MISSION WEST PROPERTIES, INC.

# Press Release

For Immediate News Release
February 1, 2012

## MISSION WEST PROPERTIES ANNOUNCES FOURTH QUARTER AND FULL YEAR 2011 OPERATING RESULTS

**Cupertino, CA – Mission West Properties, Inc. (NASDAQ: MSW)** reported today that Funds From Operations ("FFO") for the quarter ended December 31, 2011, was approximately $16,624,000, or $0.16 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 $11,182,000, or $0.11 per diluted common share, for the same period in 2010. The increase was primarily due to higher operating revenues from new leases and lower operating expenses. On a sequential quarter basis, FFO for the quarter ended September 30, 2011, was approximately $0.13 per diluted common share. For the year ended December 31, 2011, FFO increased to $60,693,000, or $0.57 per diluted common share, from FFO of $56,018,000, or $0.53 per diluted common share, for the year ended December 31, 2010. Realized and unrealized gain from investment in marketable securities and litigation proceeds accounted for approximately $0.05 per diluted common share for the year ended December 31, 2010.

Net income for the quarter ended December 31, 2011, was approximately $14,159,000 as compared to approximately $10,839,000 for the quarter ended December 31, 2010. Net income per diluted share available to common stockholders was approximately $0.14 for the quarter ended December 31, 2011, compared to $0.10 for the quarter ended December 31, 2010, a per share increase of approximately 40%. The increase was primarily due to higher operating revenues from new leases and lower operating expenses. For the quarters ended December 31, 2011 and 2010, gain from the sale of real estate accounted for approximately $0.03 and $0.05 per diluted common share, respectively. Net income for the year ended December 31, 2011, was approximately $38,901,000 as compared to approximately $36,495,000 for the year ended December 31, 2010. For the year ended December 31, 2011, net income per diluted share available to common stockholders was $0.40, up from $0.38 a year ago, a per share increase of approximately 5%. Realized and unrealized gain from investment in marketable securities and litigation proceeds accounted for approximately $0.05 per diluted common share for the year ended December 31, 2010.

***Disposition Activity***

On October 28, 2011, the Company disposed of one R&D property located at 1425-1455 McCandless Drive in Milpitas, California consisting of approximately 39,000 rentable square feet. A total net gain of approximately $3,891,000 was recognized and classified as discontinued operations on the total sales price of $7,320,000. The buyer issued a promissory note secured by a deed of trust on the property sold to the Company in the amount of $3,660,000 with an interest rate of 6.00% per annum. The principal amount of the note, together with accrued interest, will be due and payable on October 30, 2012.

On January 9, 2012, the Company disposed of three R&D properties located at 1680-1690 McCandless Drive, 1740-1768 McCandless Drive and 1810-1830 McCandless Drive in Milpitas, California consisting of approximately 165,000 rentable square feet. A total net gain of approximately $8,350,000 will be recognized and classified as discontinued operations on the total sales price of $21,780,000. The buyer issued an unsecured promissory note to the Company in the amount of $18,780,000 with an interest rate of 0% per annum. The total sales price encompasses the sum of the following amounts: a) The down payment price of $3,000,000; b) Yearly payments of $3,000,000 on the anniversary of the effective date for four years; and c) On the fifth year anniversary of the effective date, the buyer will pay the amount remaining of the unpaid portion of the total sales price.

***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 108 properties totaling approximately 7.9 million rentable square feet. 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," "intend," 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 from 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)

