

# Saul Centers, Inc.

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## **Saul Centers, Inc. Reports Third Quarter Earnings**

November 6, 2001, Chevy Chase, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), announced its third quarter 2001 operating results. Funds From Operations (FFO) increased 12.7% to \$10,169,000 in the quarter ended September 30, 2001 compared to \$9,023,000 for the same quarter in 2000. For the nine month period ended September 30, 2001, FFO increased 13.1% to \$29,436,000 compared to \$26,022,000 for the same period in 2000. On a per share basis, FFO was \$.53 per share for the 2001 third quarter, a 9.2% increase over the same quarter last year. For the nine month period ended September 30, 2001, FFO per share increased 9.8% over the comparable period in 2000, to \$1.53 per share. Approximately half of the FFO improvement was derived from the start-up of operations at our 235,000 square foot Washington Square development. 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 items and before real estate depreciation and amortization.

Total revenues for the 2001 third quarter increased 9.2% to \$21,533,000 compared to \$19,724,000 for the 2000 quarter. The company reported net income of \$4,272,000 or \$.30 per share for the 2001 third quarter, a per share increase of 6.5% compared to net income of \$3,842,000 or \$.28 per share for the 2000 quarter (basic and diluted). For the 2001 nine month period, revenues increased 9.6% to \$63,688,000 compared to \$58,119,000 for the comparable period in 2000. The company reported net income of \$12,213,000 or \$.87 per share for the 2001 nine month period, a per share increase of 11.4% compared to net income of \$10,524,000 or \$.78 per share for the comparable 2000 period (basic and diluted).

Same center net operating income in the shopping center portfolio grew 2.1% for the 2001 third quarter and 3.3% for the nine month period ended September 30, 2001, compared to the same periods in 2000. Same property net operating income in the office portfolio declined 5.6% for the 2001 third quarter due to down time for 60,000 square feet of space at 601 Pennsylvania Avenue while two new tenants build out their new offices, and increased 0.2% for the nine month period ended September 30, 2001, compared to the same periods in 2000. Overall same property net operating income for the total portfolio grew 0.2% for the 2001 third quarter and 2.5% for the nine month period ended September 30, 2001, compared to the same periods in 2000. As of September 30, 2001, 93.4% of the portfolio was leased. The company has two properties in the lease-up phase of their development, Washington Square at Old Town Alexandria, Virginia and Crosstown Business Center, which were 58.6% and 77.9% leased, respectively. Excluding these two properties, the remainder of the property portfolio was 95.4% leased.

*Visit the Company's web site at [SaulCenters.com](http://SaulCenters.com)*

Saul Centers, Inc. 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 gross leasable area, with over 82% of the cash flow generated from properties in the metropolitan Washington, D.C./Baltimore area.

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## Saul Centers, Inc.

### Condensed Consolidated Statements of Operations

(\$ in thousands, except per share amounts)

	Three Months Ended September 30.		Nine Months Ended September 30.	
	2001	2000	2001	2000
<b>Revenue</b>				
Base rent.....	\$ 17,546	\$ 15,934	\$ 52,301	\$ 47,315
Other revenue.....	3,987	3,790	11,387	10,804
Total revenue.....	21,533	19,724	63,688	58,119
<b>Operating Expenses</b>				
Property and administrative expenses.....	5,019	4,541	15,087	14,072
Interest expense.....	6,203	6,037	18,750	17,695
Amortization of deferred debt expense.....	142	123	415	330
Depreciation and amortization.....	3,880	3,164	11,172	9,447
Total operating expenses.....	15,244	13,865	45,424	41,544
<b>Net Income Before Minority Interests.....</b>	<b>6,289</b>	<b>5,859</b>	<b>18,264</b>	<b>16,575</b>
<b>Minority Interests</b>				
Minority share of income.....	(1,674)	(1,607)	(4,895)	(4,575)
Distributions in excess of earnings.....	(343)	(410)	(1,156)	(1,476)
Total minority interests.....	(2,017)	(2,017)	(6,051)	(6,051)
<b>Net Income.....</b>	<b>\$ 4,272</b>	<b>\$ 3,842</b>	<b>\$ 12,213</b>	<b>\$ 10,524</b>
<b>Per Share Amounts :</b>				
Net income (basic and diluted).....	\$ 0.30	\$ 0.28	\$ 0.87	\$ 0.78
Funds From Operations.....	\$ 0.53	\$ 0.48	\$ 1.53	\$ 1.39
 Weighted average shares outstanding :				
Common stock.....	14,294,874	13,688,031	14,122,000	13,556,478
Fully converted.....	19,467,115	18,860,272	19,294,241	18,728,719

### Condensed Consolidated Balance Sheets

(\$ in thousands)

	September 30, 2001	December 31, 2000
<b>Assets</b>		
Real estate investments.....	\$ 450,388	\$ 433,009
Accumulated depreciation.....	(133,938)	(124,180)
Other assets.....	25,987	25,621
Total assets.....	\$ 342,437	\$ 334,450
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Notes payable.....	\$ 350,247	\$ 343,453
Other liabilities.....	19,118	22,152
Stockholders' equity (deficit).....	(26,928)	(31,155)
Total liabilities and stockholders' equity (deficit) .....	\$ 342,437	\$ 334,450