



Interstate General Company L.P., A Limited Partnership
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NEWS RELEASE

IGC Announces Real Estate Contracts

FOR IMMEDIATE RELEASE

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Middleburg, VA – Interstate General Company L.P. (IGC) reports that it has entered a contract of sale for approximately 68 acres in Towne Center South in Charles County, Maryland. The purchaser is an affiliate of a major, unrelated, publicly traded real estate company. The contract is subject to a due diligence period which expires on September 21, 2005. Closing is to occur not later than September 30. The purchaser can extend the closing, if certain conditions are met, for up to two 30 day periods. The purchase price is \$16 million, increased by \$200,000 for each 30-day extension.

IGC further reports that it has reached agreement on the terms of sale of approximately .75 acres in Smallwood Village in Charles County, Maryland. The purchase price is \$350,000. The contract is subject to a due diligence period which expires on August 31, 2005. Closing is anticipated for September 2005.

Sales efforts are continuing with respect to IGC's 6 remaining lots totaling approximately 23 acres in Charles County.

IGC is following a plan of liquidation. The plan is to sell its remaining land, pay off its loans and other financial obligations and distribute the balance of funds to unitholders. The timing and amount of unitholder distributions are not certain and will depend on the sale price and date of closing of all land sales.

As previously announced, IGC expects to mail to unitholders 2004 K-1s in September 2005.

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.

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