

SAUL CENTERS, INC.
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Saul Centers, Inc. Reports Second Quarter 2025 Earnings

August 7, 2025, Bethesda, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (“REIT”), announced operating results for the quarter ended June 30, 2025 (“2025 Quarter”). Total revenue for the 2025 Quarter increased to \$70.8 million from \$66.9 million for the quarter ended June 30, 2024 (“2024 Quarter”). Net income decreased to \$14.2 million for the 2025 Quarter from \$19.5 million for the 2024 Quarter. During the 2025 Quarter, the Company continued to lease residential units and work on retail spaces at Twinbrook Quarter Phase I. On June 25, 2025, Wegmans commenced operations, and as of August 4, 2025, 389 of the 452 (86.1%) residential units were leased and occupied.

Concurrent with the initial delivery of Twinbrook Quarter Phase I on October 1, 2024, interest, real estate taxes, depreciation and all other costs associated with the residential portion and the majority of the retail portion of the property began to be charged to expense, while revenue continues to grow as occupancy increases. As a result, compared to the 2024 Quarter, net income for the 2025 Quarter was adversely impacted by \$5.4 million, of which \$3.5 million was a reduction in capitalized interest, due to the initial operations of Twinbrook Quarter Phase I. Net income available to common stockholders decreased to \$7.9 million, or \$0.33 per basic and diluted share, for the 2025 Quarter from \$11.6 million, or \$0.48 per basic and diluted share, for the 2024 Quarter. As compared to the 2024 Quarter, net income available to common stockholders for the 2025 Quarter was adversely impacted by \$2.9 million, or \$0.12 per basic and diluted share, due to the initial operations of Twinbrook Quarter Phase I.

Same property revenue decreased \$1.5 million, or 2.2%, and same property net operating income decreased \$2.2 million, or 4.3%, for the 2025 Quarter compared to the 2024 Quarter. The \$1.5 million decrease in same property revenue for the 2025 Quarter compared to the 2024 Quarter was primarily due to (a) lower lease termination fees of \$2.0 million partially offset by (b) higher expense recoveries of \$0.3 million. Shopping Center same property net operating income for the 2025 Quarter totaled \$35.3 million, a decrease of \$2.1 million compared to the 2024 Quarter. Shopping Center same property net operating income decreased primarily due to lower lease termination fees of \$2.1 million. One property, Twinbrook Quarter Phase I, was excluded from same property results. Reconciliations of (a) total revenue to same property revenue and (b) net income to same property net operating income are attached to this press release.

Same property revenue and same property operating income are non-GAAP financial measures of performance that management believes improve the comparability of reporting periods by excluding the results of properties that were not in operation for the entirety of the comparable reporting periods. We define same property revenue as total revenue less straight-line base rent and above/below market lease amortization of leases acquired in connection with purchased real estate investment properties minus the revenue of properties not in operation for the entirety of the comparable reporting periods, and we define same property net operating income as net income plus (a) interest expense, net and amortization of deferred debt costs, (b) depreciation and amortization of deferred leasing costs, (c) general and administrative expenses, (d) change in fair value of derivatives, and (e) loss on the early extinguishment of debt minus (f) gains on property dispositions, (g) straight-line base rent, (h) above/below market lease amortization of leases acquired in connection with purchased real estate investment properties and (i) the net operating income of properties that were not in operation for the entirety of the comparable periods.

Funds from operations (“FFO”) available to common stockholders and noncontrolling interests (after deducting preferred stock dividends) decreased to \$25.4 million, or \$0.73 per basic and diluted share, in the 2025 Quarter compared to \$28.5 million, or \$0.83 per basic and diluted share, in the 2024 Quarter. FFO is a non-GAAP supplemental earnings measure that the Company considers meaningful in measuring its operating performance. A reconciliation of net income to FFO is attached to this press release. FFO available to common stockholders and noncontrolling interests was adversely impacted by \$3.2 million, or \$0.09 per basic and diluted share, due to the initial operations of Twinbrook Quarter Phase I.

As of June 30, 2025, 94.0% of the commercial portfolio was leased compared to 95.8% as of June 30, 2024. As of June 30, 2025, excluding The Milton at Twinbrook Quarter, the residential portfolio was 99.0% leased compared to 99.4% as of June 30, 2024.

