



**Interstate General Company L.P., A Limited Partnership**

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# NEWS RELEASE

## **IGC REPORTS RESULTS FOR THE QUARTER ENDED** **MARCH 31, 2003**

### **FOR IMMEDIATE RELEASE**

May 12, 2003

### **CONTACT**

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**Middleburg, VA** — Interstate General Company L.P. ("IGC") (AMEX: IGC; PCX) today reported a net loss for the three months ended March 31, 2003 of \$875,000 or \$.41 per Unit, compared to a net loss of \$1,215,000 or \$.58 per Unit, for the same period in 2002.

The Company has continued to realize on the value of its Brandywine project during 2003. In the first quarter, an additional seven lots closed under its contract with Washington Homes bringing the total closed to 43 of the 48 lot single-family section. Management expects to close on the remaining five finished single-family lots during the second quarter. All residential lots are under contract to Washington Homes for a sales price totaling approximately \$19 million. Subsequent to the end of the quarter, the Company closed on the first semi-developed townhouse lot section. Washington Homes acquired 114 semi-developed townhouse lots for \$2,052,000. All proceeds of sales from Brandywine will be applied first to repay development and other loans, and thereafter will be available for distribution to the Company. This is the first section under an approximate 800 semi-developed lot contract with Washington Homes that is expected close over the next four years.

Mark Augenblick, the Company's President, stated, "real estate revenues this year will not be sufficient to meet the Company's debt service, operating costs, wetland remediation costs, and fund the Company's waste recycling projects".

The sale and/or refinancing of real estate holdings are one anticipated source of funding for operations. Management is engaged in negotiations with a prospective investor in order to form a joint venture for some of the Towne Center South property. This property was appraised at \$20 million last year. It is subject to \$7.2 million of debt. The Company is seeking to realize on this value. The Company is also seeking to refinance its Brandywine property.

The Company is seeking an investor to provide up to \$25 million of development financing for its waste recycling projects. These projects, all in the development stage, are proceeding at a slower pace than previously expected, but Mr. Augenblick stated, "the Company remains optimistic that, subject to funding, a number of these projects will reach financial close in the next 12-24 months." The Company has retained Morgan Joseph & Company, a New York based investment-banking firm with expertise in waste industry financing, to assist it in raising funds for the development of its waste recycling projects.

In addition to the above possible sources of funding, the Company will look to its affiliate, Interstate Business Corporation (General Partner), for funding, the timing and amount of which is uncertain.

This press release contains forward-looking statements. Investors are cautioned that all forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those in the forward-looking statement. Forward-looking statements relate to anticipated revenues, gross margins, earnings, and the growth of the market for our products. Numerous factors could cause results to differ, including but not limited to changes in market demand and acceptance of company facilities, impact of competitive facilities and pricing, dependence on third party suppliers, changes in government regulations, and the normal cyclical nature of the real estate and development economy. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it gives no assurance that its expectations will be attained. For more information, please refer to the Company's Form 10-QSB on file with the Securities and Exchange Commission.

IGC's Form 10-QSB will be available via the Internet at <http://igclp.com> shortly after it is filed.

### **Interstate General Company, L.P.**

#### **Financial Highlights**

	<b>For the Three Months Ended</b>	
	<b>3/31/03</b>	<b>3/31/02</b>
Revenues	\$ 359,000	\$ --
Expenses	1,233,000	1,215,000
Loss before minority interest	(874,000)	(1,215,000)
Minority interest expense	(1,000)	--
<b>Net Loss</b>	<b>(875,000)</b>	<b>(1,215,000)</b>
<b>Basic and Fully Diluted Net Loss per Limited Unit</b>	<b>(.41)</b>	<b>(.58)</b>
Weighted Average Limited Partner Units Outstanding	2,097,000	2,071,000

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