



**MISSION
WEST
PROPERTIES, INC.**

Press Release

For Immediate News Release
October 14, 2009

MISSION WEST PROPERTIES ANNOUNCES THIRD QUARTER 2009 OPERATING RESULTS

Cupertino, CA – Mission West Properties, Inc. (NASDAQ: MSW) reported today that Funds From Operations (“FFO”) for the quarter ended September 30, 2009 was approximately \$17,604,000, or \$0.17 per diluted common share, (considering the potential effect of all O.P. units being exchanged for shares of the Company’s common stock) as compared to approximately \$14,199,000, or \$0.13 per diluted common share, for the same period in 2008. Unrealized gain from investment in marketable securities accounted for approximately \$4,464,000, or \$0.04 per diluted common share, for the quarter ended September 30, 2009. On a sequential quarter basis, FFO for the quarter ended June 30, 2009 was approximately \$0.13 per diluted common share. For the nine months ended September 30, 2009, FFO increased to \$43,863,000, or \$0.42 per diluted common share, from FFO of \$42,471,000, or \$0.40 per diluted common share, for the same period in 2008. Net termination fees accounted for approximately \$1,921,000, or \$0.02 per diluted common share, for the nine months ended September 30, 2008.

Net income for the quarter ended September 30, 2009 was approximately \$11,242,000 as compared to approximately \$7,939,000 for the quarter ended September 30, 2008. Net income per diluted share to common stockholders was approximately \$0.13 for the quarter ended September 30, 2009 compared to \$0.08 for the quarter ended September 30, 2008, a per share increase of approximately 63%. Net income for the nine months ended September 30, 2009 was approximately \$24,065,000 as compared to approximately \$23,897,000 for the nine months ended September 30, 2008. For the nine months ended September 30, 2009, net income per diluted share to common stockholders was approximately \$0.27, up from \$0.25 a year ago, a per share increase of approximately 8%.

Company Profile

Mission West Properties, Inc. operates as a self-managed, self-administered and fully integrated REIT engaged in the management, leasing, marketing, development and acquisition of commercial R&D properties, primarily located in the Silicon Valley portion of the San Francisco Bay Area. Currently, the Company manages 111 properties totaling approximately 8.0 million rentable square feet, which includes approximately 854,000 rentable square feet (or 16 buildings) that are in the process of being rezoned for residential development. For additional information, please contact Investor Relations at 408-725-0700.

The matters described herein contain forward-looking statements. Such statements can be identified by the use of forward-looking terminology such as “will,” “anticipate,” “estimate,” “expect,” “intends,” or similar words. Forward-looking statements involve a number of risks, uncertainties or other factors beyond the Company’s control, which may cause material differences in actual results, performance or other expectations. These factors include, but are not limited to, the ability to complete acquisitions under the Berg Land Holdings Option Agreement with the Berg Group and other factors detailed in the Company’s registration statements, and periodic filings with the Securities & Exchange Commission.

MISSION WEST PROPERTIES, INC.
SELECTED FINANCIAL DATA

(In thousands, except share, per share and property data amounts)

