

Saul Centers, Inc.

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Saul Centers, Inc. Reports Annual and Fourth Quarter 2001 Earnings

February 5, 2002, Chevy Chase, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), announced its operating results for the year and quarter ended December 31, 2001. Funds From Operations (FFO) increased 12.6% to \$40,141,000 in the year ended December 31, 2001 compared to \$35,648,000 for the 2000 year. For the quarter ended December 31, 2001, FFO increased 11.2% to \$10,705,000 compared to \$9,626,000 for the 2000 quarter. On a per share basis, FFO was \$2.07 per share for the 2001 year, a 9.2% increase over the prior year. For the quarter ended December 31, 2001, FFO per share increased 7.5% to \$.54 per share over the comparable 2000 quarter. Approximately sixty percent of the annual FFO improvement was derived from the start-up of operations at our 235,000 square foot Washington Square at Old Town development. FFO is presented on a fully converted basis and is a widely accepted measure of operating performance for REITs. FFO is defined as net income before extraordinary items and before real estate depreciation and amortization.

Total operating revenues for the 2001 year increased 9.2% to \$86.3 million, compared to \$79.0 million for the 2000 year and total operating revenues for the 2001 quarter increased 8.2% to \$22.6 million, compared to \$20.9 million for the 2000 quarter. Operating income before minority interests increased 11.3% to \$1.31 per share for the 2001 year compared to \$1.18 per share for the 2000 year (basic and diluted). Operating income before minority interests increased 24.3% to \$.36 per share, compared to \$.29 per share for the 2000 quarter (basic and diluted).

Net income increased 18.2% to \$1.22 per share for the 2001 year compared to \$1.03 per share for the 2000 year (basic and diluted). Net income for the 2001 quarter increased 38.3% to \$.35 per share compared to \$.25 per share for the 2000 quarter (basic and diluted).

Same center net operating income in the shopping center portfolio grew 2.6% for the 2001 fourth quarter and 3.2% for the year ended December 31, 2001, compared to the same periods in 2000. Same property net operating income in the office portfolio declined 6.8% for the 2001 fourth quarter and 1.5% for the year ended December 31, 2001 compared to the same periods in 2000. The same center office net operating income decrease in 2001 resulted primarily from the transition time necessary for two new tenants to construct tenant improvements in 51,000 square feet of office space previously occupied by the Department of Justice at 601 Pennsylvania Avenue. Overall same property net operating income for the total portfolio grew 0.3% for the 2001 fourth quarter and 1.9% for the year ended December 31, 2001, compared to the same periods in 2000.

Visit the Company's web site at SaulCenters.com

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As of December 31, 2001, 93.5% of the portfolio was leased. The company has two properties in the lease-up phase of their development, Washington Square at Old Town and Crosstown Business Center, which were 69.2% and 82.1% leased, respectively. Excluding these two properties, the property portfolio was 94.9% leased.

During 2001, the company paid four quarterly distributions of \$.39 per share to shareholders, of which 98.02% was taxable as ordinary income and 1.98% represented a return of capital.

Saul Centers, Inc. is a self-managed, self-administered equity real estate investment trust headquartered in Chevy Chase, Maryland. Saul Centers currently operates and manages a real estate portfolio of 33 community and neighborhood shopping center and office properties totaling approximately 6.1 million square feet of leasable area. Over 80% of our cash flow is generated from properties in the metropolitan Washington, D.C./Baltimore area.

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Condensed Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

	Three Months Ended December 31.		Year Ended December 31.	
	2001	2000	2001	2000
Revenue				
Base rent.....	\$ 17,361	\$ 16,522	\$ 69,662	\$ 63,837
Other revenue.....	5,259	4,388	16,646	15,192
Total revenue.....	22,620	20,910	86,308	79,029
Operating Expenses				
Property and administrative expenses.....	5,594	5,008	20,681	19,080
Interest expense.....	6,170	6,148	24,920	23,843
Amortization of deferred debt expense.....	151	128	566	458
Depreciation and amortization.....	3,586	4,087	14,758	13,534
Total operating expenses.....	15,501	15,371	60,925	56,915
Net Income Before Minority Interests.....	7,119	5,539	25,383	22,114
Minority Interests				
Minority share of income.....	(1,882)	(1,506)	(6,777)	(6,081)
Distributions in excess of earnings.....	(136)	(512)	(1,292)	(1,988)
Total minority interests.....	(2,018)	(2,018)	(8,069)	(8,069)
Net Income.....	\$ 5,101	\$ 3,521	\$ 17,314	\$ 14,045
Per Share Amounts :				
Net income (basic and diluted).....	\$ 0.35	\$ 0.25	\$ 1.22	\$ 1.03
Funds From Operations.....	\$ 0.54	\$ 0.51	\$ 2.07	\$ 1.90
 Weighted average shares outstanding :				
Common stock.....	14,475,898	13,823,889	14,210,474	13,623,330
Fully converted.....	19,648,139	18,996,130	19,382,715	18,795,571

Condensed Consolidated Balance Sheets

(\$ in thousands)

	December 31, 2001	December 31, 2000
Assets		
Real estate investments.....	\$ 454,809	\$ 433,009
Accumulated depreciation.....	(136,928)	(124,180)
Other assets.....	28,522	25,621
Total assets.....	\$ 346,403	\$ 334,450
Liabilities and Stockholders' Equity (Deficit)		
Notes payable.....	\$ 351,820	\$ 343,453
Other liabilities.....	18,706	22,152
Stockholders' equity (deficit).....	(24,123)	(31,155)
Total liabilities and stockholders' equity (deficit)	\$ 346,403	\$ 334,450