For the six months ended June 30, 2025 (“2025 Period”), total revenue increased to \$142.7 million from \$133.6 million for the six months ended June 30, 2024 (“2024 Period”). Net income decreased to \$27.0 million for the 2025 Period from \$37.8 million for the 2024 Period. The decrease in net income was primarily due to the initial operations of Twinbrook Quarter Phase I, which adversely impacted net income by \$11.6 million, of which \$7.1 million was a reduction of capitalized interest. Exclusive of Twinbrook Quarter Phase I, net income increased by \$0.9 million primarily due to (a) higher commercial base rent of \$4.3 million and (b) higher residential base rent of \$0.7 million partially offset by (c) lower lease termination fees of \$2.1 million, (d) lower expense recoveries, net of expenses, of \$1.1 million, (e) lower other property revenue of \$0.5 million and (f) higher general and administrative costs of \$0.4 million. Net income available to common stockholders decreased to \$14.9 million, or \$0.62 per basic and diluted share, for the 2025 Period compared to \$22.5 million, or \$0.93 per basic and diluted share, for the 2024 Period. As compared to the 2024 Period, net income available to common stockholders for the 2025 Period was adversely impacted by \$6.4 million, or \$0.26 per basic and diluted share, due to the initial operations of Twinbrook Quarter Phase I.

Same property revenue increased \$0.3 million, or 0.2%, and same property net operating income decreased \$2.4 million, or 2.4%, for the 2025 Period compared to the 2024 Period. Shopping Center same property net operating income decreased by \$2.6 million to \$70.6 million primarily due to lower lease termination fees of \$2.3 million. One property, Twinbrook Quarter Phase I, was excluded from same property results.

FFO available to common stockholders and noncontrolling interests, after deducting preferred stock dividends, decreased to \$49.9 million, or \$1.44 per basic and diluted share, in the 2025 Period from \$56.0 million, or \$1.63 per basic and diluted share, in the 2024 Period. FFO available to common stockholders and noncontrolling interests was adversely impacted by \$7.3 million, or \$0.21 per basic and diluted share, due to the initial operations of Twinbrook Quarter Phase I. Exclusive of Twinbrook Quarter Phase I, FFO available to common stockholders and noncontrolling interests increased by \$1.2 million primarily due to (a) higher commercial base rent of \$4.3 million and (b) higher residential base rent of \$0.7 million partially offset by (c) lower lease termination fees of \$2.1 million, (d) lower expense recoveries, net of expenses, of \$1.1 million and (e) lower other property revenue of \$0.5 million.

Saul Centers, Inc. is a self-managed, self-administered equity REIT headquartered in Bethesda, Maryland, which currently operates and manages a real estate portfolio of 62 properties, which includes (a) 50 community and neighborhood shopping centers and eight mixed-use properties with approximately 10.2 million square feet of leasable area and (b) four non-operating land and development properties. Over 85% of the Saul Centers’ property net operating income is generated by properties in the metropolitan Washington, D.C./Baltimore area.

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Safe Harbor Statement

Certain matters discussed within this press release may be deemed to be forward-looking statements within the meaning of the federal securities laws. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in the forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. These factors include, but are not limited to, the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2024 and include the following: (i) the ability of our tenants to pay rent, (ii) our reliance on shopping center “anchor” tenants and other significant tenants, (iii) our substantial relationships with members of the B. F. Saul Company and certain other affiliated entities, each of which is controlled by B. Francis Saul II and his family members, (iv) risks of financing, such as increases in interest rates, restrictions imposed by our debt, our ability to meet existing financial covenants and our ability to consummate planned and additional financings on acceptable terms, (v) our development activities, (vi) our access to additional capital, (vii) our ability to successfully complete additional acquisitions, developments or redevelopments, or if they are consummated, whether such acquisitions, developments or redevelopments perform as expected, (viii) adverse trends in the retail, office and residential real estate sectors, (ix) risks relating to cybersecurity, including disruption to our business and operations and exposure to liabilities from tenants, employees, capital providers, and other third parties, (x) risks generally incident to the ownership of real property, including adverse changes in economic conditions, changes in the investment climate for real estate, changes in real estate taxes and other operating expenses, adverse changes in governmental rules and fiscal policies, the relative illiquidity of real estate and environmental risks, and (xi) risks related to our status as a REIT for federal income tax purposes, such as the existence of complex regulations relating to our status as a REIT, the effect of future changes to REIT requirements as a result of new legislation and the adverse consequences of the failure to qualify as a REIT. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements that we make, including those in this press release. Except as may be required by law, we make no promise to update any of the forward-looking statements as a result of new information, future events or otherwise. You should carefully review the risks and risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2024.

