

Saul Centers, Inc.

8401 Connecticut Avenue
Chevy Chase, Maryland 20815-5897
(301) 986-6200

Saul Centers, Inc. Reports Second Quarter Earnings

August 2, 1999, Chevy Chase, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), announced its second quarter operating results. Funds From Operations (FFO) increased 7.9% to \$7,823,000 in the quarter ended June 30, 1999 compared to \$7,249,000 for the same quarter in 1998. For the six month period ended June 30, 1999, FFO increased 7.7% to \$15,761,000 compared to \$14,637,000 for the same period in 1998. On a per share basis, FFO was \$.43 per share for the 1999 second quarter, a 1.9% increase over the same quarter last year. For the six month period ended June 30, 1999, FFO per share increased 1.9% to \$.88 per share over the comparable period in 1998. FFO is presented on a fully converted basis and is the most widely accepted measure of operating performance for REITs. FFO is defined as net income before extraordinary and nonrecurring items and before real estate depreciation and amortization.

Total revenues for the 1999 second quarter increased 2.9% to \$18,020,000 compared to \$17,505,000 for the 1998 quarter. Operating income before minority interests and extraordinary charges was \$4,931,000, or \$.27 per share, representing a per share increase of 7.7% over the comparable 1998 quarter. After deducting minority interests and extraordinary charges, the company reported net income of \$2,964,000 or \$.23 per share for the 1999 quarter, a per share increase of 14.5% compared to net income of \$2,499,000 or \$.20 per share for the 1998 quarter (basic and diluted). For the 1999 six month period, revenues increased 3.3% to \$35,984,000 compared to \$34,833,000 for the comparable period in 1998. Operating income before minority interests and extraordinary charges was \$9,972,000, or \$.55 per share, representing a per share increase of 5.0% over the comparable 1998 six month period. After deducting minority interests and extraordinary charges, the company reported net income of \$6,084,000 or \$.47 per share for the 1999 six month period, a per share increase of 25.7% compared to net income of \$4,678,000 or \$.37 per share for the comparable 1998 period (basic and diluted).

Same center net operating income in the shopping center portfolio grew 3.7 % for the 1999 second quarter and 4.5% for the six month period ended June 30, 1999 compared to the same periods in 1998. Same property net operating income in the office portfolio grew 4.5 % for the 1999 second quarter but was flat for the 1999 six month period compared to the same periods in 1998. Overall same property net operating income for the total portfolio grew 3.9 % for the 1999 second quarter and 3.3% for the 1999 six month period compared to the same periods in 1998. As of June 30, 1999, 91% of the portfolio was leased. Excluding the 200,000 square foot warehouse redevelopment which is currently vacant, 94% of the portfolio was leased.

The Company has made considerable progress on its redevelopment projects. Construction of the 148,000 square foot Lowe's home improvement store is nearing completion at the 356,000 square foot Beacon Center in Alexandria, Virginia. Lowe's is planning to open in early October. The redevelopment of the 225,000 square foot Shops At Fairfax and the adjacent Boulevard shopping centers are nearing completion as well. The new 53,000 square foot SuperFresh grocery store is planned to open for business in September and the Company has signed leases or received commitments for all of the newly constructed 7,500 square foot small shop space adjacent to the grocery store. The façade renovation of the Boulevard center was completed during the second quarter in concert with the opening of the 12,000 square foot Party City store.

Saul Centers, Inc. operates and manages a real estate portfolio of 34 community and neighborhood shopping center and office properties totaling approximately 5.9 million square feet of gross leasable area, with over 80% of the cash flow generated from properties in the metropolitan Washington, D.C./Baltimore area.

Contact: Henry Ravenel, Jr.
 (301) 986-6207

Visit the Company's web site at saulcenters.com

Saul Centers, Inc.

Condensed Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

	Three Months Ended June 30.		Six Months Ended June 30.	
	1999	1998	1999	1998
Revenue				
Base Rent.....	\$ 14,467	\$ 13,990	\$ 28,800	\$ 27,461
Other Revenue.....	3,553	3,515	7,184	7,372
Total revenue.....	18,020	17,505	35,984	34,833
Operating Expenses				
Property and administrative expenses.....	4,524	4,476	8,917	8,711
Interest expense.....	5,568	5,672	11,098	11,276
Amortization of deferred debt costs.....	105	108	208	209
Depreciation and amortization.....	2,892	2,923	5,789	5,648
Total operating expenses.....	13,089	13,179	26,012	25,844
Operating Income.....	4,931	4,326	9,972	8,989
Extraordinary, Non-Operating or Nonrecurring Item				
Change in accounting method.....	--	--	--	(771)
Minority Interests				
Minority share of income.....	(1,371)	(1,149)	(2,752)	(2,161)
Distributions in excess of earnings.....	(596)	(678)	(1,136)	(1,379)
Total minority interests.....	(1,967)	(1,827)	(3,888)	(3,540)
Net Income.....	\$ 2,964	\$ 2,499	\$ 6,084	\$ 4,678
Per Share Amounts :				
Net income (basic and diluted).....	\$ 0.23	\$ 0.20	\$ 0.47	\$ 0.37
Funds From Operations.....	\$ 0.43	\$ 0.42	\$ 0.88	\$ 0.86
Weighted average shares outstanding :				
Common stock.....	13,036,440	12,589,490	12,976,885	12,541,562
Fully converted.....	18,041,755	17,142,397	17,921,124	17,014,597

Condensed Consolidated Balance Sheets

(\$ in thousands)

	June 30, 1999	December 31, 1998
Assets		
Real estate investments.....	\$ 366,498	\$ 352,567
Accumulated depreciation.....	(107,102)	(101,910)
Other assets.....	19,815	20,377
Total assets.....	\$ 279,211	\$ 271,034
Liabilities and Stockholders' Equity (Deficit)		
Notes payable.....	\$ 294,211	\$ 290,623
Other liabilities.....	19,267	17,695
Stockholders' equity (deficit).....	(34,267)	(37,284)
Total liabilities and stockholders' equity (deficit) ..	\$ 279,211	\$ 271,034