

SAUL CENTERS, INC.

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Saul Centers, Inc. Reports Second Quarter Operating Results

August 6, 2002, Bethesda, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), announced its second quarter operating results. Funds From Operations (FFO) increased 10.9% to \$10,681,000 in the quarter ended June 30, 2002 compared to \$9,635,000 for the same quarter in 2001. For the six month period ended June 30, 2002, FFO increased 12.8% to \$21,729,000 compared to \$19,267,000 for the same period in 2001. On a fully diluted per share basis, FFO was \$.53 per share for the 2002 second quarter, a 7.0% increase over the same quarter last year. For the six month period ended June 30, 2002, FFO per share increased 8.8%, to \$1.09 per share over the comparable period in 2001. Approximately 27% of the FFO improvement for the six month period was derived from our 235,000 square foot Washington Square 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, gains and losses on property sales and before real estate depreciation and amortization.

Total revenues for the 2002 second quarter increased 9.0% to \$22,793,000 compared to \$20,919,000 for the 2001 quarter. The Company reported net income of \$4,482,000 or \$.30 per share for the 2002 second quarter, a per share increase of 9.8% compared to net income of \$3,907,000 or \$.28 per share for the 2001 quarter (basic and diluted). For the 2002 six month period, revenues increased 9.1% to \$45,984,000 compared to \$42,155,000 for the comparable period in 2001. Operating income before nonrecurring items and minority interests was \$13,425,000, or \$.67 per share, representing a per share increase of 8.2% over the comparable 2001 period. After including gain on property sold and deducting minority interests the Company reported net income of \$10,817,000 or \$.73 per share for the 2002 six month period, a per share increase of 29.7% compared to net income of \$7,941,000 or \$.57 per share for the 2001 period (basic and diluted). The property sale gain reported during the first quarter of 2002 of \$1,426,000, or \$.10 per share, represents final proceeds from the District of Columbia's condemnation and purchase of the Company's Park Road property.

Saul Centers

www.SaulCenters.com

As of June 30, 2002, 94.2% of the total portfolio was leased. Net operating income for the total portfolio on a same center basis, which excludes development properties Ashburn Village III shopping center and Washington Square, grew 5.8% for the 2002 second quarter and 6.7% for the six month period ended June 30, 2002, compared to the same periods in 2001. Same center net operating income in the shopping center portfolio grew 2.0% for the 2002 second quarter and 5.1% for the six month period ended June 30, 2002, compared to the same periods in 2001. Same property net operating income in the office portfolio grew 15.7% for the 2002 second quarter and 10.9% for the six month period ended June 30, 2002, compared to the same periods in 2001. The improvement in office portfolio net operating income resulted primarily from a major tenant paying higher rent under the terms of a short-term lease extension at 601 Pennsylvania Avenue.

Saul Centers is a self-managed, self-administered equity real estate investment trust headquartered in Bethesda, 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 the Company's cash flow is generated from properties in the metropolitan Washington, DC/Baltimore area.

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Saul Centers, Inc.

Condensed Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

	Three Months Ended June 30.		Six Months Ended June 30.	
	2002	2001	2002	2001
Revenue				
Base rent.....	\$ 18,995	\$ 17,470	\$ 37,348	\$ 34,755
Other revenue.....	3,798	3,449	8,636	7,400
Total revenue.....	22,793	20,919	45,984	42,155
Operating Expenses				
Property and administrative expenses.....	5,788	4,952	11,509	10,068
Interest expense.....	6,163	6,196	12,422	12,547
Amortization of deferred debt expense.....	161	136	324	273
Depreciation and amortization.....	4,182	3,711	8,304	7,292
Total operating expenses.....	16,294	14,995	32,559	30,180
Operating Income.....	6,499	5,924	13,425	11,975
Nonrecurring Item				
Gain on property disposition	--	--	1,426	--
Minority Interests				
Minority share of income.....	(1,844)	(1,587)	(3,861)	(3,221)
Distributions in excess of earnings.....	(173)	(430)	(173)	(813)
Total minority interests.....	(2,017)	(2,017)	(4,034)	(4,034)
Net Income.....	\$ 4,482	\$ 3,907	\$ 10,817	\$ 7,941
Per Share Amounts (basic and diluted):				
Net income.....	\$ 0.30	\$ 0.28	\$ 0.73	\$ 0.57
Funds From Operations.....	\$ 0.53	\$ 0.50	\$ 1.09	\$ 1.00
Weighted average shares outstanding :				
Basic				
Common stock.....	14,789,478	14,115,727	14,719,360	14,035,563
Fully converted.....	19,961,719	19,287,968	19,891,601	19,207,804
Fully Diluted				
Common stock.....	14,814,772	14,115,727	14,739,360	14,035,563
Fully converted.....	19,987,013	19,287,968	19,911,601	19,207,804

Condensed Consolidated Balance Sheets

(\$ in thousands)

	June 30, 2002	December 31, 2001
Assets		
Real estate investments.....	\$ 477,998	\$ 454,809
Accumulated depreciation.....	(144,115)	(136,928)
Other assets.....	29,605	28,522
Total assets.....	\$ 363,488	\$ 346,403
Liabilities and Stockholders' Equity (Deficit)		
Notes payable.....	\$ 363,017	\$ 351,820
Other liabilities.....	18,960	18,706
Stockholders' equity (deficit).....	(18,489)	(24,123)
Total liabilities and stockholders' equity (deficit)	\$ 363,488	\$ 346,403