Saul Centers, Inc.

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

Saul Centers, Inc. Reports 1999 Earnings

February 8, 2000, Chevy Chase, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), announced its operating results for the year and quarter ended December 31,1999. Funds From Operations (FFO) increased 10.3% to $32,830,000 in the year ended December 31, 1999 compared to $29,768,000 for the 1998 year. For the quarter ended December 31, 1999, FFO increased 13.4% to $8,920,000 compared to $7,864,000 for the 1998 quarter. On a per share basis, FFO was $1.81 per share for the 1999 year, a 4.7% increase over the prior year. For the quarter ended December 31, 1999, FFO per share increased 7.9% to $.48 per share over the comparable 1998 quarter. 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 and nonrecurring items and before real estate depreciation and amortization.

Total operating revenues for the 1999 year increased 4.5% to $73.8 million compared to $70.6 million for the 1998 year. Operating income before minority interests, nonrecurring and extraordinary items increased 14.2% to $1.14 per share for the 1999 year compared to $1.00 per share for the 1998 year (basic and diluted). Net income increased 40.8% to $1.01 per share for the 1999 year compared to $.72 per share for the 1998 year (basic and diluted). Total operating revenues for the 1999 quarter increased 7.2% to $19.4 million, compared to $18.1 million for the 1998 quarter. For the 1999 quarter, operating income before minority interests, nonrecurring and extraordinary items increased 39.9% to $.30 per share, compared to $.21 per share for the 1998 quarter (basic and diluted). Net income increased 107.0% to $.31 per share for the 1999 quarter compared to $.15 per share for the 1998 quarter (basic and diluted).

Nonrecurring and extraordinary items were comprised mainly of a gain on a property disposition of $0.6 million in 1999 and losses from implementing a change in accounting method of $.8 million in 1998. The District of Columbia purchased the Company's Park Road property as part of an assemblage of parcels for a neighborhood revitalization project. Future operating results of the Company will not be adversely affected by the property disposition. In 1998, the company adopted a new accounting method as directed by the Emerging Issues Task Force (EITF), Issue 98-9, Accounting for Contingent Rent In Interim Financial Periods. The change in accounting method had no impact on the Company's cash flows, however the Company recorded a one-time charge of $0.8 million for contingent rents recognized under the previous method.

Same center operating income increased 4.9% for the shopping center portfolio, 5.5% for the office properties and 5.0% overall. Space leased by tenants averaged 91.7% for all of 1999 compared to the 1998 average of 89.9%. As of December 31, 1999, 92.7% of the portfolio was leased. Excluding the 200,000 square foot Crosstown Business Center office/warehouse redevelopment which is currently 15.3% leased, 95.4% of the portfolio was leased at year end.

During 1999, the company paid four quarterly distributions of $.39 per share to shareholders, of which 86.1% was taxable as ordinary income and 13.9% represented a return of capital.

Saul Centers, Inc. operates and manages a real estate portfolio of 27 community and neighborhood shopping centers and 6 predominantly office properties totaling approximately 6 million square feet of gross leasable area, with over 80% of the cash flow generated from properties in the metropolitan Washington, D.C./Baltimore area.

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

Saul Centers, Inc.

Condensed Consolidated Statements of Operations

($ in thousands, except per share amounts)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	Years Ended December 31, 1999	Years Ended December 31, 1998
Revenue				
Base Rent	$ 15,448	$ 14,037	$ 59,200	$ 55,542
Other Revenue	3,950	4,063	14,591	15,041
Total revenue	19,398	18,100	73,791	70,583
Operating Expenses				
Property and administrative expenses	4,540	4,477	17,977	17,769
Interest expense	5,834	5,655	22,568	22,627
Amortization of deferred debt costs	104	104	416	419
Depreciation and amortization	3,370	4,090	12,163	12,578
Total operating expenses	13,848	14,326	53,124	53,393
Operating Income	5,550	3,774	20,667	17,190
Extraordinary and Nonrecurring Items				
Early extinguishment of debt	--	--	--	(50)
Gain on property disposition	553	--	553	--
Change in accounting method	--	--	--	(771)
Minority Interests				
Minority share of income	(1,696)	(1,016)	(5,899)	(4,354)
Distributions in excess of earnings	(321)	(857)	(2,024)	(2,886)
Total minority interests	(2,017)	(1,873)	(7,923)	(7,240)
Net Income	$ 4,086	$ 1,901	$ 13,297	$ 9,129
Per Share Amounts :				
Net income (basic and diluted)	$ 0.31	$ 0.15	$ 1.01	$ 0.72
Funds From Operations	$ 0.48	$ 0.45	$ 1.81	$ 1.73
Weighted average shares outstanding :				
Common stock	13,289,477	12,799,948	13,100,295	12,643,639
Fully converted	18,461,718	17,561,021	18,147,954	17,233,047

Condensed Consolidated Balance Sheets

($ in thousands)

	December 31, 1999	December 31, 1998
Assets		
Real estate investments	$ 389,583	$ 352,567
Accumulated depreciation	(112,272)	(101,910)
Other assets	22,354	20,377
Total assets	$ 299,665	$ 271,034
Liabilities and Stockholders' Equity (Deficit)		
Notes payable	$ 310,268	$ 290,623
Other liabilities	21,256	17,695
Stockholders' equity (deficit)	(31,859)	(37,284)
Total liabilities and stockholders' equity (deficit)	$ 299,665	$ 271,034