Saul Centers, Inc.
Consolidated Balance Sheets
(Unaudited)

(Dollars in thousands, except per share amounts)

	June 30, 2025	December 31, 2024
Assets		
Real estate investments		
Land	\$ 556,499	\$ 562,047
Buildings and equipment	1,924,757	1,903,907
Construction in progress	356,511	326,193
	<u>2,837,767</u>	<u>2,792,147</u>
Accumulated depreciation	(789,860)	(767,842)
Total real estate investments, net	<u>2,047,907</u>	<u>2,024,305</u>
Cash and cash equivalents	5,303	10,299
Accounts receivable and accrued income, net	52,621	50,949
Deferred leasing costs, net	26,579	25,907
Other assets	7,274	14,944
Total assets	<u><u>\$ 2,139,684</u></u>	<u><u>\$ 2,126,404</u></u>
Liabilities		
Mortgage notes payable, net	\$ 1,030,839	\$ 1,047,832
Revolving credit facility payable, net	200,876	186,489
Term loan facility payable, net	99,754	99,679
Construction loans payable, net	233,210	198,616
Accounts payable, accrued expenses and other liabilities	45,156	46,162
Deferred income	17,887	23,033
Dividends and distributions payable	23,688	23,469
Total liabilities	<u><u>1,651,410</u></u>	<u><u>1,625,280</u></u>
Equity		
Preferred stock, 1,000,000 shares authorized:		
Series D Cumulative Redeemable, 30,000 shares issued and outstanding	75,000	75,000
Series E Cumulative Redeemable, 44,000 shares issued and outstanding	110,000	110,000
Common stock, \$0.01 par value, 50,000,000 shares authorized, 24,471,554 and 24,302,576 shares issued and outstanding, respectively	245	243
Additional paid-in capital	456,120	454,086
Distributions in excess of accumulated earnings	(320,255)	(306,541)
Accumulated other comprehensive income	1,268	2,966
Total Saul Centers, Inc. equity	<u>322,378</u>	<u>335,754</u>
Noncontrolling interests	165,896	165,370
Total equity	<u>488,274</u>	<u>501,124</u>
Total liabilities and equity	<u><u>\$ 2,139,684</u></u>	<u><u>\$ 2,126,404</u></u>

Saul Centers, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In thousands, except per share amounts)</i>	2025	2024	2025	2024
Revenues				
Rental revenue	\$ 69,426	\$ 63,695	\$ 139,973	\$ 128,994
Other	1,408	3,248	2,717	4,641
Total revenue	70,834	66,943	142,690	133,635
Expenses				
Property operating expenses	11,424	9,656	25,166	20,201
Real estate taxes	8,016	7,608	16,000	15,232
Interest expense, net and amortization of deferred debt costs	16,820	12,267	33,567	24,715
Depreciation and amortization of deferred leasing costs	14,098	12,001	28,621	24,030
General and administrative	6,415	6,102	12,427	11,885
Total expenses	56,773	47,634	115,781	96,063
Gain on disposition of property	120	181	120	181
Net income	14,181	19,490	27,029	37,753
Noncontrolling interests				
Income attributable to noncontrolling interests	(3,461)	(5,042)	(6,510)	(9,675)
Net income attributable to Saul Centers, Inc.	10,720	14,448	20,519	28,078
Preferred stock dividends	(2,799)	(2,799)	(5,597)	(5,597)
Net income available to common stockholders	\$ 7,921	\$ 11,649	\$ 14,922	\$ 22,481
Per share net income available to common stockholders				
Basic and diluted	\$ 0.33	\$ 0.48	\$ 0.62	\$ 0.93

Reconciliation of net income to FFO available to common stockholders and
noncontrolling interests (1)

