Saul Centers, Inc.

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Saul Centers, Inc. Reports First Quarter Earnings, FFO grows 7.4%

(Prior year amounts referenced in this news release have been adjusted for a change in accounting method described below, to provide comparability between periods.)

April 21, 1999, Chevy Chase, MD.

Saul Centers, Inc. (NYSE: BFS), an equity real estate investment trust (REIT), today announced its first quarter 1999 operating results. Funds From Operations (FFO) increased 7.4% to $7,938,000 in the quarter ended March 31, 1999 compared to $7,388,000 for the same quarter in 1998. On a per share basis, FFO increased 1.9% to $.45 per share for the 1999 quarter from $.44 for the same quarter last year. 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 revenues for the 1999 first quarter increased 3.7% to $17,964,000 compared to $17,328,000 for the 1998 first quarter. Operating income before minority interests and extraordinary charges was $5,041,000, or $.28 per share, representing a per share increase of 2.6% over the comparable 1998 quarter. After deducting minority interests and extraordinary charges, the company reported net income of $3,120,000 or $.24 per share, an increase of 38.5% over the first quarter of 1998. The comparative increase in net income for the quarter ended March 31, 1999 resulted primarily from a non-recurring charge related to a change in accounting method taken during the 1998 quarter.

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. According to the new pronouncement, lessors are required to defer the accounting recognition of contingent rent, such as percentage rent, until the specific tenant sales breakpoint target is achieved. The Company's prior accounting method, which was permitted under generally accepted accounting principles, recognized percentage rent when a tenant's achievement of its sales breakpoint was considered probable. As expected, the new accounting method did not affect the amount of percentage rent income reported on an annual basis, but did impact the recognition of percentage rent income reported on an interim basis by increasing revenues the Company reported in the first and fourth quarters and decreasing revenues reported in the second and third quarters. The change in accounting method had no impact on the Company's cash flows. The 1998 first quarter results presented above were increased $185,000 or $.01 per share, to provide comparability with the 1999 first quarter results.

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 leasable area, with over 80% of the cash flow generated from properties in the metropolitan Washington, D.C./Baltimore area.

Certain matters discussed within this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and as such may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Saul Centers to be different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although Saul Centers believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. These risks are detailed from time to time in the Company’s filings with the Securities and Exchange Commission.

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Saul Centers, Inc.

Condensed Consolidated Statements of Operations

($ in thousands, except per share amounts)

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998 (as adjusted) (2)
Revenue		
Base Rent	$ 14,333	$ 13,471
Other Revenue	3,631	3,672
EITF 98-9 impact (1)	--	185
Total revenue	17,964	17,328
Operating Expenses		
Property and administrative expenses	4,393	4,235
Interest expense	5,530	5,604
Amortization of deferred debt costs	103	101
Depreciation and amortization	2,897	2,725
Total operating expenses	12,923	12,665
Operating Income	5,041	4,663
Non-Operating and Nonrecurring Item		
Change in accounting method (1)	--	(771)
Minority Interests		
Minority share of income	(1,381)	(1,012)
Distributions in excess of earnings	(540)	(701)
Total minority interests	(1,921)	(1,713)
Net Income	$ 3,120	$ 2,179
Per Share Amounts :		
Net income (basic and diluted)	$ 0.24	$ 0.17
Funds From Operations	$ 0.45	$ 0.44
Weighted average shares outstanding :		
Common stock	12,917,243	12,493,633
Fully converted	17,800,406	16,886,796

(1) On May 21, 1998, the Emerging Issues Task Force (EITF) ruled that lessors should defer the accounting recognition of contingent rent, such as percentage rent, until the specific tenant sales breakpoint target is achieved. The Company's prior accounting method, which was permitted under generally accepted accounting principles, recognized percentage rent when a tenant's achievement of its sales breakpoint was considered probable.

(2) First quarter 1998 amounts set forth above are presented as previously reported except the EITF adjustments, in order to provide comparability with 1999 first quarter results.

Condensed Consolidated Balance Sheets

($ in thousands)

	March 31, 1999	December 31, 1998
Assets		
Real estate investments	$ 359,390	$ 352,567
Accumulated depreciation	(104,472)	(101,910)
Other assets	20,326	20,377
Total assets	$ 275,244	$ 271,034
Liabilities and Stockholders' Equity (Deficit)		
Notes payable	$ 291,781	$ 290,623
Other liabilities	19,217	17,695
Stockholders' equity (deficit)	(35,754)	(37,284)
Total liabilities and stockholders' equity (deficit)	$ 275,244	$ 271,034