	<u>Three Months Ended Sept 30, 2009</u>	<u>Three Months Ended Sept 30, 2008</u>	<u>Nine Months Ended Sept 30, 2009</u>	<u>Nine Months Ended Sept 30, 2008</u>
OPERATING REVENUES:				
Rental revenue from real estate	\$20,442	\$20,256	\$61,521	\$58,612
Tenant reimbursements	4,566	4,607	13,681	11,900
Lease termination and settlement income	-	-	-	1,921
Other income	284	292	906	769
Total operating revenues	<u>25,292</u>	<u>25,155</u>	<u>76,108</u>	<u>73,202</u>
OPERATING EXPENSES:				
Operating and maintenance	3,539	2,951	10,014	7,993
Real estate taxes	3,248	2,888	9,996	8,245
General and administrative	589	605	1,743	1,951
Depreciation and amortization of real estate	5,921 ⁽¹⁾	5,759 ⁽¹⁾	18,200 ⁽¹⁾	17,064 ⁽¹⁾
Total operating expenses	<u>13,297</u>	<u>12,203</u>	<u>39,953</u>	<u>35,253</u>
Operating income	11,995	12,952	36,155	37,949
OTHER INCOME (EXPENSES):				
Equity in earnings of unconsolidated joint venture	72	126	237	915
Interest and dividend income	93	193	1,158	965
Unrealized gain from investment	4,464	-	4,140	-
Interest expense	(5,180)	(5,023)	(17,071)	(14,907)
Interest expense – related parties	(202)	(309)	(554)	(1,025)
Net income	<u>11,242</u>	<u>7,939</u>	<u>24,065</u>	<u>23,897</u>
Net income attributable to noncontrolling interests	(8,476)	(6,304)	(18,083)	(19,021)
Net income attributable to common stockholders	<u>\$2,766</u>	<u>\$1,635</u>	<u>\$5,982</u>	<u>\$4,876</u>
Net income per share to common stockholders:				
Basic	<u>\$0.13</u>	<u>\$0.08</u>	<u>\$0.28</u>	<u>\$0.25</u>
Diluted	<u>\$0.13</u>	<u>\$0.08</u>	<u>\$0.27</u>	<u>\$0.25</u>
Weighted average shares of common stock (basic)	<u>21,770,211</u>	<u>19,745,141</u>	<u>21,717,713</u>	<u>19,703,066</u>
Weighted average shares of common stock (diluted)	<u>21,902,387</u>	<u>19,783,507</u>	<u>21,858,067</u>	<u>19,769,148</u>
Weighted average O.P. units outstanding	<u>83,504,965</u>	<u>85,527,739</u>	<u>83,557,463</u>	<u>85,528,787</u>
FUNDS FROM OPERATIONS				
Funds from operations	\$17,604	\$14,199	\$43,863	\$42,471
Funds from operations per share ⁽²⁾	<u>\$0.17</u>	<u>\$0.13</u>	<u>\$0.42</u>	<u>\$0.40</u>
Outstanding common stock	<u>21,770,211</u>	<u>19,748,211</u>	<u>21,770,211</u>	<u>19,748,211</u>
Outstanding O.P. units	<u>83,504,965</u>	<u>85,526,965</u>	<u>83,504,965</u>	<u>85,526,965</u>
Weighted average O.P. units and common stock outstanding (diluted)	<u>105,407,352</u>	<u>105,311,246</u>	<u>105,415,530</u>	<u>105,297,934</u>

	Three Months Ended Sept 30, 2009	Three Months Ended Sept 30, 2008	Nine Months Ended Sept 30, 2009	Nine Months Ended Sept 30, 2008
FUNDS FROM OPERATIONS CALCULATION				
Net income	\$11,242	\$ 7,939	\$24,065	\$23,897
Add:				
Depreciation and amortization of real estate	6,385	6,204	19,796	18,313
Depreciation and amortization of real estate held in unconsolidated joint venture	60	189	179	568
Less:				
Noncontrolling interests in joint ventures	(83)	(133)	(177)	(307)
Funds from operations	<u>\$17,604</u>	<u>\$14,199</u>	<u>\$43,863</u>	<u>\$42,471</u>

Funds From Operations ("FFO") is a non-GAAP financial measurement used by real estate investment trusts ("REITs") to measure and compare operating performance. As defined by NAREIT, FFO represents net income (loss) (computed in accordance with GAAP, accounting principles generally accepted in the United States of America), excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets) and after adjustments for unconsolidated partnerships and joint ventures. Management considers FFO to be an appropriate supplemental measure of the Company's operating and financial performance because when compared year over year, it reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs, providing a perspective not immediately apparent from net income. In addition, management believes that FFO provides useful information about the Company's financial performance when compared to other REITs since FFO is generally recognized as the industry standard for reporting the operations of REITs. FFO should neither be considered as an alternative for net income as a measure of profitability nor is it comparable to cash flows provided by operating activities determined in accordance with GAAP. FFO is not comparable to similarly entitled items reported by other REITs that do not define them exactly as we define FFO.

