

SAUL CENTERS, INC.

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Saul Centers Resolves Land Use Dispute in Lexington

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For Immediate Release

BETHESDA, MARYLAND - Saul Centers, Inc. (NYSE: BFS) announces the resolution of a land use dispute at Lexington Mall, allowing increased flexibility in future development rights for its property. Lexington Mall is a 315,000 square foot enclosed mall, situated on a 30 acre site, located at the intersection of major highways, Richmond Road and New Circle Road in Lexington, Kentucky. The center is currently anchored by a 145,000 square foot Dillard's department store. Saul Centers (the "Company") and The Home Depot, the land owner and operator of a home improvement store on the adjacent 16 acre site, have resolved a dispute arising from a reciprocal easement agreement governing land use between the two owners. Saul Centers and The Home Depot have now executed a new land use agreement which grants each party the flexibility to improve its property.

The Company has also reached an agreement with Dillard's to terminate its lease. The Dillard's store is expected to close during October 2005. During the past several years, the Company has not been renewing small shop leases pending settlement with The Home Depot. The departure of Dillard's now leaves the mall vacant and combined with the new land use agreement, expands potential redevelopment options adjacent to The Home Depot, an established and significant draw to the center. The Company has engaged land planners and assembled a team to proceed with conceptual designs.

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 42 community and neighborhood shopping center and office properties totaling approximately 7.4 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.

More information about Saul Centers is available at it's website at www.saulcenters.com.

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