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In thousands, except per share amounts)</i>	2025	2024	2025	2024
Net income	\$ 14,181	\$ 19,490	\$ 27,029	\$ 37,753
Subtract:				
Gain on disposition of property	(120)	(181)	(120)	(181)
Add:				
Real estate depreciation and amortization	14,098	12,001	28,621	24,030
FFO	28,159	31,310	55,530	61,602
Subtract:				
Preferred stock dividends	(2,799)	(2,799)	(5,597)	(5,597)
FFO available to common stockholders and noncontrolling interests	\$ 25,360	\$ 28,511	\$ 49,933	\$ 56,005
Weighted average shares and units:				
Basic	34,845	34,498	34,765	34,423
Diluted	34,866	34,502	34,786	34,427
Basic and diluted FFO per share available to common stockholders and noncontrolling interests	\$ 0.73	\$ 0.83	\$ 1.44	\$ 1.63

- (1) The National Association of Real Estate Investment Trusts (“Nareit”) developed FFO as a relative non-GAAP financial measure of performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO is defined by NAREIT as net income, computed in accordance with GAAP, plus real estate depreciation and amortization, and excluding impairment charges on real estate assets and gains or losses from real estate dispositions. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs, which is disclosed in the Company’s Consolidated Statements of Cash Flows for the applicable periods. There are no material legal or functional restrictions on the use of FFO. FFO should not be considered as an alternative to net income, its most directly comparable GAAP measure, as an indicator of the Company’s operating performance, or as an alternative to cash flows as a measure of liquidity. Management considers FFO a meaningful supplemental measure of operating performance because it primarily excludes the assumption that the value of the real estate assets diminishes predictably over time (i.e. depreciation), which is contrary to what the Company believes occurs with its assets, and because industry analysts have accepted it as a performance measure. FFO may not be comparable to similarly titled measures employed by other REITs.

Reconciliation of revenue to same property revenue (2)

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total revenue	\$ 70,834	\$ 66,943	\$ 142,690	\$ 133,635
Revenue adjustments (1)	(2,739)	537	(5,095)	279
Acquisitions, dispositions and development properties	(2,097)	—	(3,397)	—
Total same property revenue	<u>\$ 65,998</u>	<u>\$ 67,480</u>	<u>\$ 134,198</u>	<u>\$ 133,914</u>
Shopping Centers	\$ 45,578	\$ 47,372	\$ 93,576	\$ 94,127
Mixed-Use properties	20,420	20,108	40,622	39,787
Total same property revenue	<u>\$ 65,998</u>	<u>\$ 67,480</u>	<u>\$ 134,198</u>	<u>\$ 133,914</u>
Total Shopping Center revenue	\$ 45,578	\$ 47,372	\$ 93,576	\$ 94,127
Shopping Center acquisitions, dispositions and development properties	—	—	—	—
Total Shopping Center same property revenue	<u>\$ 45,578</u>	<u>\$ 47,372</u>	<u>\$ 93,576</u>	<u>\$ 94,127</u>
Total Mixed-Use property revenue	\$ 22,517	\$ 20,108	\$ 44,019	\$ 39,787
Mixed-Use acquisitions, dispositions and development properties	(2,097)	—	(3,397)	—
Total Mixed-Use same property revenue	<u>\$ 20,420</u>	<u>\$ 20,108</u>	<u>\$ 40,622</u>	<u>\$ 39,787</u>

- (1) Revenue adjustments are straight-line base rent and above/below market lease amortization.
- (2) Same property revenue is a non-GAAP financial measure of performance that management believes improves the comparability of reporting periods by excluding the results of properties that were not in operation for the entirety of the comparable reporting periods. Same property revenue adjusts property revenue by subtracting the revenue of properties not in operation for the entirety of the comparable reporting periods. Same property revenue is a measure of the operating performance of the Company's properties but does not measure the Company's performance as a whole. Same property revenue should not be considered as an alternative to total revenue, its most directly comparable GAAP measure, as an indicator of the Company's operating performance. Management considers same property revenue a meaningful supplemental measure of operating performance because it is not affected by the cost of the Company's funding, the impact of depreciation and amortization expenses, gains or losses from the acquisition and sale of operating real estate assets, general and administrative expenses or other gains and losses that relate to ownership of the Company's properties. Management believes the exclusion of these items from same property revenue is useful because the resulting measure captures the actual revenue generated by operating the Company's properties. Other REITs may use different methodologies for calculating same property revenue. Accordingly, the Company's same property revenue may not be comparable to those of other REITs.

