*

Net income (loss) is to be allocated in the same manner as distributions except that:

- a) Depreciation expense is allocated only to the general partner and the Class A (taxable) limited partners and,
- b) In all cases, the general partner is to be allocated at least 1% of all Partnership items.

### **9. Supplemental Cash Flow Information**

Cash paid for interest totaled \$3,055,949, \$2,842,000, and \$2,631,000, in 2006, 2005 and 2004, respectively.

The Note Payable to an affiliate totaling \$756,179 was paid off from the sale of the Partnership's manufactured home inventory.

As a result of Hurricane Wilma in October 2005, the Partnership received insurance proceeds during 2006 totaling \$490,931 for damage at the Aztec Estates and Kings Manor properties. The proceeds covered \$221,108 for losses pertaining to business income, \$252,882 for property damage and approximately \$17,000 for debris removal. During 2006, the Community Center at Kings Manor, which sustained heavy damage, was demolished, and to this date has not been rebuilt. However, when construction begins in 2007, the Partnership will receive additional insurance proceeds relating to building and ordinance coverage, which will bring the building up to current code, as required.

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

## Notes to Financial Statements

### 10. 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, 2005 through December 31, 2006:

2006	<i>Three Months Ended</i>			
	<i>March 31,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>December 31,</i>
<b>Revenues</b>	\$ 3,198	\$ 2,366	\$ 2,312	\$ 2,076
<b>Net Income (Loss)</b>	\$ (104)	\$ 344	\$ (214)	\$ (669)
<b>Income (Loss) Per Limited Partnership Unit</b>				
Class A	\$ (6)	\$ 6	\$ (10)	\$ (22)
Class B	\$ 4	\$ 16	\$ 4	\$ (10)

  

2005	<i>Three Months Ended</i>			
	<i>March 31,</i>	<i>June 30,</i>	<i>September 30,</i>	<i>December 31,</i>
<b>Revenues</b>	\$ 2,436	\$ 2,721	\$ 2,272	\$ 2,830
<b>Net Income (Loss)</b>	\$ (58)	\$ 10	\$ (98)	\$ (882)
<b>Income (Loss) Per Limited Partnership Unit</b>				
Class A	\$ (5)	\$ (3)	\$ (6)	\$ (27)
Class B	\$ 5	\$ 7	\$ 4	\$ (15)

### 11. Material Fourth Quarter Adjustments

During 2006, the Partnership made an adjustment which was material to the fourth quarter results. The adjustment consisted of a write-off of property of approximately \$55,000, due to disposal of a community center destroyed by hurricane Wilma that had not been rebuilt.

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

**Notes to Financial Statements**

During the fourth quarter of 2006, the Partnership incurred tenant relocation costs for the relocation of qualified residents under Florida law of approximately \$257,000 at the Aztec Estates property. This came as a result of the decision to redevelop the property to a mixed-use residential designation. Due to the relocation program, occupancy has declined significantly in the fourth quarter, reducing rent revenue as well.

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

**Schedule III - Real Estate and Accumulated Depreciation  
December 31, 2006**

<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>			
Aztec Estates (Margate, FL)	\$ 9,123,750	\$ 2,199,868	\$ 8,799,475	\$	\$ 2,380,434	\$ 2,199,868	\$ 11,179,909	\$ 13,379,777	\$ 6,630,787	1986	30 years
Kings Manor (Ft. Lauderdale, FL)	11,310,000	847,923	3,391,694		606,112	847,923	3,997,806	4,845,729	2,456,915	1986	30 years
Park of the Four Seasons (Blaine, MN)	10,660,000	1,508,121	6,032,483		1,301,812	1,508,121	7,334,295	8,842,416	2,466,409	1986	30 years
Old Dutch Farms (Novi, MI)	3,375,000	724,088	2,896,348		1,909,662	724,088	4,806,010	5,530,098	4,557,954	1986	30 years
	\$ 34,468,750	\$ 5,280,000	\$ 21,120,000	\$	\$ 6,198,020	\$ 5,280,000	\$ 27,318,020	\$ 32,598,020	\$ 16,112,065		

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

**Notes to Schedule III  
December 31, 2006**

**1. Reconciliation of Buildings and Improvements**

The following table reconciles buildings and improvements from January 1, 2004 to December 31, 2006:

	2006	2005	2004
<b>Balance, at January 1</b>	<b>\$ 26,509,706</b>	\$ 25,898,324	\$ 25,554,395
Additions to buildings and improvements	<b>983,064</b>	1,034,512	343,929
Cost of assets disposed	<b>(174,750)</b>	(423,130)	-
<b>Balance, at December 31</b>	<b>\$ 27,318,020</b>	\$ 26,509,706	\$ 25,898,324

There were no additions to land during this three-year period.

**2. Reconciliation of Accumulated Depreciation**

The following table reconciles the accumulated depreciation from January 1, 2004 to December 31, 2006:

	2006	2005	2004
<b>Balance, at January 1</b>	<b>\$ 15,293,021</b>	\$ 14,533,398	\$ 13,681,094
Current year depreciation expense	<b>939,019</b>	918,749	852,304
Accumulated depreciation on disposed assets	<b>(119,975)</b>	(159,126)	-
<b>Balance, at December 31</b>	<b>\$ 16,112,065</b>	\$ 15,293,021	\$ 14,533,398

**3. 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 statements purposes.