

# SAUL CENTERS, INC.

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## **Saul Centers Acquires Three Shopping Centers**

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### For Immediate Release

BETHESDA, MARYLAND – Saul Centers, Inc. (NYSE:BFS), an equity Real Estate Investment Trust (REIT), announced the acquisition of three Giant Food-anchored shopping centers located in the metropolitan Washington, DC / Baltimore area. The centers total 635,000 square feet of leasable area, of which 98% is leased. The aggregate purchase price was \$168.5 million and the transaction closed on September 23, 2011.

Kentlands Square is a 241,000 square foot neighborhood shopping center located in Gaithersburg, Maryland, in Montgomery County, the state's most populous and affluent county. More than 38,000 households, with annual household incomes averaging over \$114,000, are located within a three-mile radius of the center. The center was constructed in 1993, is 100% leased and is anchored by a 61,000 square foot Giant Food supermarket and a 104,000 square foot Kmart. The property, which was purchased for \$74.5 million, is adjacent to the Company's two Kentlands properties, one of which is anchored by Lowe's Home Improvement.

Severna Park is a 254,000 square foot neighborhood shopping center located in Severna Park, Maryland, in Anne Arundel County. More than 15,000 households, with annual household incomes averaging over \$112,000, are located within a three-mile radius of the center. The center was constructed in 1974 and renovated in 2000, is 100% leased and is anchored by a 63,000 square foot Giant Food supermarket and a 92,000 square foot Kohl's. The property was purchased for \$61.0 million.

Cranberry Square is a 140,000 square foot neighborhood shopping center located in Westminster, Maryland, in Carroll County. More than 12,000 households, with annual household incomes averaging over \$72,000, are located within a three-mile radius of the center. The center was constructed in 1991, is 92% leased and is anchored by a 56,000 square foot Giant Food supermarket and a 24,000 square foot Staples. The property was purchased for \$33.0 million.

The acquisition was financed with (1) \$60.0 million from two secured-bridge loans, each with an initial term of six months and accruing interest, payable monthly, at a rate equal to LIBOR plus 175 basis points; (2) a \$38.0 million non-recourse permanent loan secured by Severna Park; (3) approximately \$17.1 million in cash and borrowings from the Company's line of credit; and (3) \$55.8 million of new equity through the issuance of 1,684,782 restricted shares of common stock and operating partnership units of Saul Centers, issued per the terms of a Stock Purchase Agreement with the B. F. Saul Real Estate Investment Trust dated August 9, 2011, at a price of \$33.12 per share, determined using the average closing price of the common stock for the trailing five days immediately prior to the closing of the acquisition. The Stock Purchase Agreement was executed during the acquisition auction which allowed the Company to bid for the acquisition by providing the certainty for the required equity in the event the acquisition was successful.

The \$38.0 million non-recourse permanent loan secured by Severna Park has a 15-year term and requires monthly principal and interest payments based upon a 4.30% interest rate and 25-year amortization schedule. Additionally, the Company has entered into interest-rate lock agreements for two non-recourse permanent loans totaling \$63.0 million, the proceeds of which will pay-off the bridge financing. The loans, both of which have a 15-year term, will require aggregate monthly payments based on a weighted average interest rate of 4.58% and 25-year amortization schedules. The two loans are expected to close within 45 days, subject to customary closing conditions.

The Company expects to record transaction expenses totaling approximately \$2.4 million (\$0.10 per diluted share) during the quarter ending September 30, 2011, and projects that the financial results of these acquisitions will be modestly accretive to per share Funds from Operations available to common shareholders during 2012.

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 58 operating community and neighborhood shopping center and office/mixed-use properties totaling approximately 9.6 million square feet of leasable area. Over 85% of the Company's cash flow is generated from properties in the metropolitan Washington, DC/Baltimore area.

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