**STATEMENTS OF OPERATIONS**

| | Three Months Ended Dec 31, 2011 | Three Months Ended Dec 31, 2010 | Twelve Months Ended Dec 31, 2011 | Twelve Months Ended Dec 31, 2010 |
|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | |
| Rental income | $20,608 | $19,487 | $83,574 [6] | $81,037 |
| Tenant reimbursements | 4,704 | 3,467 | 17,701 | 14,868 |
| Other income | 1,666 | 472 | 3,581 | 2,590 |
| Total operating revenues | 26,978 | 23,426 | 104,856 | 98,495 |
| **OPERATING EXPENSES:** | | | | |
| Operating and maintenance | 3,079 | 3,910 | 11,174 | 13,020 |
| Real estate taxes | 2,195 | 2,903 | 10,980 | 12,084 |
| General and administrative | 831 | 558 | 2,378 | 2,219 |
| Depreciation and amortization | 5,923 [1] | 5,533 [1] | 22,839 [1] | 22,122 [1] |
| Total operating expenses | 12,028 | 12,904 | 47,371 | 49,445 |
| Operating income | 14,950 | 10,522 | 57,485 | 49,050 |
| **OTHER INCOME (EXPENSES):** | | | | |
| Equity in (loss) earnings of unconsolidated joint venture | (4) | 33 | 27 | 303 |
| Interest income | 334 | 51 | 515 | 102 |
| Realized gain and unrealized loss from investment, net | - | - | - | 4,067 |
| Interest expense | (4,725) | (5,304) | (20,505) | (20,068) |
| Interest expense – related parties | (152) | (149) | (631) | (988) |
| Income from continuing operations | 10,403 | 5,153 | 36,891 | 32,466 |
| Discontinued operations: | | | | |
| Gain from disposal of discontinued operations | 3,891 | 6,199 | 3,891 | 6,199 |
| Loss from discontinued operations | (135) | (513) | (1,881) | (2,170) |
| Income from discontinued operations | 3,756 | 5,686 | 2,010 | 4,029 |
| Net income | 14,159 | 10,839 | 38,901 | 36,495 |
| Net income attributable to noncontrolling interests | (11,038) | (8,654) | (29,626) | (28,022) |
| Net income available to common stockholders | $3,121 | $2,185 | $9,275 | $8,473 |
| Income per share from continuing operations: | | | | |
| Basic | $0.11 | $0.06 | $0.40 | $0.36 |
| Diluted | $0.11 | $0.06 | $0.39 | $0.35 |
| Income per share from discontinued operations: | | | | |
| Basic | $0.03 | $0.04 | $0.01 | $0.03 |
| Diluted | $0.03 | $0.04 | $0.01 | $0.03 |
| Net income per share to common stockholders: | | | | |
| Basic | $0.14 | $0.10 | $0.41 | $0.39 |
| Diluted | $0.14 | $0.10 | $0.40 | $0.38 |
| Weighted average shares of common stock (basic) | 22,585,110 | 22,076,694 | 22,489,475 | 21,973,599 |
| Weighted average shares of common stock (diluted) | 23,013,187 | 22,198,946 | 22,917,552 | 22,121,724 |
| Weighted average O.P. units outstanding | 82,700,925 | 83,209,341 | 82,796,560 | 83,310,364 |

| FUNDS FROM OPERATIONS | Three Months Ended Dec 31, 2011 | Three Months Ended Dec 31, 2010 | Twelve Months Ended Dec 31, 2011 | Twelve Months Ended Dec 31, 2010 |
|---|---|---|---|---|
| Funds from operations | $16,624 | $11,182 | $60,693 | $56,018 |
| Funds from operations per share [2] | $0.16 | $0.11 | $0.57 | $0.53 |
| Outstanding common stock | 22,586,020 | 22,135,770 | 22,586,020 | 22,135,770 |
| Outstanding O.P. units | 82,700,015 | 83,150,265 | 82,700,015 | 83,150,265 |
| Weighted average O.P. units and common stock outstanding (diluted) | 105,714,112 | 105,408,287 | 105,714,112 | 105,432,088 |

| FUNDS FROM OPERATIONS CALCULATION | Three Months Ended Dec 31, 2011 | Three Months Ended Dec 31, 2010 | Twelve Months Ended Dec 31, 2011 | Twelve Months Ended Dec 31, 2010 |
|---|---|---|---|---|
| Net income | $14,159 | $10,839 | $38,901 | $36,495 |
| Add: | | | | |
| Depreciation and amortization | 6,399 | 6,526 | 25,859 | 25,840 |
| Depreciation and amortization in unconsolidated joint venture | 60 | 60 | 238 | 238 |
| Less: | | | | |
| Noncontrolling interests in joint ventures | (103) | (44) | (414) | (356) |
| Gain on sale of real estate | (3,891) | (6,199) | (3,891) | (6,199) |
| Funds from operations | $16,624 | $11,182 | $60,693 | $56,018 |

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.