Mixed-Use same property revenue is composed of the following:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Office mixed-use properties (1)	\$ 9,797	\$ 10,053	\$ 19,578	\$ 19,833
Residential mixed-use properties (residential activity) (2)	9,459	8,952	18,755	17,726
Residential mixed-use properties (retail activity) (3)	1,164	1,103	2,289	2,228
Total Mixed-Use same property revenue	\$ 20,420	\$ 20,108	\$ 40,622	\$ 39,787

(1) Includes Avenel Business Park, Clarendon Center – North and South Blocks, 601 Pennsylvania Avenue and Washington Square

(2) Includes Clarendon South Block, The Waycroft and Park Van Ness

(3) Includes The Waycroft and Park Van Ness

Reconciliation of net income to same property net operating income (2)

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 14,181	\$ 19,490	\$ 27,029	\$ 37,753
Interest expense, net and amortization of deferred debt costs	16,820	12,267	33,567	24,715
Depreciation and amortization of deferred leasing costs	14,098	12,001	28,621	24,030
General and administrative	6,415	6,102	12,427	11,885
Gain on disposition of property	(120)	(181)	(120)	(181)
Revenue adjustments (1)	(2,739)	537	(5,095)	279
Total property net operating income	48,655	50,216	96,429	98,481
Acquisitions, dispositions, and development properties	(592)	—	(345)	—
Total same property net operating income	\$ 48,063	\$ 50,216	\$ 96,084	\$ 98,481
Shopping Centers	\$ 35,296	\$ 37,419	\$ 70,569	\$ 73,211
Mixed-Use properties	12,767	12,797	25,515	25,270
Total same property net operating income	\$ 48,063	\$ 50,216	\$ 96,084	\$ 98,481
Shopping Center property net operating income	\$ 35,296	\$ 37,419	\$ 70,569	\$ 73,211
Shopping Center acquisitions, dispositions and development properties	—	—	—	—
Total Shopping Center same property net operating income	\$ 35,296	\$ 37,419	\$ 70,569	\$ 73,211
Mixed-Use property net operating income	\$ 13,359	\$ 12,797	\$ 25,860	\$ 25,270
Mixed-Use acquisitions, dispositions and development properties	(592)	—	(345)	—
Total Mixed-Use same property net operating income	\$ 12,767	\$ 12,797	\$ 25,515	\$ 25,270

(1) Revenue adjustments are straight-line base rent and above/below market lease amortization.

(2) Same property net operating income is a non-GAAP financial measure of performance that management believes improves the comparability of reporting periods by excluding the results of properties that were not in operation for the entirety of the comparable reporting periods. Same property net operating income adjusts property net operating income by subtracting the results of properties that were not in operation for the entirety of the comparable periods. Same property net operating income is a measure of the operating performance of the Company's properties but does not measure the Company's performance as a whole. Same property net operating income should not be considered as an alternative to property net operating income, its most directly comparable GAAP measure, as an indicator of the Company's operating performance. Management considers same property net operating income a meaningful supplemental measure of operating performance because it is not affected by the cost of the Company's funding, the impact of depreciation and amortization expenses, gains or losses from the acquisition and sale of operating real estate assets, general and administrative expenses or other gains and losses that relate to ownership of the Company's properties. Management believes the exclusion of these items from property net operating income is useful because the resulting measure captures the actual revenue generated and actual expenses incurred by operating the Company's properties. Other REITs may use different methodologies for calculating same property net operating income. Accordingly, same property net operating income may not be comparable to those of other REITs.

Mixed-Use same property net operating income is composed of the following:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Office mixed-use properties (1)	\$ 6,208	\$ 6,567	\$ 12,326	\$ 12,816
Residential mixed-use properties (residential activity) (2)	5,762	5,435	11,587	10,842
Residential mixed-use properties (retail activity) (3)	797	795	1,602	1,612
Total Mixed-Use same property net operating income	<u>\$ 12,767</u>	<u>\$ 12,797</u>	<u>\$ 25,515</u>	<u>\$ 25,270</u>

(1) Includes Avenel Business Park, Clarendon Center – North and South Blocks, 601 Pennsylvania Avenue and Washington Square

(2) Includes Clarendon South Block, The Waycroft and Park Van Ness

(3) Includes The Waycroft and Park Van Ness