

SAUL CENTERS, INC.

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Saul Centers, Inc. Reports Third Quarter Operating Results

November 5, 2002, Bethesda, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), announced its third quarter operating results. Funds From Operations (FFO) increased 9.0% to \$11,081,000 in the quarter ended September 30, 2002 compared to \$10,169,000 for the same quarter in 2001. For the nine-month period ended September 30, 2002, FFO increased 11.5% to \$32,810,000 compared to \$29,436,000 for the same period in 2001. On a fully diluted per share basis, FFO was \$.55 per share for the 2002 third quarter, a 5.4% increase over the same quarter last year. For the nine-month period ended September 30, 2002, FFO per share increased 7.7%, to \$1.64 per share over the comparable period in 2001. Approximately 28% of the FFO improvement for the nine-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 third quarter increased 9.0% to \$23,471,000 compared to \$21,533,000 for the 2001 quarter. The Company reported net income of \$3,486,000 or \$.24 per share for the 2002 third quarter, a per share decrease of 22.0% compared to net income of \$4,272,000 or \$.30 per share for the 2001 quarter (basic and diluted). The 2002 third quarter depreciation expense includes an additional \$1,311,000 of charges, (\$.09 per share), resulting from assets retired based upon a comprehensive review of real estate asset records and the Company's revision of the assets' estimated useful lives. For the 2002 nine-month period, revenues increased 9.1% to \$69,455,000 compared to \$63,688,000 for the comparable period in 2001. Operating income before nonrecurring items and minority interests was \$18,928,000, or \$.95 per share, unchanged compared to the 2001 period. After including gain on property sold and deducting minority interests the Company reported net income of \$14,303,000 or \$.97 per share for the 2002 nine month period, a per share increase of 11.8% compared to net income of \$12,213,000 or \$.87 per share for the 2001 period (basic and diluted). The property sale gain reported during the first quarter of 2002 of \$1,426,000, (\$.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 September 30, 2002, 94.3% of the total portfolio was leased. Same center net operating income for the total portfolio grew 7.8% for the 2002 third quarter and 7.0% for the nine-month period ended September 30, 2002, compared to the same periods in 2001. The same center comparison excludes development properties Washington Square, Ashburn Village shopping center phases III & IV as well as Kentlands Square, which was acquired in September 2002. Same center net operating income in the shopping center portfolio grew 2.8% for the 2002 third quarter and 4.2% for the nine-month period ended September 30, 2002, compared to the same periods in 2001. Same property net operating income in the office portfolio grew 23.5% for the 2002 third quarter and 14.9% for the nine-month period ended September 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 35 community and neighborhood shopping center and office properties totaling approximately 6.5 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 and Supplemental Information

(\$ in thousands, except per share amounts)

	Three Months Ended September 30.		Nine Months Ended September 30.	
	2002	2001	2002	2001
Revenue				
Base rent.....	\$ 19,184	\$ 17,546	\$ 56,532	\$ 52,301
Expense Recoveries.....	3,207	2,881	9,317	8,392
Percentage Rent.....	446	557	1,220	1,410
Other	634	549	2,386	1,585
Total revenue.....	23,471	21,533	69,455	63,688
Operating Expenses				
Property operating expenses.....	2,441	2,131	7,165	6,357
Provision for credit losses.....	131	140	402	421
Real estate taxes.....	1,947	1,744	5,917	5,300
General and administrative.....	1,356	1,004	3,900	3,009
Interest expense.....	6,335	6,203	18,757	18,750
Amortization of deferred debt expense.....	180	142	504	415
Depreciation and amortization.....	5,578	3,880	13,882	11,172
Total operating expenses.....	17,968	15,244	50,527	45,424
Operating Income.....	5,503	6,289	18,928	18,264
Nonrecurring Item				
Gain on property disposition.....	--	--	1,426	--
Minority Interests.....	(2,017)	(2,017)	(6,051)	(6,051)
Net Income.....	\$ 3,486	\$ 4,272	\$ 14,303	\$ 12,213
Per Share Amounts (basic and diluted):				
Net income.....	\$ 0.24	\$ 0.30	\$ 0.97	\$ 0.87
Fully diluted weighted average shares.....	14,949,000	14,295,000	14,807,000	14,122,000
Funds From Operations				
Net Income.....	\$ 3,486	\$ 4,272	\$ 14,303	\$ 12,213
Less: Gain on sale of property.....	--	--	(1,426)	--
Add: Real property depreciation & amortization..	5,578	3,880	13,882	11,172
Add: Minority Interests.....	2,017	2,017	6,051	6,051
Funds from operations.....	\$ 11,081	\$ 10,169	\$ 32,810	\$ 29,436
Per Share Amounts (basic and diluted):				
Funds From Operations.....	\$ 0.55	\$ 0.53	\$ 1.64	\$ 1.53
Fully diluted & converted weighted average shares...	20,122,000	19,467,000	19,979,000	19,294,000

Saul Centers, Inc.
Condensed Consolidated Balance Sheets

(\$ in thousands)

	<u>September 30,</u> <u>2002</u>	<u>December 31,</u> <u>2001</u>
Assets		
Real estate investments		
Land.....	\$ 84,942	\$ 67,710
Buildings.....	403,003	385,936
Construction in progress.....	<u>6,006</u>	<u>1,163</u>
	493,951	454,809
Accumulated depreciation.....	<u>(146,875)</u>	<u>(136,928)</u>
	347,076	317,881
Cash and cash equivalents.....	727	1,805
Accounts receivable and accrued income, net.....	10,374	9,217
Prepaid expenses.....	14,228	12,514
Deferred debt costs, net.....	4,312	3,563
Other assets.....	<u>1,939</u>	<u>1,423</u>
Total assets.....	<u>\$ 378,656</u>	<u>\$ 346,403</u>
Liabilities		
Notes payable.....	\$ 377,269	\$ 351,820
Accounts payable, accrued expenses and other liabilities.....	16,848	14,697
Deferred income.....	<u>2,174</u>	<u>4,009</u>
Total liabilities.....	<u>396,291</u>	<u>370,526</u>
Stockholders' Equity (Deficit)		
Common stock.....	149	145
Additional paid in capital.....	74,104	64,564
Accumulated deficit.....	<u>(91,888)</u>	<u>(88,832)</u>
Total stockholders' equity (deficit).....	<u>(17,635)</u>	<u>(24,123)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 378,656</u>	<u>\$ 346,403</u>