

SAUL CENTERS, INC.

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Saul Centers Declares Quarterly Dividends

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For Immediate Release

BETHESDA, MARYLAND – Saul Centers, Inc. (NYSE: BFS) has declared a quarterly dividend of \$0.39 per share on its common stock, to be paid January 30, 2009 to holders of record on January 16, 2009. The amount of the quarterly common dividend payable is a decrease of \$0.08 per share or 17.0% from the amount paid in the previous quarter and the prior year's comparable quarter. In recent years, the Company's Board of Directors has followed a practice of setting the dividend at a level approximately equal to its taxable income so that it could comply with Real Estate Investment Trust regulations, but not pay Federal corporate income tax. This practice allowed the Company to retain the maximum amount of excess cash flow for either future acquisitions and development or retirement of debt. To continue this appropriately conservative practice, the Board took into account two new factors which warranted reducing the common dividend. First, the Series B Preferred Stock offering in March 2008 requires a dividend. While the additional capital provided by the new Preferred Stock will eventually benefit the common stockholders, the Preferred Stock dividend reduces the currently required common stock dividend payout. Second, the retail environment is becoming stressed as a result of current economic and credit market conditions, and is starting to cause increases in retail tenant delinquencies, which is beginning to negatively affect the Company's income. The Company believes the dividend reduction to be a prudent measure, appropriate for these challenging market conditions, in order to maintain a strong capital and liquidity position.

The reduced payout will further strengthen the Company's sound balance sheet with 95% of its debt consisting of fixed rate, amortizing non-recourse mortgage loans, none of which mature until December 2011. Additionally, the Company has no outstanding borrowings on its \$150 million revolving credit facility.

The Company also declared the quarterly dividends for its 8% Series A Cumulative Redeemable Preferred Stock in the amount of \$0.50 per depositary share and 9% Series B Cumulative Redeemable Preferred Stock in the amount of \$0.5625 per depositary share. The amounts of both preferred dividends are unchanged from the prior quarter and will be paid January 15, 2009 to holders of record on January 5, 2009.

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 50 operating community and neighborhood shopping center and office properties totaling approximately 8.2 million square feet of leasable area. Over 80% of the Company's cash flow is generated from properties in the metropolitan Washington, DC/Baltimore area.

More information about Saul Centers is available on the Company's website at www.saulcenters.com.

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