



Interstate General Company L.P., A Limited Partnership

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NEWS RELEASE

IGC PROVIDES REAL ESTATE CONTRACT UPDATE

FOR IMMEDIATE RELEASE

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CONTACT

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Middleburg, VA — Interstate General Company L.P. ("IGC") reports today that it has signed a contract amendment with the purchaser of the 68 acres of land in Towne Center South in Charles County, Maryland. The amendment provides 1.) a two month extension of the due diligence period until the end of November, and 2.) up to six 1-month extensions of the closing date thereafter. In addition, the purchase price was increased by \$400,000, bringing the sales price to \$16.4 million. The purchase price increases by an additional \$200,000 for each 30-day extension of closing beyond expiration of the due diligence period.

IGC unitholders have been mailed Schedule K-1s for the year ended December 31, 2004. IGC will report ordinary business income of approximately \$8.5 million on IRS Form 1065 for 2004. The company previously reported losses of approximately \$16.4 million for the tax years 1999 - 2003. Depending on individual circumstances, unitholders may have losses to offset the 2004 income. Please consult your prior K-1s and tax advisor as each unitholder's situation is different.

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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