| PROPERTY AND OTHER DATA: | Three Months Ended Dec 31, 2011 | Three Months Ended Dec 31, 2010 | Twelve Months Ended Dec 31, 2011 | Twelve Months Ended Dec 31, 2010 |
|---|---|---|---|---|
| Total properties, end of period | 111 | 111 | 111 | 111 |
| Total square feet, end of period | 8,039,947 | 8,011,026 | 8,039,947 | 8,011,026 |
| Average monthly rental revenue per square foot [3] | $1.34 | $1.25 | $1.25 | $1.30 |
| Occupancy for leased properties [7] | 72.6% | 69.9% | 72.6% | 69.9% |
| Straight-line rent | ($877) | ($481) | ($1,291) | ($770) |
| Leasing commissions | $679 | $812 | $1,087 | $1,753 |
| Non-recurring capital expenditures | $670 | $1,142 | $2,442 | $2,841 |

**LEASE ROLLOVER SCHEDULE:**

| Year | # of Leases | Rentable Square Feet | 2011 Base Rent [5] |
|---|---|---|---|
| 2011 | - | - | $3,745,880 |
| 2012 [4] | 9 | 425,587 | 6,754,892 |
| 2013 | 7 | 361,923 | 5,217,260 |
| 2014 | 22 | 1,823,675 | 30,259,873 |
| 2015 | 8 | 587,437 | 9,178,835 |
| 2016 | 8 | 394,806 | 5,957,657 |
| 2017 | 12 | 727,552 | 7,831,158 |
| 2018 | 5 | 431,606 | 4,058,174 |
| 2019 | 2 | 212,480 | 3,567,224 |
| 2020 | 3 | 208,768 | 4,327,563 |
| Thereafter | 1 | 105,000 | 3,809,319 |
| Total | 77 | 5,278,834 | $84,707,835 |

**BALANCE SHEETS**

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Assets | | |
| Investments in real estate: | | |
| Land | $306,474 | $322,076 |
| Buildings and improvements | 745,962 | 790,424 |
| Real estate related intangible assets | 3,561 | 3,240 |
| Total investments in properties | 1,055,997 | 1,115,740 |
| Accumulated depreciation and amortization | (229,221) | (224,027) |
| Assets held for sale, net | 54,361 | 3,267 |
| Net investments in properties | 881,137 | 894,980 |
| Investment in unconsolidated joint venture | 3,558 | 3,830 |
| Net investments in real estate | 884,695 | 898,810 |
| Cash and cash equivalents | - | 3,988 |
| Restricted cash | - | 6,892 |
| Deferred rent | 16,650 | 17,941 |
| Other assets, net | 35,142 | 40,653 |
| Total assets | $936,487 | $968,284 |
| Liabilities and Equity | | |
| Liabilities: | | |
| Mortgage notes payable | $331,166 | $345,770 |
| Mortgage note payable – related parties | 7,139 | 7,721 |
| Revolving line of credit | 3,305 | - |
| Interest payable | 1,606 | 1,659 |
| Security deposits | 4,317 | 4,605 |
| Prepaid rent | 5,836 | 6,526 |
| Dividends and distributions payable | 13,687 | 15,793 |
| Accounts payable and accrued expenses | 16,344 | 16,239 |
| Total liabilities | 383,400 | 398,313 |
| Commitments and contingencies. | | |
| Equity: | | |
| Stockholders' equity: | | |
| Common stock, $.001 par value | 23 | 22 |
| Additional paid-in capital | 175,900 | 172,568 |
| Distributions in excess of accumulated earnings | (32,962) | (30,520) |
| Total stockholders' equity | 142,961 | 142,070 |
| Noncontrolling interests in operating partnerships | 410,126 | 427,901 |
| Total equity | 553,087 | 569,971 |
| Total liabilities and equity | $936,487 | $968,284 |

(1) Includes approximately $406 and $124 in amortization expense for the three months ended December 31, 2011 and 2010, respectively, and $981 and $708 in amortization expense for the years ended December 31, 2011 and 2010, 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.

(2) Calculated on a fully diluted basis. Assumes conversion of all 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. Properties classified as assets held for sale were excluded from the 2011 calculation.

(4) Excludes seven month-to-month leases for approximately 88,000 rentable square feet and approximately $494 in cash rent.

(5) Base rent reflects cash rent.

(6) Includes a one-time rent adjustment of approximately $1,638 from a tenant dispute resolution.

(7) The occupancy rate at December 31, 2011, excludes properties classified as assets held for sale.