	Three Months Ended Sept 30, 2009	Three Months Ended Sept 30, 2008	Nine Months Ended Sept 30, 2009	Nine Months Ended Sept 30, 2008
PROPERTY AND OTHER DATA:				
Total properties, end of period	111	111	111	111
Total square feet, end of period	8,047,569	8,047,569	8,047,569	8,047,569
Average monthly rental revenue per square foot ⁽³⁾	\$1.30	\$1.25	\$1.29	\$1.24
Occupancy for leased properties	65.7%	66.7%	65.7%	66.7%
Straight-line rent	\$115	\$ 857	\$ 675	\$2,444
Leasing commissions	\$973	\$ 606	\$1,294	\$1,241
Capital expenditures	\$156	\$3,827	\$ 156	\$6,164

LEASE ROLLOVER SCHEDULE:

Year	# of Leases	Rentable Square Feet	2009 Base Rent ⁽⁵⁾
2009	8	90,082 ⁽⁴⁾	\$ 1,811,171
2010	8	342,099	5,838,534
2011	16	838,692	12,333,272
2012	14	1,010,825	13,538,262
2013	6	397,215	5,081,754
2014	17	1,492,430	24,794,530
2015	6	485,036	8,784,081
2016	3	165,976	3,105,544
2017	5	349,949	3,510,351
Thereafter	1	119,756	2,608,286
Total	<u>84</u>	<u>5,292,060</u>	<u>\$81,405,785</u>

BALANCE SHEETS

	<u>September 30, 2009</u>	<u>December 31, 2008</u>
Assets		
Investments in real estate:		
Land	\$ 320,911	\$ 320,911
Buildings and improvements	799,627	799,471
Real estate related intangible assets	3,240	3,240
Total investments in properties	<u>1,123,778</u>	<u>1,123,622</u>
Accumulated depreciation and amortization	(198,243)	(180,043)
Net investments in properties	<u>925,535</u>	<u>943,579</u>
Investment in unconsolidated joint venture	3,830	3,768
Net investments in real estate	<u>929,365</u>	<u>947,347</u>
Cash and cash equivalents	576	-
Restricted cash	7,597	39,478
Restricted investment in marketable securities	11,124	-
Investment in marketable securities	-	3,368
Deferred rent receivables	18,516	17,841
Other assets, net	31,408	26,251
Total assets	<u><u>\$998,586</u></u>	<u><u>\$1,034,285</u></u>
Liabilities and Equity		
Liabilities:		
Mortgage notes payable	\$321,907	\$ 330,908
Mortgage note payable – related parties	8,389	8,761
Note payable – related parties	5,057	-
Revolving line of credit	3,573	13,079
Interest payable	1,530	1,596
Security deposits	5,026	5,272
Deferred rental income	5,525	3,964
Dividends and distributions payable	15,791	21,055
Accounts payable and accrued expenses	29,283	17,747
Total liabilities	<u>396,081</u>	<u>402,382</u>
Commitments and contingencies.		
Equity: ⁽⁶⁾		
Stockholders' equity:		
Common stock, \$.001 par value	22	20
Additional paid-in capital	169,790	154,412
Distributions in excess of accumulated earnings	(24,912)	(20,014)
Total stockholders' equity	<u>144,900</u>	<u>134,418</u>
Noncontrolling interests	457,605	497,485
Total equity	<u>602,505</u>	<u>631,903</u>
Total liabilities and equity	<u><u>\$998,586</u></u>	<u><u>\$1,034,285</u></u>

(1) Includes approximately \$159 in amortization expense for the three months ended September 30, 2009 and 2008, and \$478 and \$441 in amortization expense for the nine months ended September 30, 2009 and 2008, respectively, for the amortization of in-place lease value intangible asset pursuant to the Business Combinations Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

(2) Calculated on a fully diluted basis. Assumes conversion of O.P. units outstanding into the Company's common stock.

(3) Average monthly rental revenue per square foot has been determined by taking the cash base rent for the period divided by the number of months in the period, and then divided by the average occupied square feet in the period.

(4) Seven leases for approximately 90,000 rentable square feet are month to month leases.

(5) Base rent reflects cash rent.

(6) Reflects adoption of the Consolidation Topic of the FASB ASC.