

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
SAUL CENTERS, INC.		52-1833074	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
SCOTT SCHNEIDER	(301) 986-6220	SCOTT.SCHNEIDER@SAULCENTERS.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
7501 WISCONSIN AVENUE, SUITE 1500		BETHESDA, MD 20814-6522	
8 Date of action		9 Classification and description	
VARIOUS		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ SAUL CENTERS, INC. ("TAXPAYER") MADE CASH DISTRIBUTIONS TO ITS SAHREHOLDERS IN EXCESS OF ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS. SEE PART II LINE 15 FOR THE DATES OF THESE DISTRIBUTIONS.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE DISTRIBUTIONS MADE ON THE FOLLOWING DATES REDUCED THE BASIS OF THE SECURITY IN THE HANDS OF THE U.S. TAXPAYER(S).

DATE	PERCENTAGE OF QUARTERLY DISTRIBUTIONS WHICH REDUCES BASIS OF COMMON STOCK
1/29/2016	4.9%
4/29/2016	4.9%
7/29/2016	4.9%
10/28/2016	4.9%

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE TAXPAYER'S EARNINGS AND PROFITS WERE CALCUALTED UNDER IRC. SEC. 312, AND THE REGULATIONS THEREUNDER. AMOUTNS IN EXCESS OF EARNINGS AND PROFITS REDUCE THE SAHREHOLDER'S TAX BASIS IN ITS SHARES TO THE EXTENT OF BASIS.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC. SEC. 301 (c)(2)

18 Can any resulting loss be recognized? ▶ NO

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THESE ACTIONS ARE EFFECTIVE ON THE DATES OF DISTRIBUTIONS IDENTIFIED ABOVE.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Scott Schneider Date ▶ 1/16/17

Print your name ▶ SCOTT SCHNEIDER Title ▶ SENIOR VICE PRESIDENT

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	ADAM KETTLE	<u>Adam Kettle</u>	1/16/2017		P01437454
	Firm's name ▶ BDO USA, LLP	Firm's address ▶ 8401 GREENSBORO DRIVE 8TH FLOOR, MCLEAN, VA 22102		Firm's EIN ▶	13-5381590
				Phone no.	(703)893-0600