

SAUL CENTERS, INC.

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

For Immediate Release
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CHEVY CHASE, MARYLAND – Saul Centers, Inc. (NYSE: BFS) announced that it will develop a new 230,000 square foot Class A mixed-use office/retail complex on North Washington Street in historic Old Town Alexandria in Northern Virginia. This project will be developed on Alexandria's main street, on a 2 acre site which the company owns, formerly the location of a 41,500 square foot Mastercraft furniture store. Construction will commence in February 1999, with delivery of the project scheduled for the summer of 2000.

Two twin four-story buildings will feature a brick and cast stone exterior façade with a glass curtain wall overlooking a spacious courtyard. Amenities will include 3-story atrium lobbies, a fitness center, concierge service, a 600 space parking structure and the latest computerized energy management system. The street level will have 45,000 square feet of retail space. Office space totals 185,000 square feet, with the top floor containing walk-out terraces.

A \$38 million construction loan was closed in January 1999, which will fully fund the project costs. The loan has an initial three year term with an interest rate of LIBOR plus 1.90%, with the spread over LIBOR declining as leasing of the office and retail space proceeds.

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 leaseable area, with over 75% of the cash flow generated from properties in the Washington/Baltimore metropolitan area. Saul Centers is an equity real estate investment trust traded on the New York Stock Exchange under the symbol "BFS".

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