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IGC UNITHOLDER REPORT

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Interstate General Company L.P. (“IGC”) provides this Unitholder Report to update the company’s status.

(1.) Real Estate

IGC has a purchase agreement pending with a national REIT to sell 68 acres of land in Towne Center South (“TCS”), Waldorf, Md. for \$16,600,000. The purchaser exited its due diligence study period on March 14, 2006. The purchaser paid a \$300,000 nonrefundable deposit and a \$75,000 non-refundable extension fee and the purchase price was increased to \$16,800,000 on that date. Recently, on April 7, 2006, the purchaser paid a second non-refundable, monthly \$75,000 extension fee. The purchase price increased to \$17,000,000 on April 10, 2006. The contract price will increase \$200,000 each month going forward. Purchaser will pay a \$75,000 non-refundable extension fee per month, to be credited against the purchase price, until closing. Financial close is currently estimated to occur in the June-August timeframe.

IGC refinanced its bank loan on TCS on March 23, 2006. The new loan will save IGC approximately \$30,000/month in interest.

Sales efforts continue with respect to IGC’s remaining parcels totaling approximately 18 acres in Charles County, Maryland.

(2.) IGC Board Decision To Declare \$2/Unit Distribution

IGC's Board voted to declare a \$2/unit distribution from the proceeds of the sale of the TCS property. The distribution will take place approximately 60 days after the sale is closed.

Unitholders will retain their pro rata interest in the stock of IWT/CWT.

(3.) Waste Company Status Report

(a.) Puerto Rico

Caribe Waste Technologies Inc. ("CWT") management met with the Executive Director of the Puerto Rico Electric Authority on March 15. The Executive Director has requested written confirmation of the government's waste management policy before signing the pending power purchase agreement. A joint Senate/House Resolution has been filed and is under consideration which will continue the ban on incinerators in Puerto Rico and affirms the public policy "to favor waste to energy conversion technologies that are environmentally safe". CWT believes that the resolution, if adopted, and other actions taken by senior government officials will persuade the electric authority to sign the power purchase agreement.

(4.) 2005 K-1 Status Report

IGC believes its service providers will complete the tax and audit work necessary for PriceWaterhouseCoopers to prepare the 2005 K-1s for distribution during July, 2006.

This letter contains forward-looking statements. Investors are cautioned that all forward-looking statements involve risks, uncertainties and other factors that could cause results to differ materially from those in the forward-looking statement. They include the risks inherent in securing long term municipal or government contracts, obtaining permits and other approvals, arranging for project financing of capital intensive infrastructure projects and the possibility of litigation by environmental or community groups, among other risks. We believe our forward-looking statements are based on reasonable assumptions. However, there can be no assurance that our expectations will be attained.